

**Date and Time:** Monday 9 September 2024 17:11:00 CEST

**Job Number:** 233031124

**Documents (52)**

1. [*Register of Commission documents: Ensuring continuity of support for EU farmers in 2019 and 2020 Document date: 2019-01-09 EPRS\_ATA(2019)630355 At a glance*](https://advance.lexis.com/api/document?id=urn:contentItem:5V66-MFG1-JDG9-Y48X-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

2. [*Register of Commission documents:Recommendation for a Council Recommendation on the 2019 National Reform Programme of the United Kingdom and delivering a Council opinion on the 2018-2019 Convergence Programme of the United Kingdom Document date: 2019-06-06 COM\_COM(2019)0528 COM documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5W9R-SBT1-F0YC-N3B1-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

3. [*Council of the European Union: REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) No 1305/2013 and (EU) No 1307/2013 as regards certain rules on direct payments and support for rural development in respect of the years 2019 and 2020 PDF document PE 3 2019 INIT31-01-2019*](https://advance.lexis.com/api/document?id=urn:contentItem:5S70-NXC1-F0YC-N07P-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

4. [*Register of Commission documents:Recommendation for a Council Recommendation on the 2019 National Reform Programme of France and delivering a Council opinion on the 2019 Stability Programme of France Document date: 2019-06-06 COM\_COM(2019)0510 COM documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5W9R-SBT1-F0YC-N3BN-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

5. [*Register of Commission documents: 2. Annex to Commission Implementing Decision amending Commission Implementing Decision C(2014) 9575 of 11.12.2014 adopting a Multi-Annual Action Programme for Turkey on Environment and Climate Action, EUR 16.9 million Document date: 2019-09-30 COM-AC\_DR(2019)D064091-01 Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5X5R-5BK1-F0YC-N3XV-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

6. [*Political Changes in Sudan Could Affect Mandate of African Union - United Nations Hybrid Operation in Darfur , Joint Special Representative Tells Security Council*](https://advance.lexis.com/api/document?id=urn:contentItem:5TPB-WCR1-JDG9-Y0T6-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

7. [*Council of the European Union:Recommendation for a COUNCIL RECOMMENDATION on the 2019 National Reform Programme of Greece and delivering a Council opinion on the 2019 Stability Programme of Greece PDF document ST 10161 2019 REV 104-07-2019*](https://advance.lexis.com/api/document?id=urn:contentItem:5WHH-TCG1-JDG9-Y1NF-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

8. [*Register of Commission documents:for a Council Recommendation on the 2019 National Reform Programme of Hungary and delivering a Council opinion on the 2019 Convergence Programme of Hungary Document date: 2019-06-06 COM\_COM(2019)0517 COM documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5W9R-SBT1-F0YC-N3BD-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

9. [*Council of the European Union: Recommendation for a COUNCIL RECOMMENDATION on the 2019 National Reform Programme of France and delivering a Council opinion on the 2019 Stability Programme of France PDF document ST 10163 2019 INIT02-07-2019*](https://advance.lexis.com/api/document?id=urn:contentItem:5WGH-5FN1-JDG9-Y2V4-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

10. [*Council of the European Union: Recommendation for a COUNCIL RECOMMENDATION on the 2019 National Reform Programme of Spain and delivering a Council opinion on the 2019 Stability Programme of Spain PDF document ST 10162 2019 INIT02-07-2019*](https://advance.lexis.com/api/document?id=urn:contentItem:5WGH-5FN1-JDG9-Y2V3-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

11. [*Register of Commission documents:Recommendation for a Council Recommendation on the 2019 National Reform Programme of Spain and delivering a Council opinion on the 2019 Stability Programme of Spain Document date: 2019-06-06 COM\_COM(2019)0509 COM documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5W9R-SBT1-F0YC-N3BR-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

12. [*DGAP-News: Lloyds Banking Group: 2019 Half-Year Results - News Release part 1 of 2 (english)*](https://advance.lexis.com/api/document?id=urn:contentItem:5WPH-89M1-DXCW-C2C8-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

13. [*Register of Commission documents: Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1305/2013 and (EU) No 1307/2013 as regards certain rules on direct payments and support for rural development in respect of the years 2019 and 2020 Document date: 2018-12-07 COM\_COM(2018)0817 COM documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5TXB-VHB1-JDG9-Y0NJ-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

14. [*Council of the European Union: Proposal for a Council Regulation on measures concerning the implementation and financing of the general budget of the Union in 2020 in relation to the withdrawal of the United Kingdom from the Union PDF document ST 11921 2019 INIT06-09-2019*](https://advance.lexis.com/api/document?id=urn:contentItem:5X1M-M6R1-JDG9-Y202-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

15. [*BRIEF NEWS BULLETIN NO.10674*](https://advance.lexis.com/api/document?id=urn:contentItem:5V6F-FS61-JDKJ-12WH-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

16. [*Register of Commission documents: common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009, Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 Document date: 2019-09-27 COM\_COM(2019)0433 COM documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5X5N-2DM1-F0YC-N1R9-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

17. [*Register of Commission documents: Annex to Commission Implementing Decision adopting an Annual Action Programme for Bosnia and Herzegovina for the year 2019, EUR 81 989 200 Document date: 2019-10-21 COM-AC\_DR(2019)D064477-01 Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5XBK-3MD1-JDG9-Y03V-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

18. [*Council of the European Union: Draft amending budget No 4 to the general budget for 2019: Reduction of commitment and payment appropriations in line with updated needs of expenditure and update of revenue (own resources) PDF document ST 10874 2019 INIT02-07-2019*](https://advance.lexis.com/api/document?id=urn:contentItem:5WGH-5FN1-JDG9-Y2WW-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

19. [*Council of the European Union: Report from the Commission to the European Parliament, the Council and the Court of Auditors: "Annual report to the Discharge Authority on internal audits carried out in 2018" PDF document ST 10732 2019 INIT26-06-2019*](https://advance.lexis.com/api/document?id=urn:contentItem:5WG2-PKN1-JDG9-Y402-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

20. [*Council of the European Union: Report on EU-Armenia relations in the framework of the revised ENP PDF document ST 9487 2019 INIT21-05-2019*](https://advance.lexis.com/api/document?id=urn:contentItem:5W60-JPY1-F0YC-N343-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

21. [*Council of the European Union: OUTCOME OF THE COUNCIL MEETING 3685 GENERAL AFFAIRS PDF document ST 8130 2019 INIT02-07-2019*](https://advance.lexis.com/api/document?id=urn:contentItem:5WGH-5FN1-JDG9-Y2XS-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

22. [*The Fall of Omar Hassan al-Bashir, the 'Spider' at the Heart of Sudan 's Web*](https://advance.lexis.com/api/document?id=urn:contentItem:5VW2-1T31-JC85-N407-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

23. [*Natwest Markets PLC Annual Financial Report -7-*](https://advance.lexis.com/api/document?id=urn:contentItem:5VF6-H9T1-JCXB-2528-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

24. [*AT-A-GLANCE: Everything you need to know about the post-Brexit immigration plan announced by Sajid Javid today*](https://advance.lexis.com/api/document?id=urn:contentItem:5V27-9NN1-JD3S-J1PW-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

25. [*Full text of Chinese premier's speech at NPC Opening, 5 March 2019*](https://advance.lexis.com/api/document?id=urn:contentItem:5VK3-87D1-DYRV-349N-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

26. [*Register of Commission documents: Commission staff working document Analysis of the updated Draft Budgetary Plan of Slovenia Accompanying the document Commission opinion on the updated Draft Budgetary Plan of Slovenia Document date: 2019-02-27 COM\_SWD(2019)0202 SWD/SEC documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5VJ2-2BY1-JDG9-Y1GM-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

27. [*BRIEF NEWS BULLETIN NO. 10849*](https://advance.lexis.com/api/document?id=urn:contentItem:5WHS-CVB1-JDKJ-10F2-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

28. [*Council of the European Union: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing 'Erasmus': the Union programme education, training, youth and sport and repealing Regulation (EU) No 1288/2013 - Examination of a revised Presidency text PDF document ST 13135 2018 INIT19-10-2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5TRN-7SN1-F0YC-N1M7-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

29. [*E Vietnam Airlines retires last A330 amid fleet transformation Vietnam Airlines has retired its last A330-200, a type it has operated for the last 13 years.*](https://advance.lexis.com/api/document?id=urn:contentItem:5X20-G9K1-JCF2-H11P-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

30. [*Non-state nations: Structure, rescaling, and the role of territorial policy communities, illustrated by the cases of Wales and Sardinia*](https://advance.lexis.com/api/document?id=urn:contentItem:6BGY-HK51-JBMY-H3WX-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

31. [*Federal Register: TRICARE; Reserve and Guard Family Member Benefits; Early Eligibility TRICARE and Transitional Assistance Management Program for Certain Reserve Component Members; Extended TRICARE Program Coverage for Certain National Guard Members Pages 50805 - 50809 [FR DOC #2019-20621]*](https://advance.lexis.com/api/document?id=urn:contentItem:5X4V-9Y41-F0YC-N0FC-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

32. [*What happens to UK citizens in Estonia post-Brexit? Essential FAQs answered (1)*](https://advance.lexis.com/api/document?id=urn:contentItem:5VHC-68S1-F0YC-N3B7-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

33. [*NATURAL RESOURCES MANAGEMENT ACT--MOTION TO PROCEED; Congressional Record Vol. 165, No. 20 (Senate - January 31, 2019)*](https://advance.lexis.com/api/document?id=urn:contentItem:5T58-DM41-JDG9-Y081-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

34. [*Council of the European Union: Association Implementation Report on Ukraine PDF document ST 14037 2018 INIT09-11-2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5SR7-M131-F0YC-N1W0-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

35. [*EXECUTIVE SESSION (Senate - November 28, 2018)*](https://advance.lexis.com/api/document?id=urn:contentItem:5TVM-9351-F0YC-N4FJ-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

36. [*Warning against ‘Great Fracture’, Secretary-General Opens Annual General Assembly Debate with Call to Avoid Zero-Sum Politics, Revive United Nations Values*](https://advance.lexis.com/api/document?id=urn:contentItem:5X4T-M4K1-F0YC-N443-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

37. [*AMENDING THE WHITE MOUNTAIN APACHE TRIBE WATER RIGHTS QUANTIFICATION ACT OF 2010 (House of Representatives - November 27, 2018)*](https://advance.lexis.com/api/document?id=urn:contentItem:5TVD-1N11-JDG9-Y3G0-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

38. [*What happens to UK citizens in Estonia post-Brexit? Essential FAQs answered (1)*](https://advance.lexis.com/api/document?id=urn:contentItem:5V19-76W1-F0YC-N2Y2-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

39. [*EVENINGS*](https://advance.lexis.com/api/document?id=urn:contentItem:5XD1-W6T1-JBK9-21DD-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

40. [*Southwest outlines latest Max return-to-service plan E Southwest Airlines executives used much of the company's second quarter earnings call to outline how the Boeing 737 Max grounding has affected its operations, finances and fleet plan.*](https://advance.lexis.com/api/document?id=urn:contentItem:5WNH-X6R1-DYX4-714K-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

41. [*E Thai Smile aims for first codeshare partner in early 2020 Thai Smile hopes to secure its first code share partner under the Star Alliance connecting partner programme in the first quarter of 2020.*](https://advance.lexis.com/api/document?id=urn:contentItem:5W93-B811-JCF2-H18C-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

42. [*BRIEF NEWS BULLETIN NO. 10614*](https://advance.lexis.com/api/document?id=urn:contentItem:5TRN-8F01-JDKJ-119J-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

43. [*De-globalization: Theories, predictions, and opportunities for international business research*](https://advance.lexis.com/api/document?id=urn:contentItem:671W-P2V1-F0C0-33MD-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

44. [*United encourages Boeing to speed up NMA development E United Airlines chief executive Oscar Munoz wants Boeing to speed up the development of its proposed New Mid-market Airplane.*](https://advance.lexis.com/api/document?id=urn:contentItem:5VKP-5561-JCF2-H3JX-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

45. [*Plutocratic leadership in the electoral arena: three Mitteleuropean cases of personal wealth in politics*](https://advance.lexis.com/api/document?id=urn:contentItem:67FK-J9Y1-F0C0-305H-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

46. [*Trade Policy Review Body - 15 and 17 July 2019 - Trade Policy Review - The Republic of North Macedonia - Minutes of the meeting(Doc #:19-6475)*](https://advance.lexis.com/api/document?id=urn:contentItem:5X7D-YHB1-F0YC-N4K8-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

47. [*England and Wales High Court (Administrative Court) Decisions: Peel Investments (North ) Ltd v Secretary of State for Housing Communities And Local Government & Anor [2019] EWHC 2143 (Admin) (02 August 2019)*](https://advance.lexis.com/api/document?id=urn:contentItem:5X05-YDX1-JDG9-Y1X1-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

48. [*Council of the European Union:Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the action of the Union following its accession to the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications - Outcome of the European Parliament's first reading and Corrigendum procedure (Strasbourg, 16 April 2019 and 17 September 2019) PDF document ST 8490 2019 INIT24-09-2019*](https://advance.lexis.com/api/document?id=urn:contentItem:5X4T-M4K1-F0YC-N0DS-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

49. [*Projects, programs and events as potential future-forming city identity assets*](https://advance.lexis.com/api/document?id=urn:contentItem:67FK-JB31-F0C0-3231-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

50. [*Federal Register: United States v. Bayer AG et al. Pages 1493 - 1506 [FR DOC #2019-00810]*](https://advance.lexis.com/api/document?id=urn:contentItem:5S6J-86H1-F0YC-N4NP-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

51. [*Register of Commission documents: COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK Preparing for the withdrawal of the United Kingdom from the European Union on 30 March 2019: a Contingency Action Plan Document date: 2018-11-14 COM \_ COM (2018)0880 COM documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5TTC-3XJ1-JDG9-Y4YM-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |

52. [*Federal Register: Hazardous Materials: Harmonization With International Standards Pages 60970 - 61070 [FR DOC # 2018-24620]*](https://advance.lexis.com/api/document?id=urn:contentItem:5RTH-M8K1-JDG9-Y0SB-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** transitional and continuity or transitional and smooth or transitional and fund or transitional and period or continuity and smooth or continuity and fund or continuity and period or smooth and fund or smooth and period or fund and period

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 31 okt 2018 tot 31 okt 2019; Locatie: International; Plaats van publicatie: Europe; Taal: English |



# [***Register of Commission documents: Ensuring continuity of support for EU farmers in 2019 and 2020 Document date: 2019-01-09 EPRS\_ATA(2019)630355 At a glance***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5V66-MFG1-JDG9-Y48X-00000-00&context=1516831)

Impact News Service

January 12, 2019 Saturday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 1499 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

AT A GLANCE EPRS European Parliamentary Research Service Author: Rachele Rossi, Members' Research Service PE 630.355 – January 2019 EN Ensuring ***continuity*** of support for EU farmers in 2019 and 2020 Every year, more than 6 million EU farms receive income support from direct payments (DP), a key element of the Common ***Agricultural*** Policy (CAP) that represents more than 70 % of total CAP expenditure. Rural development measures also support farming activities and contribute to enhancing people's livelihoods in rural areas, which represent a large share of EU territory. To ensure ***continuity*** of EU support and guarantee a ***smooth*** continuation of the CAP's implementation, the European Commission proposes to modify certain rules on DP and rural development, through the timely adoption of a regulation that should apply from 1 March 2019. Background Despite a downward trend in the share of EU spending on the CAP over time, EU support for farm incomes and rural areas still plays a major role both in the EU budget and in contributing to ensure EU farmers have a fair standard of living, as well as maintaining the vitality of EU rural communities. Under the current CAP legislative framework, which covers the years 2014-2020, over 6 million EU farms benefit from DP every year, while EU action in rural areas for the entire programming ***period*** is worth €100 billion, complemented by national ***funding***. These interventions are mainly set out in one regulation on DP to farmers and another on support for rural development. For their provisions to cover DP and rural development until the very last year of the current programming ***period*** (i.e the 2020 calendar year, corresponding to the 2021 financial year, with 2021 being also the first year covered by the future budgetary and CAP legislative frameworks), both regulations would require an amendment of certain technical elements. Moreover, some other amendments would allow financing of particular activities aimed at timely preparation of the transition to the future CAP in the EU Member States, and ***smooth*** the effects of phasing out payments for beneficiaries affected by changes in the delimitation of areas facing natural constraints. European Commission proposal On 7 December 2018, the Commission published a proposal for a regulation amending certain provisions on direct payments and support for rural development in 2019 and 2020. The proposed amendments to some articles of the EU regulations on support for rural development and on DP to farmers would adjust the legislation to meet needs and requirements that were not envisaged at the time of their adoption. Although the proposal concerns legislative acts necessitating use of the ordinary legislative procedure for any amendments, the Commission put forward justifications for its request for fast adoption by the co-legislators, deviating from standard better regulation practices. In particular, the Commission stresses the need to have the regulation apply from 1 March 2019, to avoid financial disruption, with its ***transitional*** nature limited in scope and time, as well as the absence of new political or budgetary commitments. Support for rural development Two proposed amendments concern Articles 31 and 51 of Regulation (EU) No 1305/2013: • Article 31 sets out a four-year schedule of degressive payments to beneficiaries in areas that, following the new delimitation, are no longer classified as areas subject to natural constraints other than mountain areas. According to this schedule, degressive payments should start at no more than 80 % of the average payment fixed for the 2007-2013 programming ***period*** and end in 2020, at the latest, at no more than 20 %. However, the ***agricultural*** part of the 'omnibus' regulation, adopted in 2017, extended the deadline for setting up the new delimitation to 2019, thus limiting the time available to apply degressivity in payments and ensure a ***smooth*** phasing-out. Therefore, to avoid an overly sharp payment reduction for the beneficiaries concerned, the Commission proposes that degressive payments that only start in 2019 would start at no more than 80 % of the average payment fixed for the 2014-2020 programming ***period*** and end in 2020 at half of the starting level. EPRS Ensuring ***continuity*** of support for EU farmers in 2019 and 2020 This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament. 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, 2019. [*eprs@ep.europa.eu*](mailto:eprs@ep.europa.eu) (contact) [*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) • Article 51 provides for ***funding*** of technical assistance required to implement the CAP in the Member States. To favour a ***smooth*** passage to the new policy cycle, the Commission also proposes the use of technical assistance for actions preparing for the implementation of the future CAP. Direct payments to farmers Four proposed amendments concern Articles 7, 11, 14 and 22 of Regulation (EU) No 1307/2013: • Article 7 provides for the use of the amounts obtained from the reduction of payments referred to in Article 11 (see next point) as EU support for rural development measures. The Commission proposes to specify that such amounts should be available as EU support financed under the European ***Agricultural*** ***Fund*** for Rural Development (EAFRD). • Article 11 establishes an obligation on Member States to reduce part of the amount of direct payments exceeding €150 000 to be granted to a farmer in a given calendar year. However, the obligation for the Member States to notify the Commission as regards their decisions and the estimated output of the reduction is set out only for the years 2015 to 2019. The Commission also proposes to set out a notification obligation for 2020. • Article 14 sets out an option for Member States of transferring of ***funds*** between direct payments and rural development for calendar years 2014 to 2019. Several Member States have decided to apply this flexibility between CAP pillars, with amounts transferred from rural development to direct payments reaching between 15 % and 25 % of national ceilings in Croatia, Hungary, Poland and Slovakia, and lower but significant shares transferred from direct payments to rural development in a number of countries. With a view to ensuring that Member States can use this option until the end of the programming ***period***, the Commission proposes that flexibility between the two CAP pillars would also apply to calendar year 2020. • Article 22 establishes an obligation on Member States to comply with set national ceilings for the basic payment scheme and to apply a linear reduction or increase in the value of all payment entitlements to ensure such compliance. This also applies to fluctuations resulting from the application of flexibility between pillars. Therefore, due to the amendment of Article 14 (see previous point), the Commission proposes also to adjust this article to cover calendar year 2020. Council position At the ***Agriculture*** and Fisheries Council meeting of 17 December 2018, EU Commissioner for ***Agriculture*** and Rural Development Phil Hogan informed EU ***Agriculture*** Ministers of the Commission's proposal, noting that its objective is to ensure a ***smooth*** continuation of CAP implementation until the end of the programming ***period***. Although certain modifications would also favour a ***smooth*** transition between the current and future CAP, he emphasised that this is not a proposal on ***transitional*** measures as already called for by both Council and Parliament in the course of their recent discussions on the CAP reform package. Finally, Commissioner Hogan called for timely adoption by both co-legislators to avoid any disruptions in payments in some EU Member States. A few ministers took the floor welcoming the proposal, and the Austrian Presidency took note of the presentation. European Parliament position The legislative file (2018/0414(COD)) was referred to the Committee on ***Agriculture*** and Rural Development (AGRI), as announced in the Parliament’s plenary session of 13 December 2018. At the AGRI meeting of 7 January 2019, after a short Commission presentation that stressed the time-sensitive nature of the proposal, aimed at avoiding unnecessary interruption of CAP payments, AGRI Chair Czesław Adam Siekierski (EPP, Poland) proposed simplified adoption of the legislative act under Rule 50 of the EP’s Rules of Procedure. As Members agreed with this proposal, he will table a draft report without amendments.

**Load-Date:** January 14, 2019

**End of Document**



[***Register of Commission documents:Recommendation for a Council Recommendation on the 2019 National Reform Programme of the United Kingdom and delivering a Council opinion on the 2018-2019 Convergence Programme of the United Kingdom Document date: 2019-06-06 COM\_COM(2019)0528 COM documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5W9R-SBT1-F0YC-N3B1-00000-00&context=1516831)

Impact News Service

June 8, 2019 Saturday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 1683 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

EUROPEANCOMMISSIONBrussels, 5.6.2019COM(2019) 528 finalRecommendation for aCOUNCIL RECOMMENDATIONon the 2019 National Reform Programme of the United Kingdom and delivering aCouncil opinion on the 2018-2019 Convergence Programme of the United KingdomEN 1 ENRecommendation for aCOUNCIL RECOMMENDATIONon the 2019 National Reform Programme of the United Kingdom and delivering a Council opinion on the 2018-2019 Convergence Programme of the United KingdomTHE COUNCIL OF THE EUROPEAN UNION,Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 121(2) and 148(4) thereof,Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies1, and in particular Article 9(2) thereof,Having regard to the recommendation of the European Commission,Having regard to the resolutions of the European Parliament,Having regard to the conclusions of the European Council,Having regard to the opinion of the Employment Committee,Having regard to the opinion of the Economic and Financial Committee,Having regard to the opinion of the Social Protection Committee,Having regard to the opinion of the Economic Policy Committee,Whereas:(1) On 21 November 2018, the Commission adopted the Annual Growth Survey, marking the start of the 2019 European Semester for economic policy coordination. It took due account of the European Pillar of Social Rights, proclaimed by the European Parliament, the Council and the Commission on 17 November 2017. The priorities of the Annual Growth Survey were endorsed by the European Council on 21 March 2019. On 21 November 2018, on the basis of Regulation (EU) No 1176/2011, the Commission also adopted the Alert Mechanism Report, in which it did not identify the United Kingdom as one of the Member States for which an in-depth review would be carried out.(2) The 2019 country report for the United Kingdom2 was published on 27 February 2019. It assessed the United Kingdom’s progress in addressing the country-specific recommendations adopted by the Council on 13 July 2018, the follow-up given to the recommendations adopted in previous years and the United Kingdom's progress towards its national Europe 2020 targets.1 OJ L 209, 2.8.1997, p. 1.2 SWD(2019) 1027 final.EN 2 EN(3) On 23 April 2019, the United Kingdom submitted its 2019 National Reform Programme and its 2018-2019 Convergence Programme. In order to take account of their interlinkages, the two programmes have been assessed at the same time.(4) On 29 March 2017, the United Kingdom notified the European Council of its intention to leave the European Union. When the United Kingdom leaves the European Union, it will become a third country. As there is uncertainty over the date and terms of the United Kingdom’s withdrawal, as well as the United Kingdom’s future relations with the EU, this document does not speculate on the possible economic implications of different scenarios. In the instance that the United Kingdom leaves the European Union on the basis of the Withdrawal Agreement, which has been agreed by the government of the United Kingdom and which the European Council (Article 50) endorsed on 25 November 2018, Union law, including the European Semester, will continue to apply to and in the United Kingdom, for the duration of the transition ***period*** established by that Agreement.(5) Relevant country-specific recommendations have been addressed in the programming of the European Structural and Investment ***Funds*** ('ESI ***Funds***') for the 2014-2020 ***period***. As provided for in Article 23 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council3, where it is necessary to support the implementation of relevant Council recommendations, the Commission may request a Member State to review and propose amendments to its Partnership Agreement and relevant programmes. The Commission has provided further details on how it would make use of that provision in guidelines on the application of the measures linking the effectiveness of the ESI ***Funds*** to sound economic governance4.(6) The United Kingdom is currently in the preventive arm of the Stability and Growth Pact and subject to the ***transitional*** debt rule until 2019-2020. In its 2018-2019 Convergence Programme, the government expects the headline deficit to increase from 1.2% of GDP in 2018-2019 to 1.4% of GDP in 2019-2020 and to fall to 1.1% of GDP in 2020-2021. The Convergence Programme does not include a medium-term budgetary objective. According to the Convergence Programme, the general government debt-to-GDP ratio is expected to fall from 85.5% in 2018-2019 to 83.3% in 2019-2020 and to 82.9% of GDP in 2020-2021. The macroeconomic scenario underpinning those budgetary projections is plausible. While the measures needed to support the planned deficit targets are overall well specified, growing pressures on government expenditure5 in a number of areas pose a risk to the achievement of the planned deficit path.3 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 1083/2006 (OJ L 347, 20.12.2013, p. 320).4 COM(2014) 494 final.5 Net primary government expenditure comprises total government expenditure excluding interest expenditure, expenditure on Union programmes fully matched by Union ***funds*** revenue and non-discretionary changes in unemployment benefit expenditure. Nationally financed gross fixed capital formation is ***smoothed*** over a 4-year ***period***. Discretionary revenue measures or revenue increases mandated by law are factored in. One-off measures on both the revenue and expenditure sides are netted out.EN 3 EN(7) On 13 July 2018, the Council recommended the United Kingdom to ensure that the nominal growth rate of net primary government expenditure does not exceed 1.6% in 2019-2020, corresponding to an annual structural adjustment of 0.6% of GDP. Based on the Commission 2019 spring forecast, there is a risk of a significant deviation from the requirements of the preventive arm in 2019-2020.(8) In 2020-2021, in view of the United Kingdom's general government debt ratio above 60% of GDP and projected output gap of 0.3%, the nominal growth rate of net primary government expenditure should not exceed 1.9%, in line with the structural adjustment of 0.6% of GDP stemming from the matrix of requirements under the Stability and Growth Pact. Under unchanged policies, there is a risk of a significant deviation from the requirement in 2020-2021. The United Kingdom is projected to comply with the ***transitional*** debt rule in 2019-2020, as a result of the allowed annual deviation of 0.25%, and with the debt rule in 2020-2021. Overall, the Council is of the opinion that the United Kingdom needs to stand ready to take further measures as of 2019-2020 to comply with the provisions of the Stability and Growth Pact.(9) The United Kingdom has long been the G7 economy with the lowest capital investment as a share of GDP. Investment also fell particularly sharply in the financial crisis, and a post-crisis recovery in private investment has stalled. The United Kingdom’s research and development investment intensity has been around 1.7% of GDP for the past decade, below the EU average. Research and development investment is concentrated in a limited number of companies and regions. These broad-based shortfalls in both physical and human capital are a root cause of the United Kingdom's relatively low and stagnant labour productivity.(10) The United Kingdom has a persistent housing shortage. A post-crisis recovery in house building has lost momentum. Capacity constraints are emerging while residential construction remains below what is required to meet estimated demand. House prices and rents remain high, especially in areas of high housing demand, with signs of overvaluation. Significantly fewer young adults now own their own homes. The government is implementing a range of measures to boost housing supply. At the same time, the amount and location of land available for new housing remains limited by tight regulation of the land market, particularly around big towns and cities.(11) Major investment is needed to modernise and expand infrastructure networks while bringing down project costs and greenhouse gas emissions. There are growing capacity pressures in road, rail and aviation networks. The United Kingdom needs to deliver significant new and greener energy generation and supply capacity. The United Kingdom’s infrastructure development has tended to be costly and slow. After decades of public under-investment, the government is starting to deal with the infrastructure deficit, but it will be challenging to secure the amount of outside ***funding*** required in the government’s projections in a cost effective manner.(12) Although unemployment is low, real wages remain below their pre-crisis peak. The high proportion of low-skilled employees has limited career progression prospects, weighing on productivity and contributing to high levels of in-work poverty. There is scope to improve the effectiveness of the education and training systems in basic and technical skills. The government is making reforms to both classroom and work-based training, but overall registrations for the new twin-track system are far fewer than expected.(13) In the context of the 2019 European Semester, the Commission has carried out a comprehensive analysis of the United Kingdom’s economic policy and published it inEN 4 ENthe 2019 country report. It has also assessed the 2018-2019

**Load-Date:** June 11, 2019

**End of Document**



[***Council of the European Union: REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) No 1305/2013 and (EU) No 1307/2013 as regards certain rules on direct payments and support for rural development in respect of the years 2019 and 2020 PDF document PE 3 2019 INIT31-01-2019***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S70-NXC1-F0YC-N07P-00000-00&context=1516831)

Impact News Service

February 2, 2019 Saturday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 1905 words

**Body**

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

PE-CONS 3/19 RP/NC/jk LIFE.1.A EN EUROPEAN UNION THE EUROPEAN PARLIAMENT THE COUNCIL Brussels, 31 January 2019 (OR. en) 2018/0414 (COD) PE-CONS 3/19 AGRI 17 AGRILEG 8 AGRIFIN 1 AGRISTR 1 AGRIORG 1 CODEC 76 LEGISLATIVE ACTS AND OTHER INSTRUMENTS Subject: REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) No 1305/2013 and (EU) No 1307/2013 as regards certain rules on direct payments and support for rural development in respect of the years 2019 and 2020 PE-CONS 3/19 RP/NC/jk 1 LIFE.1.A EN REGULATION (EU) 2019/… OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of … amending Regulations (EU) No 1305/2013 and (EU) No 1307/2013 as regards certain rules on direct payments and support for rural development in respect of the years 2019 and 2020 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 42 and Article 43(2) thereof, Having regard to the proposal from the European Commission, After transmission of the draft legislative act to the national parliaments, After consulting the European Economic and Social Committee, Acting in accordance with the ordinary legislative procedure1, 1 Position of the European Parliament of 31 January 2019 (not yet published in the Official Journal) and decision of the Council of …. PE-CONS 3/19 RP/NC/jk 2 LIFE.1.A EN Whereas: (1) Regulation (EU) No 1305/2013 of the European Parliament and of the Council1 is the current legal framework for support for rural development. It provides for support to areas facing natural constraints, other than mountain areas. Taking into account the extension to 2019 of the deadline for the new delimitation of areas facing natural constraints other than mountain areas through Regulation (EU) 2017/2393 of the European Parliament and of the Council2 and the shorter adaptation ***period*** for farmers who will no longer be eligible for payments, degressive ***transitional*** payments that only start in 2019 should start at no more than 80 % of the average payments fixed in the 2014–2020 programming ***period***. The payment level should be established in such a way that the end-level in 2020 is half of the starting level. 1 Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European ***Agricultural*** ***Fund*** for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005 (OJ L 347, 20.12.2013, p. 487). 2 Regulation (EU) 2017/2393 of the European Parliament and of the Council of 13 December 2017 amending Regulations (EU) No 1305/2013 on support for rural development by the European ***Agricultural*** ***Fund*** for Rural Development (EAFRD), (EU) No 1306/2013 on the financing, management and monitoring of the common ***agricultural*** policy, (EU) No 1307/2013 establishing rules for direct payments to farmers under support schemes within the framework of the common ***agricultural*** policy, (EU) No 1308/2013 establishing a common organisation of the markets in ***agricultural*** products and (EU) No 652/2014 laying down provisions for the management of expenditure relating to the food chain, animal health and animal welfare, and relating to plant health and plant reproductive material (OJ L 350, 29.12.2017, p. 15). PE-CONS 3/19 RP/NC/jk 3 LIFE.1.A EN (2) In order to provide assistance to Member States and stakeholders for the timely preparation of the future Common ***Agricultural*** Policy (CAP) and to ensure a ***smooth*** passage to the next programming ***period***, it should be clarified that it is possible to finance activities linked to the preparation of the future CAP through technical assistance at the initiative of the Commission. (3) Regulation (EU) No 1307/2013 of the European Parliament and of the Council1 is the current legal framework for direct payments. While most of its provisions can apply for as long as that Regulation remains in force, other provisions explicitly refer to the calendar years 2015 to 2019 covered by the Multiannual Financial Framework 2014-2020. For some other provisions, their applicability beyond the calendar year 2019 was not explicitly envisaged. In June 2018, the Commission submitted a proposal for a new Regulation to replace Regulation (EU) No 1307/2013, but only from 1 January 2021. Therefore, it is appropriate to proceed to some technical adjustments of Regulation (EU) No 1307/2013 so that it can be ***smoothly*** applied in the calendar year 2020. 1 Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common ***agricultural*** policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009 (OJ L 347, 20.12.2013, p. 608). PE-CONS 3/19 RP/NC/jk 4 LIFE.1.A EN (4) The obligation set out in Article 11 of Regulation (EU) No 1307/2013 to reduce the part of the amount of direct payments to be granted to a farmer for a given calendar year exceeding EUR 150 000 continues to apply for as long as that Regulation is in force. However, that Article only lays down an obligation for Member States to notify their decisions and the estimated product of that reduction for the years 2015 to 2019. With a view to ensuring a continuation of the existing system, Member States should also notify their decisions concerning the year 2020 and the estimated product of reduction for that year. (5) Flexibility between pillars is an optional transfer of ***funds*** between direct payments and rural development. Under Article 14 of Regulation (EU) No 1307/2013, Member States may make use of this flexibility as regards the calendar years 2014 to 2019. In order to ensure that Member States are able to keep their own strategy, the flexibility between pillars should be made available also for the calendar year 2020, corresponding to financial year 2021. (6) As a consequence of the amendment of Article 14 of Regulation (EU) No 1307/2013 in respect of the calendar year 2020, it is appropriate to adjust the references to that Article in the context of the obligation of the Member States to linearly reduce or increase the value of the payment entitlements due to fluctuations in the annual national ceiling resulting from their notifications of the application of flexibility between pillars. PE-CONS 3/19 RP/NC/jk 5 LIFE.1.A EN (7) Regulations (EU) No 1305/2013 and (EU) No 1307/2013 should therefore be amended accordingly. (8) In order to promptly provide the necessary flexibility to the Member States and to ensure the ***continuity*** of rural development policy in the final years of the 2014-2020 programming ***period***, it was considered to be appropriate to provide for an exception to the eight-week ***period*** referred to in Article 4 of Protocol No 1 on the role of national Parliaments in the European Union, annexed to the Treaty on European Union, to the Treaty on the Functioning of the European Union and to the Treaty establishing the European Atomic Energy Community. (9) In order to promptly provide the necessary flexibility to the Member States and to ensure the ***continuity*** of rural development policy in the final years of the 2014-2020 programming ***period***, this Regulation should apply from 1 March 2019, HAVE ADOPTED THIS REGULATION: PE-CONS 3/19 RP/NC/jk 6 LIFE.1.A EN Article 1 Amendments to Regulation (EU) No 1305/2013 Regulation (EU) No 1305/2013 is amended as follows: (1) in Article 31(5), the following subparagraph is inserted after the first subparagraph: ‘By way of derogation from the first subparagraph, where degressive payments start only in the year 2019, those payments shall start at no more than 80 % of the average payment fixed in the 2014–2020 programming ***period***. The payment level shall be established in such a way that the end-level in 2020 is half of the starting level.’; (2) in Article 51(1), the following subparagraph is inserted after the first subparagraph: ‘The EAFRD may finance activities preparing for the implementation of the CAP in the subsequent programming ***period***.’. PE-CONS 3/19 RP/NC/jk 7 LIFE.1.A EN Article 2 Amendments to Regulation (EU) No 1307/2013 Regulation (EU) No 1307/2013 is amended as follows: (1) in Article 7, paragraph 2 is replaced by the following: ‘2. For each Member State and for each calendar year, the estimated product of the reduction of payments referred to in Article 11 (which is reflected by the difference between the national ceiling set out in Annex II, to which is added the amount available in accordance with Article 58, and the net ceiling set out in Annex III) shall be made available as Union support financed under the European ***Agricultural*** ***Fund*** for Rural Development (EAFRD).’; (2) in Article 11(6), the following subparagraph is added: ‘For the year 2020, Member States shall notify the Commission of the decisions taken in accordance with this Article and of any estimated product of reductions by 31 December 2019.’; PE-CONS 3/19 RP/NC/jk 8 LIFE.1.A EN (3) Article 14 is amended as follows: (a) in paragraph 1, the following subparagraph is added: ‘By 31 December 2019, Member States may decide to make available, as additional support financed under the EAFRD in financial year 2021, up to 15 % of their annual national ceilings for the calendar year 2020 set out in Annex II to this Regulation. As a result, the corresponding amount shall no longer be available for granting direct payments. That decision shall be notified to the Commission by 31 December 2019 and shall set out the percentage chosen.’; (b) in paragraph 2, the following subparagraph is added: ‘By 31 December 2019, Member States may decide to make available as direct payments up to 15 %, or in the case of Bulgaria, Estonia, Spain, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia, Finland and Sweden up to 25 %, of the amount allocated to support financed under the EAFRD in financial year 2021 by Union legislation adopted after the adoption by the Council of the relevant Regulation pursuant to Article 312(2) TFEU. As a result, the corresponding amount shall no longer be available for support financed under the EAFRD. That decision shall be notified to the Commission by 31 December 2019 and shall set out the percentage chosen.’; PE-CONS 3/19 RP/NC/jk 9 LIFE.1.A EN (4) in Article 22, paragraph 5 is replaced by the following: ‘5. If the ceiling for a Member State set by the Commission pursuant to paragraph 1 of this Article is different from that of the previous year as a result of any decision taken by that Member State in accordance with paragraph 3 of this Article, Article 14(1) or (2), Article 42(1), the second subparagraph of Article 49(1), the second subparagraph of Article 51(1), or Article 53, that Member State shall linearly reduce or increase the value of all payment entitlements in order to ensure compliance with paragraph 4 of this Article.’. PE-CONS 3/19 RP/NC/jk 10 LIFE.1.A EN Article 3 Entry into force and application This Regulation shall enter into force on the third day following that of its publication in the Official Journal of the European Union. It shall apply from 1 March 2019. This Regulation shall be binding in its entirety and directly applicable in all Member States. Done at …, For the European Parliament For the Council The President The President

**Load-Date:** February 5, 2019

**End of Document**



[***Register of Commission documents:Recommendation for a Council Recommendation on the 2019 National Reform Programme of France and delivering a Council opinion on the 2019 Stability Programme of France Document date: 2019-06-06 COM\_COM(2019)0510 COM documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5W9R-SBT1-F0YC-N3BN-00000-00&context=1516831)

Impact News Service

June 8, 2019 Saturday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 2823 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

EUROPEANCOMMISSIONBrussels, 5.6.2019COM(2019) 510 finalRecommendation for aCOUNCIL RECOMMENDATIONon the 2019 National Reform Programme of France and delivering a Council opinion onthe 2019 Stability Programme of FranceEN 1 ENRecommendation for aCOUNCIL RECOMMENDATIONon the 2019 National Reform Programme of France and delivering a Council opinion on the 2019 Stability Programme of FranceTHE COUNCIL OF THE EUROPEAN UNION,Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 121(2) and 148(4) thereof,Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies1, and in particular Article 5(2) thereof,Having regard to Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances2, and in particular Article 6(1) thereof,Having regard to the recommendation of the European Commission,Having regard to the resolutions of the European Parliament,Having regard to the conclusions of the European Council,Having regard to the opinion of the Employment Committee,Having regard to the opinion of the Economic and Financial Committee,Having regard to the opinion of the Social Protection Committee,Having regard to the opinion of the Economic Policy Committee,Whereas:(1) On 21 November 2018, the Commission adopted the Annual Growth Survey, marking the start of the 2019 European Semester for economic policy coordination. It took due account of the European Pillar of Social Rights, proclaimed by the European Parliament, the Council and the Commission on 17 November 2017. The priorities of the Annual Growth Survey were endorsed by the European Council on 21 March 2019. On 21 November 2018, on the basis of Regulation (EU) No 1176/2011, the Commission also adopted the Alert Mechanism Report, in which it identified France as one of the Member States for which an in-depth review would be carried out. On the same date, the Commission also adopted a recommendation for a Council recommendation on the economic policy of the euro area, which was endorsed by the European Council on 21 March 2019. On 9 April 2019, the Council adopted the1 OJ L 209, 2.8.1997, p. 1.2 OJ L 306, 23.11.2011, p. 25.EN 2 ENrecommendation on the economic policy of the euro area (‘Recommendation for the euro area’).(2) As a Member State whose currency is the euro and in view of the close interlinkages between the economies in the economic and monetary union, France should ensure the full and timely implementation of the Recommendation for the euro area, as reflected in recommendations (1) to (4) below. In particular, measures to use windfall gains to reduce public debt, to rationalise public expenditure and to focus economic policy related to investment in the specified areas will help address the second euro area recommendation as regards rebuilding fiscal buffers, improving public finances and supporting investment. Measures to simplify the tax system and reduce regulatory restrictions will help address the first euro area recommendation as regards the business environment. Finally, measures to improve employability will help addressing the third euro area recommendation as regards the functioning of the labour market.(3) The 2019 country report for France3 was published on 27 February 2019. It assessed France’s progress in addressing the country-specific recommendations adopted by the Council on 13 July 2018, the follow-up given to the recommendations adopted in previous years and France's progress towards its national Europe 2020 targets. It also included an in-depth review under Article 5 of Regulation (EU) No 1176/2011, the results of which were also published on 27 February 20194. The Commission’s analysis led it to conclude that France is experiencing macroeconomic imbalances. The imbalances identified relate in particular to high public debt and weak competitiveness dynamics in a context of low productivity growth.(4) On 26 April 2019, France submitted its 2019 National Reform Programme and its 2019 Stability Programme. In order to take account of their interlinkages, the two programmes have been assessed at the same time.(5) Relevant country-specific recommendations have been addressed in the programming of the European Structural and Investment ***Funds*** ('ESI ***Funds***') for the 2014-2020 ***period***. As provided for in Article 23 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council5, where it is necessary to support the implementation of relevant Council recommendations, the Commission may request a Member State to review and propose amendments to its Partnership Agreement and relevant programmes. The Commission has provided further details on how it would make use of that provision in guidelines on the application of the measures linking the effectiveness of the ESI ***Funds*** to sound economic governance6.(6) France is currently in the preventive arm of the Stability and Growth Pact and subject to the ***transitional*** debt rule. In its 2019 Stability Programme, the government plans the headline deficit to increase from 2.5% of GDP in 2018 to 3.1% of GDP in 2019 and to gradually decline thereafter to 1.2% of GDP in 2022. The planned increase of the headline deficit in 2019, which is confirmed by the Commission 2019 spring forecast,3 SWD(2019) 1009 final.4 COM(2019) 150 final.5 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 1083/2006 (OJ L 347, 20.12.2013, p. 320).6 COM(2014) 494 final.EN 3 ENis mainly due to the one-off deficit-increasing impact of the transformation of the tax credit on employment and competitiveness into a permanent reduction of employers’ social contributions. Based on the recalculated structural balance7, the medium-term budgetary objective — a structural deficit of 0.4% of GDP — is not planned to be achieved over the ***period*** covered by the 2019 Stability Programme. According to the 2019 Stability Programme, the general government debt-to-GDP ratio is expected to increase from 98.4% of GDP in 2018 to 98.9% of GDP in 2019 and to decline thereafter to 96.8% in 2022. The macroeconomic scenario underpinning those budgetary projections is plausible. At the same time, the measures needed to support the planned deficit targets from 2020 onwards have not been specified.(7) On 5 June 2019, the Commission issued a report under Article 126(3) of the TFEU, as the Stability Programme planned a headline deficit in breach of the 3% of GDP Treaty reference value in 2019 and, based on notified data, the ***transitional*** debt rule was prima facie not complied with in 2018. The report concluded that, following an assessment of all the relevant factors, the deficit and debt criteria as defined in the Treaty and in Regulation (EC) No 1467/1997 should be considered as currently complied with.(8) On 13 July 2018, the Council recommended France to ensure that the nominal growth rate of net primary government expenditure8 does not exceed 1.4% in 2019, corresponding to an annual structural adjustment of 0.6% of GDP. Based on the Commission 2019 spring forecast, there is a risk of a significant deviation from the recommended adjustment path towards the medium-term budgetary objective in 2019.(9) In 2020, in view of France's general government debt ratio above 60% of GDP and projected output gap of 0.7%, the nominal growth rate of net primary government expenditure should not exceed 1.2%, in line with the structural adjustment of 0.6% of GDP stemming from the commonly agreed adjustment matrix of requirements under the Stability and Growth Pact. According to the Commission 2019 spring forecast under unchanged policies, there is a risk of a significant deviation from that requirement in 2020. France is prima facie not forecast to comply with the ***transitional*** debt rule in 2019 and 2020. Overall, the Council is of the opinion that the necessary measures should be taken as of 2019 to comply with the provisions of the Stability and Growth Pact. The use of any windfall gains to further reduce the general government debt ratio would be important.(10) Efforts to consolidate government finances have only modestly reduced the public expenditure ratio, which at 56% in 2018, remained the highest in the EU. A steady decrease in public debt will depend on the government’s ability to curb its spending. Since 2017, the government has rolled out a renewed fiscal consolidation strategy over the five-year presidential term. Its success will depend on meeting planned expenditure targets defined for the central and local governments and for the healthcare system.7 Cyclically-adjusted balance net of one-off and temporary measures, recalculated by the Commission using the commonly agreed methodology8 Net primary government expenditure comprises total government expenditure excluding interest expenditure, expenditure on Union programmes fully matched by Union ***funds*** revenue and non-discretionary changes in unemployment benefit expenditure. Nationally financed gross fixed capital formation is ***smoothed*** over a 4-year ***period***. Discretionary revenue measures or revenue increases mandated by law are factored in. One-off measures on both the revenue and expenditure sides are netted out.EN 4 EN(11) Expenditure on healthcare has steadily increased over time. Total expenditure was estimated at 11.5% of GDP in 2017, the highest level among the EU countries adhering to the Organisation for Economic Cooperation and Development (OECD). A new reform of the healthcare system was announced in the autumn of 2018 and a draft law was presented on 13 February 2019. Its success will depend on the set up of a clear legal and organisational framework that provides the right incentives and fosters collaboration between public and private actors. The announced reform of the healthcare system does not include a revision of the growth norm for healthcare expenditure (Objectif National de Dépenses d'Assurance Maladie, ONDAM). This spending norm covers a third of social security spending. Although this objective has been met since 2010, the ONDAM target has already been increased three times since 2017. It was increased for 2018-2020, from an initial target of 2.1% growth to a revised target of 2.3% in the budget law for 2018, and was further increased up to 2.5% in the social security budget act for 2019. This will reflect to some extent the additional expenses to be incurred by ‘Ma santé 2022’.(12) At local level, public spending exceeded the planned growth target in 2017. Since 2014, the public expenditure of the local government in France is guided by an expenditure norm indicating yearly non-binding growth targets for both operating public expenditure and financing needs at local level (Objectif d'évolution de la Dépense Locale). In 2018, this expenditure norm was accompanied by legally binding contract agreements between the state and 71% of the 322 biggest local authorities, valid in 2018-2020. The limited reduction in the number of municipalities, however, might hamper compliance with the expenditure norm. The territorial reform of 2014-2016 reduced the number of regions by half, but the number of municipalities only slightly decreased and remained above 34 000, by far the highest in the EU.(13) Implementing the renewed fiscal consolidation strategy rolled out by the government for the five-year presidential term also requires the still not fully defined ‘Public Action 2022’ programme to be carried out. This programme aims to deliver substantial efficiency gains for government spending while improving the functioning of the national public administration. The government has given clear priority to methodological and process-related aspects, but has not focused on ex-ante and across-the-board quantification of potential savings. While this approach may stem from a complex reform process and the need to smoothen the public debate over sensitive issues, it also makes it difficult to assess in quantitative terms the overall strategy and its contribution to fiscal consolidation. In particular, it is not clear how exactly and with what timing the reform programme — including the Ministries’ transformation plans that include a wide set of varied measures — would contribute with concrete actions to the very specific objective of reducing the expenditure-to-GDP ratio by 2022. Overall, available information shows partial adherence to the guidance for spending reviews agreed in 2016 by the Eurogroup.(14) Sustainability risks for general government debt remain high in the medium-term. The high general government debt and structural general government deficit pose sustainability challenges, especially in the medium-term. A fiscal effort that translates into a decisive improvement in France’s structural primary balance would be essential to avert such risks. Reducing the general government debt ratio would also improve growth prospects and the resilience of the French economy.(15) The planned pension reform could help to decrease the general government debt over the medium-term and therefore reduce debt sustainability risks. The budgetary equilibrium of the pension system is highly dependent on macroeconomicEN 5 ENassumptions. According to the latest annual report by France’s Pensions Advisory Council (Conseil d’orientation des retraites), pension expenditures were at 13.8% of GDP in 2017 and are projected to reach 13.5% in 2022, before remaining in a range between 11.6% and 14.4% by 2070 depending on the growth rate assumed for the evolution of GDP and employment over time. More than 40 different pension schemes co-exist in France. These schemes apply to different groups of workers and functions according to different sets of rules. A draft law is expected by the end of the year to progressively unify the rules of these schemes, with a view to simplifying the functioning of the pension system notably to improve its transparency, fairness and efficiency.(16) The employment rate continued to increase and reached 71.3% in 2018. The unemployment rate further declined, reaching 9.1% in 2018, but remains well above the EU average (6.8%) and the euro area average (8.2%). In addition, the French labour market remains highly segmented. Almost 85% of new hires are on temporary contracts and the transition rate to permanent contracts is among the lowest in the EU. Involuntary part-time work is also very high, at 42.3% of total part-time work in 2018. The planned reform of the unemployment benefit system (Unédic) is aimed to tackle labour market segmentation by reducing incentives for hiring on very short-term contracts and recalls, and to reduce the debt of the system. Negotiations between social partners on the unemployment benefits system took place at the beginning of 2019. The aim was to i) reduce the debt of the system, ii) amend the rules in order to reduce job insecurity and make the rules more conducive for the unemployed, and iii) find an incentive mechanism to reduce incentives to hiring on very short term contracts. However, social partners did not find an agreement on a new set of rules. The reform is now in the hands of the government, which is committed to finding an agreement by the summer 2019.(17) Labour market conditions for vulnerable groups remain comparatively more difficult than for other groups. The employment rate for non-EU born people, at 57.5% in 2018 (against 73.1 % of those born in France), is one of the lowest in the EU. Evidence shows that people with a migrant background tend to be disadvantaged during the recruitment process. Their geographical concentration in poor neighbourhoods is also a matter of concern. Inhabitants of the most deprived areas (such as Quartiers de la politique de la ville), including people with a migrant background, continue to face difficulties on the labour market, with an unemployment rate of 24.7% in 2017. Despite some policy action, the impact of socioeconomic and migrant background on educational performance remains high and hampers labour market integration.(18) Low skilled and young people also remain at a disadvantage in the labour market. The unemployment rate of the low skilled declined in 2017 for the first time since 2008, but at 16.2% in 2018, it remains well above pre-

**Load-Date:** June 11, 2019

**End of Document**



[***Register of Commission documents: 2. Annex to Commission Implementing Decision amending Commission Implementing Decision C(2014) 9575 of 11.12.2014 adopting a Multi-Annual Action Programme for Turkey on Environment and Climate Action, EUR 16.9 million Document date: 2019-09-30 COM-AC\_DR(2019)D064091-01 Comitology - Right of scrutiny***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5X5R-5BK1-F0YC-N3XV-00000-00&context=1516831)

Impact News Service

October 1, 2019 Tuesday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 7172 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

ANNEX

to the Commission Implementing Decision amending Commission Implementing Decision C(2014) 9575 of 11.12.2014 adopting a multi-annual Action Programme for Turkey on Environment and Climate Action

|  |
| --- |
| Multi-annual Work ProgrammeThis document constitutes the multi-annual work programme in the sense of Article 110(2) of the Financial Regulation (Regulation (EU, Euratom) 2018/1046) |

* Identification

|  |  |
| --- | --- |
| Beneficiary | Turkey |
| Basic act:Total costEU contributionCRIS/ABAC commitment references, EU Contribution and budget lines | Instrument for Pre-accession Assistance (IPA II)EUR 391 089115EUR 332 430000 of which:2014 2014/031-878EUR 32 860 000 on 22.02 03 022015 2014/031-878EUR 64 390 000 on 22.02 03 022016 2014/031-878EUR 84 640 000 on 22.02 03 022017 2014/031-878EUR 84 640 000 on 22.02 03 022018 2014/031-878EUR 49 000 000 on 22.02 03 022019 2014/031-878EUR 16 900000 on 22.02 03 02 |
| Management mode / Entrusted entities | Indirect management with Turkey:The Operating Structure responsible for the execution of the programme is the Ministry of Environment and Urbanisation (MoEU).Indirect management by the Entrusted entity: Action 3: World Bank for the part of action 3 related to theSustainable Cities Planning and Management Systems. |
| Timetable for spending allocation of each budgetary commitment | Budgetary commitment 2014 must be spent by 31/12/2019Budgetary commitment 2015 must be spent by 31/12/2020Budgetary commitment 2016 must be spent by 31/12/2021Budgetary commitment 2017 must be spent by 31/12/2022Budgetary commitment 2018 must be spent by 31/12/2023Budgetary commitment 2019 must be spent by 31/12/2024 |

* Description of theAction Programme
* Sectors selected under this Action Programme

1. Rationale for the selectionof thespecific sectors under this programme:

This Sector Operational Programme (SOP) is based on a thorough analysis of the socio‑economic situation of Turkey, which needs to continue the intensive process of aligning its national legislation with that of the EUto be able to take on the obligations of the EU membership. Particular efforts will be needed in areas relating to Environment and Climate Change (chapter 27[1]), as alignment in these areas will require substantial investments,institutional capacity building to design, implement and monitor climate policies, as well as improving capacity for transition to low carbon economy through actions across a number of sectors.

In this context, achieving a cleaner environment, fighting climate change and meeting the higher standards of the EU will take time. With the aim of creating a liveable environment and taking into account the social and economic conditions of the country, comprehensive studies are needed for implementation of the EU environment and climate acquis.

Costs and foreseen financing sources in the Strategy Document ‘Republic of Turkey Plan for Setting up Necessary Administrative Capacities at National, Regional and Local Level and Required Financial Resources for Implementing the Environmental Acquis Opening Benchmarks in Chapter 27’ (September 2009) were determined on the basis of the EU Integrated Environmental Approximation Strategy (UÇES). The UÇES (2007-2023), which was revised in 2016,indicates that the EU Directives requiring the highest amount of investments are those relating to water management and waste management: the sectoral distribution of environmental investments between 2007 and 2023 is estimated to be EUR 34 billion for the water sector (including wastewater) and EUR 10billion for the waste sector.

According to the most recent data (2016), basic environmental statistics related to water and waste fields in Turkey are as follows:

* 98% of municipal population is served by a water supply system. Drinking water treatment plants are provided in 436 municipalities, serving 59% of Turkey’s total municipal population.

1. 90% of the municipal population is connected to a sewerage system and 75% was served by wastewater treatment facilities. In total, the number of wastewater treatment plants currently in operation, with different treatment levels, is 881.
2. In 2016, 93% of the total population benefits from waste management services through 134 sanitary landfills, 6 incineration plants and 7 composting plants. There are also 35 coincineration plants and 1558 waste recovery facilities.

Apart from these priority sectors, other risks loom over the country. Economic growth has been highly dependent on (mainly imported) energy and the consumption of natural resources, leading to growing greenhouse gas (GHG) emissions and environmental degradation. The National Climate Change Action Plan identifies GHGemission reduction activities, including at the urban/local level.

Many natural disasters such as floods, fires and landslides occur as a result of climate change, which can lead to both economic and social problems. In the Second Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), it is also emphasized that potential natural disasters resulting from climate change and consequent ecological, economic and social problems are likely to be the severest problems to be experienced in the near future.

Threats and dangers to the environment are also represented by chemical, biological, radiological and nuclear substances (CBRN) released to the environment. Developing industrial activities increases the risk of an accidental release of those substances.

While in the previous IPA ***period*** the thematic concentration of the Environment Operational Programme (EOP) was mainly on water and waste, this programme will, in addition, focus on climate action. Moreover, considering the dynamic nature of the EU environment and climate acquis which requires substantive improvements in the beneficiary country legislation and capacity, ad-hoc activities addressing these needs will be supported.

In order to maximise the impact of the IPA II ***funds***, a geographic concentration has been established: 5priority South-Eastern regions (having Gross Value Added (GVA) per capita below 75% of the national average) will receive 10% from the total budget allocated to the investments in the water field.

The revised Indicative Strategy Paper for Turkey 2014-2020 states that for the next IPA II ***period***: 2018-2020, support for the environment sector will be reduced and will focus mainly on acquis-related institution building activities for water, waste and climate change, as well as support to disaster and risk management activities, an area of a recently renewed cooperation with the EU. More specifically, ***funding*** from 2018 onwards will focus on acquis-related institution building activities for environment, biodiversity, climate change and support to disaster and risk management activities (soft projects) whereas infrastructure support for water, wastewater and solid waste, which has been the focus of the 2014-2017 support will be progressively discontinued.

* Overview of past and on-going EU’s, other donors' and/or IPA II beneficiary's actions in the relevant sectors:

This Programme has been drafted in ***continuity*** with and following the lessons learned from the previous IPA EOPfor the ***period*** 2007-2013. Under that EOP, 39 environmental infrastructure projects were prepared and submitted to the Commission. Until the end of the implementation ***period***, 30 projects have been completed. Taking into consideration the perceived needs, the main priority of the environmental infrastructure strategy will be to increase the capacities of local authorities,strengthen the national framework and co-***fund*** the investment requirements at a national level.

At the institutional level, the General Directorate of European Union and Foreign Relations within the Ministry of Environment and Urbanisation (GDoEUFR), which is the already accredited body responsible from the management of IPA ***funds*** of the EOP in the 2007-2013 ***period***, will also serve as the Contracting Authority (CA) for IPA II ***period***, fulfilling the duties arising from tendering, contract management, financial management and other relevant functions. In this respect, it is clear that GDoEUFR will need to increase its administrative, technical and human capacities to deal with this newly enlarged workload, including being the CA of acquis-related institutional building activities of the IPA II ***period***.

The conclusions of a thematic evaluation[2], contracted to assess the performance of EU pre-accession assistance in the 2002-2010 ***period*** in the environment sector, were presented in July 2013. The main lessons learned of this evaluation are summarised below.

* Attention should be paid to the longterm strategic programme approach under IPA II.

1. An effort should be done to make priorities more specific and focused, and to only include areas where concrete support projects are likely to materialise in the coming years, moving away from an approach of listing all potential reform needs.
2. There is a need to strengthen sector coordination (of government institutions and other national stakeholders) during programming.
3. Administrative capacity of Decentralised Implementation System (DIS) structures is key for the success of the programmes. Loss of ‘institutional memory’ can hamper the impact and sustainability of projects and there is a need to save and strengthen institutional knowledge.
4. Delays in tender dossier preparation and contracting need to be minimised, through better forecasting, procurement planning and an increase in institutional capacity of the national and local authorities managing the ***funds***.

Most of these recommendations have been taken into account during the discussions with the Turkish authorities for the elaboration of the Programme. Moreover, IPA II financial assistance will be provided under a sector approach, which shall ensure a more long-term, coherent and sustainable strategy, allow for an increased ownership, facilitate cooperation among donors, eliminate duplication of efforts and bring greater efficiency and effectiveness.

Different institutions in the environment sector are experienced in implementing activities with multilateral, such as Global Environment Facility (GEF), and bilateral ***funds*** and International Financial Institutions (IFIs), such as the World Bank (WB), European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), Kreditanstalt für Wiederaufbau (KfW), as well as with several UN agencies.

The IFIs are active in the country with loan programmes. Ilbank A.Ş , as a local investment and development bank that has specific expertise on the finance of municipal infrastructure projects, acts as an intermediary for the use of IFIs loans to municipalities and undertakes coordination and monitoring functions during the implementation ***period***. The Bank plans to expand its operations by establishing partnerships with the other IFIs to support sustainable urban infrastructure investments of Turkish local administrations. On the other hand, IFIs which do not seek sovereign guarantees are active in the municipal finance sector lending directly to the municipalities.

List of Actionsforeseen under the selectedsectors:

|  |  |  |
| --- | --- | --- |
| Sector/Action | Indirect management |  |
| With entrusted entity | With IPA II beneficiary |  |
| Environment and Climate Action |  |  |
| Action 1 - Water |  | EUR 237 225 000 |
| Action 2 - Waste |  | EUR 36 215000 |
| Action 3 -Environmental Management for Sustainable Development | EUR 25 000 000 | EUR 33 990 000 |
| TOTAL | EUR 25 000 000 | EUR 307 430000 |

* Description and Implementation of the Actions

The envisaged assistance to multi-annual Action Programme for Turkey on Environment and Climate Action is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU[3].

|  |  |  |
| --- | --- | --- |
| Action 1 | Water | EUR 237 225 000 |

(1) Description of the action, objective, expected results and key performance indicators

* Description of the action and objectives

This action focuses on achieving and maintaining a good status of waters via an integrated approach to the protection, improvement and sustainable use of surface waters, groundwater, marine, coastal and ***transitional*** waters within Turkey. It will address management of water quality and water resources, including both soft activities also related with acquis - taking into account the closing benchmarks of the Environment and Climate Change Chapter, ‘Negotiation Position Paper’, and national strategy papers –as well as hard activities on investments for integrated water projects.

Objective of the action: To increase the overall compliance with the EU acquis, strategies and policies related to water as well as achieve good water status for waters in Turkey through integrated water management.

* Activity 1.1 : Acquis-related institution building activities

Considering the current status of the alignment with environmental acquis, indicative main intervention areas, such as river basin management (preparation of River Basin Management Plans (RBMPs)), flood and drought management and plans for adaptation to the climate change and sectoral water allocation, are assessed as fields that need to be supported by the Programme. Additionally, engagement of experienced staff and specialised institutions capable of implementing the Water Framework Directive (WFD) and daughter directives, harmonisation of directives, appropriate planning and ***smooth*** implementation of plans will be ensured.

The effects of climate change will be studied and measures for adaptation will be elaborated at national and basin levels. Public awareness, education initiatives and other communication tools in relation to the points mentioned above can also be financed under this activity.

* Activity 1.2 : Infrastructure related activities

This activity will focus on ensuring supply of drinking water according to national and EU standards, achieving water savings and promoting actions that will contribute to reducing the pollution load in receiving bodies, preserve drinking water supply systems from potential contamination and help enhance resource efficiency and climate resilience.

Due consideration will be given to climate-proofing activities as well as climate change mitigation and adaptation measures.

IPA assistance will support the construction, rehabilitation or modernisation of the existing drinking water distribution system as well as establishing adequate water treatment plants. It will also support rehabilitation, upgrading and construction of urban wastewater treatment facilities, rehabilitation and extension of the sewerage systems as well as storm water facilities.

The investments to be implemented will be prioritised according to the pre-defined selection criteria.

Expected results:

* Improved legislation and increased institutional capacity for components of the EUacquisin the water sector;

1. Improved infrastructure for delivery of drinking water and wastewater treatment.

Key performance indicators for action 1:

* Municipal population served by drinking water treatment plants;

1. Municipal population benefiting from improved water distribution facilities;
2. Municipal population served by waste water treatment plants;
3. Degree of alignment withthe EU acquis in the water sector;
4. Number of IPA project applications approved by the Commission/European Union Delegation (EUD);
5. Number of drinking water treatment plants;
6. Number of municipalities served by water supply network;
7. Number of waste water treatment plants;
8. Population benefiting from improved waste water collection systems;
9. Number of plans and policy documents prepared and/or updated in line with the EU acquis;
10. Number of prepared and/or updated RBMPs;
11. Number of legislation prepared, and/or revised in line with EU acquis, and submitted to the Presidency of the Republic of Turkey.

(2) Assumptionsand conditions

* Sufficient level of integration of environmental requirements into sectoral policies e.g ***agriculture***, energy, tourism, transportation;

1. ***Smooth*** adoption of the legislation after internal and external consultations, plans and policy documents prepared and/or updated;
2. The possession of necessary resources by the final beneficiaries in order to operate the environmental infrastructure properly (co-financing from the national budget available);
3. Ability of staff (technical and management level) remaining at their posts following the termination of activities to contribute to the relevant subsequent work through the skills and information obtained during the activities;
4. No substantial price escalations (e.g : inflation) or economic crises impacting upon present and future investments;
5. The willingness and active participation of related stakeholders in the studies within the activities;
6. Satisfactory level of access to required data;
7. Tolerable ***periods*** of adoption and approvals compared to project life cycles;
8. Assignment of qualified staff who is able to contribute to the relevant activities through the skills and information obtained during the activities.

Failure to comply with the requirements set out above may lead to a recovery of ***funds*** under this Programme and/or the re-allocation of future ***funding***.

(3) Implementation modalities:

(3)(a) Indirect management

This action will be implemented under indirect management by Turkey, which shall be responsible for carrying out of all the tasks relating to the implementation of the action.

The Operating Structure responsible for the execution of the actions is the Ministry of Environment and Urbanisation.

In particular, the beneficiary country shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

(4) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

|  |  |  |
| --- | --- | --- |
| Action 2 | Waste | EUR 36 215000 |

(1) Description of the action, objective, expected results and key performance indicators

* Description of the action and objectives

The actionaddresses the identified weaknesses, i.e the inadequate waste management practices leading to limited collection of waste as well as the operation of a large number of non-compliant landfills. It will focus on promoting an efficient and improved integrated waste management system through the establishment of well-managed and financially sustainable bodies, along with the necessary improvements in the current legislative framework, taking into account the closing benchmarks of the Environment Chapter, ‘Negotiation Position Paper’, and national strategy papers.

Activities related both with capacity building and investment will be conducted.

Objective of the action: To increase the overall compliance with the EU acquis, strategies and policies related to waste.

* Activity 2.1 : Acquis-related institution building activities

Considering the dynamic status of the Environmental acquis, indicative main intervention areas, such as Waste Electrical and Electronic Equipment (WEEE),Circular Economy, zero waste, reuse and recovery of waste by-product and end-of-waste, are assessed as activities that need to be supported by the programme. These activities will focus upon promoting an efficient and improved quality of service delivery. Increasing capacity of institutions both at central and local levels will be ensured.

* Activity 2.2 : Infrastructure-related activities

This action will focus on regional landfills and optimisation of the collection of waste in order to reduce the quantity of waste to be landfilled. Eligible interventions will be:

* Extension and rehabilitation of existing landfills, increasing recycling and improving collection systems and separation methods;

1. New constructions of sanitary landfills;
2. Closure of old dumpsites, including gas recovery and utilisation systems, where appropriate;

Due consideration will be given to climate-proofing activities as well as climate change mitigation and adaptation measures. Besides, the investments to be implemented under the SOP will be prioritised according to the pre-defined selection criteria.

Expected results:

* Increased capacity of the institutions involved in the waste management;

1. Efficient, affordable and sustainable waste management services provided to the population, improved integrated waste management systems, including separate collection and reduced amount of waste disposed in uncontrolled landfills, reduced greenhouse gas emissions from waste facilities.

Key performance indicators for action 2:

* Municipal population served by municipal waste services;

1. Municipal population benefiting from waste disposal and recovery facilities;
2. Degree of alignment on European acquis in the waste management sector;
3. Number of IPA project applications approved by the Commission/EUD;
4. Number of municipal waste collection systems established in line with WEEE
5. Number of controlled landfill sites
6. Number of plans and policy documents prepared and/or updated in line with EU acquis, and submitted to the Presidency

(2) Assumptions and conditions

* Sufficient level of integration of environmental requirements into sectoral policies e.g ***agriculture***, energy, tourism, transportation;

1. ***Smooth*** adoption of the legislation following internal and external consultations, plans and policy documents prepared and/or updated;
2. The possession of necessary resources by the final beneficiaries in order to operate the environmental infrastructure properly (co-financing from the national budget available);
3. Ability of staff (technical and management level) remaining at their posts following the termination of activities to contribute to the relevant subsequent work through the skills and information obtained during the activities;
4. No substantial price escalations (e.g : inflation) or economic crises impacting upon present and future investments;
5. The willingness and active participation of related stakeholders to the studies within the activities;
6. Satisfactory level of access to required data;
7. Tolerable ***periods*** of adoption and approvals compared to project life cycles;

Assignment of qualified staff who is able to contribute to the relevant activities through the skills and information obtained during the activities. Failure to comply with the requirements set out above may lead to a recovery of ***funds*** under this Programme and/or the re-allocation of future ***funding***.

(3) Implementation modalities:

(3)(a) Indirect management

This action will be implemented under indirect management by Turkey, which shall be responsible for carrying out all the tasks relating to the implementation of the action.

The Operating Structure responsible for the execution of the actions is the Ministry of Environment and Urbanisation.

In particular, the beneficiary country shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the Programme.

(4) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

|  |  |  |
| --- | --- | --- |
| Action 3 | Environmental Management for Sustainable Development | EUR 58 990 000 |

(1) Description of the action, objective, expected results and key performance indicators

* Description of the action and objectives

The action particularly addresses EU legislation and policies (including relevant strategies) on industrial pollution and risk management, resource efficiency, chemicals, air quality, noise, nature and soil protection, horizontal legislation as well as climate acquis (emission trading, monitoring and reporting, ozone layer protection, fluorinated gases, fuel quality, low carbon technologies, and others, including the EU Adaptation Strategy) and civil protection. Under this action, all fields of the environmental and climate acquis as well as the environmental issues related to civil protection and disaster risk management will be covered.

Objective of the action: To develop alignment with the EU’s environment and climate acquis and further enhance the implementation capacity of related institutions towards a resource efficient, climate and disaster resilient green economy in Turkey.

* Activity 3.1 : Acquis-related institution building activities

Concerning the sectors covered by action 3, drafting of by-laws, capacity building and awareness raising activities were addressed during IPA 2007-2013 ***period***. The main current need, apart from the transposition of the EU acquis into Turkey’s national legislation, is to ensure their ***smooth*** implementation with adequatehuman and institutional resources at national and local levels.

The activity will cover, among others, the following sub-sectors: industrial pollution, chemicals, air and noise pollution, horizontal legislation, resource efficiency, nature protection and conservation, ecosystem services (including integrated marine environment protection) and soil pollution.

On climate change, focus will not only be onalignmentwith theEU climate acquis but also with the increase of the capacity to adaptation, which is a crucial aspect. The National Climate Change Adaptation Strategy needs to be updated according to the EU strategy; alternative financing mechanisms require determined and priority investments and capacity building activities call for support in order to implement the strategy. The existing legislation and national mechanisms need to be harmonised with the EU Emission Trading Directive and the rest of the EU climate acquis.

Mitigation and adaptation activities will focus on strengthening institutional capacity at the urban, local and national levels to design, implement and monitor policies, and to transition to a low carbon economy. With the engagement of the private sector, the action will aim at enhancing the resilience of vulnerable economic sectors and infrastructures to climate change.

With regard todisaster management and civil protection, the activities will aim at enhancing the capacity of relevant national and international institutions concerningdisaster prevention, preparedness and mitigation, as well as response and recovery capacity, which are specified by the strategic reference documents (e.g National Disaster Management Strategy Document and National Disaster Response Plan).

Disaster and risk management activities will be essential to support Turkey's cooperation with the EU in order to comply with EU civil protection policies.

Under this activity, the capacity building support to the CA on implementing, monitoring and evaluating, updating, tendering and the visibility of the SOP and associated actions will be financed.

* Activity 3.2 : Infrastructure related activities

Activities which necessitate an establishment of physical infrastructure, such as small-scale investments and supplies, will be covered. Grant programmes will be established for promoting resource efficiency and cleaner production practices, to extend market-based instruments such as labelling, and for supporting activities of local and grassroots organisations on climate action and nature protection.

Expected results:

* Increased environmental protection, in line with the EU acquis, enhanced policy and strategy frameworks and implementation plans for putting the EU acquis into practice;

1. Enhanced climate action on climate change adaptation and mitigation.

Key performance indicators for action 3:

* Degree of alignment with the European Environment and Climate Change acquis;

1. Number of lawsprepared, and/or revised in line with the EU acquis, and submitted to the Presidency;
2. Number of plans and policy documents prepared and/or updated in line with the EUacquis;
3. Number of implemented measures identified by the National Climate Change Action Plan;
4. Number of environmentally sound technical, financial and governance mechanisms developed for an effective implementation and replication of the EU environment and climate acquis and policies;
5. Number of measures identified on disaster management and risk reduction.

(2) Assumptions and conditions

* Sufficient level of integration of environmental requirements into sectoral policies e.g ***agriculture***, energy, tourism, transportation;

1. ***Smooth*** adoption of the legislation following internal and external consultations, plans and policy documents prepared and/or updated;
2. The possession of necessary resources by the final beneficiaries in order to operate the environmental infrastructure properly (co-financing from the national budget available);
3. Ability of staff (technical and management level) remaining at their posts following the termination of activities to contribute to the relevant subsequent work through the skills and information obtained during the activities;
4. No substantial price escalations (e.g : inflation) or economic crises impacting upon present and future investments;
5. The willingness and active participation of related stakeholders to the studies within the activities;
6. Satisfactory level of access to required data;
7. Tolerable ***periods*** of adoption and approvals compared to project life cycles;

Assignment of qualified staff who is able to contribute to the relevant activities through the skills and information obtained during the activities. Failure to comply with the requirements set out above may lead to a recovery of ***funds*** under this Programme and/or the re-allocation of future ***funding***.

(3) Implementation modalities:

(3)(a) Indirect management

This action will be implemented under indirect management by Turkey, which shall be responsible for carrying out all the tasks relating to the implementation of the action.

The Operating Structure responsible for the execution of the actions is the Ministry of Environment and Urbanisation.

In particular, the beneficiary country shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

(3)(b) Indirect management with an entrusted entity

Part of the activity 3.1 will be implemented in indirect management with the World Bank (WB), to manage the first component of the Sustainable Cities Programme of the WB ‘Sustainable Cities Planning and Management Systems’.

The WB has been chosen because of the advanced status of its discussions with the Turkish authorities on this programme. In fact, the WBalready reached an agreement with the MoEU Directorate General for Spatial Planning (DGSP) on its role as a policy-level counterpart for the Comprehensive Integrated Metropolitan Municipality Plans (CIMMP) initiative, withIller Bank and participating municipalities being the project implementation counterparts.

The WB has considerable experience and operational capacity to workwith Iller Bank and other stakeholders in Turkey for supporting programmatic and stand-alone projects on urban infrastructure, transport, climate change, renewable energy and energy efficiency.

The European Commission shall conclude with the World Bank anAdministration Agreement for entrusting the Bank with budget implementation tasks for the part of Action 3 related to the Sustainable Cities Planning and Management Systems. Under the responsibility of the World Bank, the IPA ***funds*** will be transferred to a ‘Recipient-executed Trust ***Fund***’. The World Bank will, under its responsibility, sign a Grant Agreement with Iller Bank for the Sustainable Cities Planning and Management Systems.

The Iller Bank will establish an account to receive the grant ***funds***. The Iller Bank would provide these ***funds*** to cover the cost of implementing the planning work, including preparations in each of the participating cities.

Under the project design, all participating municipalities will adapt the master Terms of Reference (ToR) to their specific technical needs in scope and content, and send the bidding package to theIller Bank. The Iller Bank will review them and submit to the World Bank for its review.

The Iller Bank, under the supervision and responsibility of the WB, would be in charge of implementing all aspects of the activity, with all technical support from the World Bank. It will sign contracts with consultants providing the relevant services to the participating cities and will honour payment requests based on the consultants’ deliveries.

The World Bank will supervise the activity by reviewing technical outputs of consultants and provide guidance to participating municipalities, including technical support missions to individual cities as well asjoint training sessions and capacity building for participating municipalities.

(4) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

* PROVISIONS APPLICABLE TO ALL ACTIONS

2.3.1 Authorisation for the use of simplified cost options for grants exceeding EUR 60000 per grant beneficiary for specific grants to be awarded by the entrusted entity (Turkey) under indirect management:

a) Forms of grant and categories of costs covered: The grants for the actions under this Programme shall take either of the following forms: (a) lump sums and reimbursement on the basis of unit costs and flat-rate financing calculated in accordance with the beneficiaries’ historical data or usual cost accounting practices for the categories of eligible costs specified below; (b) reimbursement of eligible costs actually incurred for all other categories of eligible costs.The categories of eligible costs that may be covered by the lump sum, reimbursement on the basis of unit costs and flat-rate financing are the following: support staff costs, local transportation, local office consumables and supplies, communication activities and visibility events. Other categories of eligible costs shall be reimbursed on the basis of eligible costs actually incurred. The amounts of the lump sums, unit costs and flat rate financing to be used shall be calculated in accordance with the method set out in point c. The amounts of the lump sums,unit costs and flat rate financing to be declared by the beneficiaries shall be calculated in accordance with the method set out in point c.

b) Justification: Given the nature of the supported activities and in order to simplify the management of the grants expected under this programme, some costs may be identified in each grant's action budget per unit, global price or as a percentage of other eligible direct costs. When grants or parts of grants are based on simplified cost options, these amounts shall be established in such a way as to exclude fraud and profit a priori. The costs shown in the contract should not be challenged by ex post controls, i.e through comparison with the actual costs they cover. Verifications/audits may be performed to check whether the formulas used by the beneficiary to determine unit costs, lump sums or flat-rates are compliant with the contractual conditions or the generating events have occurred at all. Any undue payment made to the final beneficiaries may be recovered by the contracting authority up to the amount of the simplified cost options.

c) Method to determine and update the amounts: Amounts will be determined by reference to statistical data, factual information or similar objective means, and/or to the historical data of each beneficiary.

d) No-profit and co-financing principles and absence of double financing: Grant applicants will need to explain the methods proposed to calculate amounts of unit costs, lump sums and/or flat-rates, to which costs they refer, and clearly explain all formulas for calculation of the final eligible amount.

2.3.2 Where resources are granted through the budget of Turkey, or where Turkey contributes to the selection of the specific interventions to be supported, State aid control obligations deriving from the EU-Turkey Association Agreement and decisions of the EU-Turkey Association Council shall be complied with.

* Budget

Indicative budget table- Multi-Annual Action Programme for TURKEY on Environment and Climate Action (2014 –2019)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Total EU Contribution |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| EU Contribution | IPA II Beneficiary co-financing | Total expenditure | EU Contribution | IPA II Beneficiary co-financing | Total expenditure | EU Contribution | IPA II Beneficiary co-financing | Total expenditure | EU Contribution | IPA II Beneficiary co-financing | Total expenditure | EU Contribution | IPA II Beneficiary co-financing | Total expenditure | EU Contribution | IPA II Beneficiary co-financing | Total expenditure | Indirect Management with OS | Indirect Management with IFI/IO |  |  |
| Action 1 | 24.670.000 | 4.353.529 | 29.023.529 | 38.050.000 | 6.714.706 | 44.764.706 | 62.040.000 | 10.948.235 | 72.988.235 | 64.210.000 | 11.331.176 | 75.541.176 | 36.780.000 | 6.490.588 | 43.270.588 | 11.475.000 | 2.025.000 | 13.500.000 | 237.225.000 | 0 |  |
| Water |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Action 2 | 1.700.000 | 300.000 | 2.000.000 | 1.340.000 | 236.471 | 1.576.471 | 10.640.000 | 1.877.647 | 12.517.647 | 9.890.000 | 1.745.294 | 11.635.294 | 7.220.000 | 1.274.118 | 8.494.118 | 5.425.000 | 952.350 | 6.377.350 | 36.215.000 | 0 |  |
| Waste |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Action 3 | 6.490.000 | 1.145.294 | 7.635.294 | 25.000.000 | 4.411.765 | 29.411.765 | 11.960.000 | 2.110.588 | 14.070.588 | 10.540.000 | 1.860.000 | 12.400.000 | 5.000.000 | 882.353 | 5.882.353 | 0 | 0 | 0 | 33.990.000 | 25.000.000 |  |
| Environmental Management for Sustainable Development |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Totals | 32.860.000 | 5.798.823 | 38.658.823 | 64.390.000 | 11.362.941 | 75.752.941 | 84.640.000 | 14.936.471 | 99.576.471 | 84.640.000 | 14.936.471 | 99.576.471 | 49.000.000 | 8.647.059 | 57.647.059 | 16.900.000 | 2.977.350 | 19.877.350 | 307.430.000 | 25.000.000 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 2014-2019 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total EU Contribution | 332.430.000 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total IPA II beneficiary co-financing | 58.659.115 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total Programme | 391.089.115 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

* performance Monitoring arrangements

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this Programme, as well as the Indicative Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, National IPA Co-ordinators (NIPACs) will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by the European Commission (DG NEAR) and the IPA II beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by Sectoral Monitoring committees, which will ensure a monitoring process at a sector level.

* Evaluation

Having regard to the importance of the action, final or ex-post evaluations will be carried out for this action or its components byindependent consultants.

In accordance with Article 57 of the Framework Agreement (FWA) between Turkey and the European Commission on the arrangements for implementation of Union financial assistance to Turkey under IPA II, an IPA II beneficiary which has been entrusted budget implementation tasks shall be responsible for conducting evaluations of the programmes it manages. The IPA II beneficiary shall also draw up an evaluation plan presenting the evaluation activities which it intends to carry out in the different phases of implementation.

Under the Action 3 - Technical Assistance Action, an evaluation will be carried in accordance with Article 57 of the FWA.

The main objective of the evaluation(s) is to collect and provide available evidence that enables as assessment of how well the Sectoral Operational Programme is implemented, considering the intervention logic, and whether the activities and outputs triggered by the Programme are on course to achieve its objectives.

The evaluation reports shall be shared with the Commission and other key stakeholders. The IPA II beneficiary and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, jointly decide on follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The Commission might also undertake evaluations in accordance with its rules and procedures under a separate budget envelope.

[1]A ‘Negotiating Position Paper’ was prepared and approved, and the chapter was opened to accession negotiations on 21 December 2009

[2] ‘Technical Assistance for Thematic Evaluation on Environment’. Specific contract ALTUN/TATEE/TR2010/0740.01-02/FWC/013.

[3][*https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions\_en*](https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en).

**Load-Date:** October 1, 2019

**End of Document**



[***Political Changes in Sudan Could Affect Mandate of African Union-United Nations Hybrid Operation in Darfur, Joint Special Representative Tells Security Council***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TPB-WCR1-JDG9-Y0T6-00000-00&context=1516831)

Impact News Service

April 18, 2019 Thursday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 4683 words

**Body**

New York: The United Nation has issued the following press release:

Members Echo Sudan’s Representative in Describing Recent Events as Internal Matter Not Warranting External Discussion, Interference

The planned withdrawal of the African Union-United Nations Hybrid Operation in Darfur (UNAMID) by 30 June 2020 is on track, but the political situation in Sudan has changed drastically and could affect implementation of the mission’s mandate going forward, the Joint Special Representative of the African Union and the Secretary-General for the country’s western Darfur region told the Security Council today.

Speaking via videoconference from Khartoum, where the Military ***Transitional*** Council seized power on 11 April, he said the Operation is establishing contacts and working relationships with the new authorities. The international community can also start a dialogue with the new rulers to help create a conducive environment for UNAMID’s departure and for an international follow-up engagement in Darfur, he added.

“The current situation, much as it may not be desirable, provides a chance for the Sudanese to seize the opportunity to resolve all their conflicts, including the one in Darfur,” he continued. “The Council should urge the people of Sudan to have a holistic and all-inclusive approach that is representative of all Sudanese.” Noting that the changes at the federal level have had an obvious impact on Darfur, he cited acts of violence by internally displaced persons and other protesters targeting premises associated with the previous regime. In the midst of those developments, UNAMID has remained vigilant, maintaining a particularly robust posture in Jebel Marra, where clashes between the Sudanese Armed Forces and the Sudan Liberation Army-Abdul Wahid (SLA-AW) faction have continued.

Briefing on the humanitarian situation, the Assistant Secretary-General for Humanitarian Affairs and Deputy Emergency Relief Coordinator said the direct impact of recent political events on humanitarian operations has been limited so far and regular operations have continued, including a major campaign to vaccinate children against polio and measles. However, due to the economic crisis, the prices of food and medicines are rising, with the price of sorghum 70 per cent higher than it was a year ago and imports of medicine in 2018 down by one third from 2017, she said. An estimated 5.8 million people, including 1.9 million in Darfur, are presently food-insecure, she noted, predicting that, with the lean season due to start in May, that number will increase.

On the other hand, Darfur has seen significant improvements in security, with some displaced people returning home but 1.6 million remaining displaced, she said. Humanitarian partners are appealing for $1.1 billion to help 4.4 million of the most vulnerable people, including 2.4 million in Darfur. Noting the presence of nearly 150,000 refugees from South Sudan, she stressed that the situation in Sudan has implications for the broader region. Meanwhile, humanitarian access has improved significantly in recent years, she said, adding: “At this critical time, it is essential to ensure that the people of Darfur and the rest of Sudan receive the support they need.”

Germany’s Minister of State for Foreign Affairs and Council President for April declared: “We cannot simply delink the political developments in Khartoum from our joint work on UNAMID.” Speaking in his national capacity, he underlined the need for a collaborative relationship among the national decision-making authorities, the international community and the United Nations. “If we want to develop a way forward for the planning post-UNAMID, it is essential that we have an in-depth conversation with Sudan,” he emphasized, while pointing out the absence of a counterpart on the Sudanese side with whom to engage in dialogue.

The United Kingdom’s representative reiterated the African Union’s call for a swift return to civilian rule in Sudan, urging the Military ***Transitional*** Council to heed the voices of the people, protect protestors and uphold human rights. The representative of the United States said the upcoming strategic review of UNAMID should take into account the impact of recent events on Darfur, including the Government’s ability to protect and provide for the region’s people. If the Government cannot do that, he added, the United States is in favour of the Council considering all options.

South Africa’s representative said the people of Sudan must seize the opportunity to address their differences in an inclusive manner because Darfur’s development is linked to that of the country and the wider region. A credible and transparent transition process will help to unify the nation, he said, urging the Council to rally behind the people’s ambitions and to be guided by regional approaches through the African Union, notably the bloc’s communiqué of 15 April.

Kuwait’s representative was among speakers who emphasized that events unfolding in Sudan constitute a domestic matter in which outside entities must not interfere. China’s delegate stressed the importance of respecting the decisions made by the people of Sudan and of adhering to the principle of non-interference, in accordance with the Charter of the United Nations. The Russian Federation’s representative underlined the absence of grounds for linking the events of 11 April with UNAMID’s future.

Sudan’s representative emphasized the domestic nature of events in his country since December, saying that, in keeping with the United Nations Charter, there is no justification for the Council to discuss it. The exceptional situation calls for the greatest caution in order that all stakeholders can complete a ***smooth*** transition and democratic change, he added. He went on to reiterate his country’s commitment to respect all its agreements, including those with the United Nations regarding UNAMID’s deployment and humanitarian access.

Also speaking were representatives of the Dominican Republic, France, Peru, Côte d’Ivoire, Belgium, Poland, Indonesia and Equatorial Guinea.

The meeting began at 10:05 a.m and ended at 12:10 p.m

Briefings

JEREMIAH NYAMANE KINGSLEY MAMABOLO, Joint Special Representative of the African Union and the Secretary-General for Darfur, spoke via videoconference from Khartoum, stating that “a lot has happened in Sudan in general and in Darfur in particular” since the issuance of the latest report of the Secretary-General on the African Union-United Nations Hybrid Operation in Darfur (UNAMID) (document S/2019/305). The Military ***Transitional*** Council has announced several steps to stabilize the situation, including the replacement of unpopular Government officials, he said, adding that the Head of the Council has stated that the ***transitional*** ***period*** will last no more than two years, ending with the handover of power to a civilian arrangement. However, protests continue in Khartoum and other parts of Sudan, he said, noting that the Military ***Transitional*** Council has started a dialogue with the Declaration of Freedom of Change on an all-inclusive ***transitional*** mechanism. He cautioned that the Military ***Transitional*** Council is likely to view as a setback the call on 15 April by the African Union Peace and Security Council for the Council to install a ***transitional*** civilian authority within 15 days or face suspension from African Union activities.

He said that the changes at the federal level have had an obvious impact on Darfur, with internally displaced persons and other protesters engaging in violent acts, including arson on premises of the National Intelligence and Security Services and the former ruling party, as well as the homes of community leaders seen to have collaborated with the previous regime. In the midst of these developments, UNAMID has remained vigilant and maintained a robust posture, particularly in the Jebel Marra area of responsibility where peacekeeping troops are deployed. Day-to-day operations are continuing, patrols have been intensified, and the Operation is still interacting with partners on the ground, he said, noting that United Nations staff have not been targeted so far. Since the adoption of resolution 2429 (2018), the mission is continuing its reconfiguration and drawdown, with the reduction of its military component from 8,735 to 4,050 troops by 30 June on track. The strength of UNAMID police has also decreased from 2,500 to 2,283, he said. The security situation in Darfur remained relatively calm during the reporting ***period***, with the exception of intermittent clashes in Jebel Marra between the Sudanese Armed Forces and the Sudan Liberation Army-Abdul Wahid (SLA-AW) faction.

Incidents of intercommunal clashes remained low, he said, noting that humanitarian partners continued to provide aid, focusing on life-saving assistance to vulnerable groups despite restrictions on access in some parts of Jebel Marra. Implementation of the Doha Document for Peace in Darfur continued to face challenges due to capacity and resource constraints, he said, noting that the Military ***Transitional*** Council’s call for non-signatory armed movements to join the ongoing dialogue has yet to draw a tangible response. However, the Sudan Liberation Army-Minni Minawi (SLA-MM) and the Gibril Ibrahim faction of the Justice and Equality Movement (JEM/Gibril) have indicated their intention to pursue the peace process in a manner that addresses the underlying causes of the conflict, he said. However, SLA-AW leader Abdul Wahid Nour, has rejected the Military ***Transitional*** Council as an attempt to reproduce the previous regime, he said, urging he Council to call upon him to seize the opportunity and engage politically with the authorities.

He concluded by stating that while UNAMID’s drawdown remains on track, the political situation in Sudan has changed drastically and has the potential to affect the implementation of its mandate going forward. In that context, the Operation is establishing contacts and a working relationship with the new administration at the federal and state levels, he said. “Darfur is not and cannot be immune from what is happening at the national level,” he emphasized, expressing hope that the situation does not deteriorate and have a negative impact on UNAMID’s exit. The international community has an opportunity to start a dialogue with the new authorities by helping to create a conducive environment for the mission’s departure and an international follow-up engagement in Darfur. “The current situation, much as it may not be desirable, provides a chance for the Sudanese to seize the opportunity to resolve all their conflicts, including the one in Darfur.” he stressed. “The Council should urge the people of Sudan to have a holistic and all-inclusive approach that is representative of all Sudanese.”

URSULA MUELLER, Assistant Secretary-General for Humanitarian Affairs and Deputy Emergency Relief Coordinator, said that humanitarian needs in Darfur and other parts of Sudan were already growing well before the latest development due to the prevailing economic crisis. The direct impact of recent political events on humanitarian operations has so far been limited and regular operations have continued, including a major campaign to vaccinate children against polio and measles. Due to the economic crisis, food and medicine prices are rising, she said, citing World Food Programme (WFP) reports that the price of sorghum is 70 per cent higher than it was a year ago, impacting people’s power to purchase the staple. According to the latest analysis, 5.8 million people, including 1.9 million in Darfur, are presently food-insecure, up from 3.8 million the previous year. With the lean season due to start in May, the number will increase, she predicted, pointing out that imports of medicine in 2018 dropped by one third from 2017.

However, Darfur has seen significant improvements in security, with some displaced people returning home but 1.6 million remaining displaced, she said. The United Nations Central Emergency Response ***Fund*** (CERF) allocated $26.5 million last week to help vulnerable people in areas increasingly affected by food insecurity. The Sudan Humanitarian ***Fund*** is providing more than $20 million in complementary ***funding***, she said, while emphasizing that more support is needed. Humanitarian partners are appealing for $1.1 billion to assist 4.4 million of the most vulnerable people, including 2.4 million in Darfur. Noting the presence of nearly 150,000 refugees from South Sudan, she stressed that the situation in Sudan has implications for the broader region. However, humanitarian access has improved significantly in recent years, she pointed out. “At this critical time, it is essential to ensure that the people of Darfur and the rest of Sudan receive the support they need.”

Statements

NIELS ANNEN, Minister of State for Foreign Affairs of Germany and Council President for April, spoke in his national capacity, declaring: “We cannot simply delink the political developments in Khartoum from our joint work on UNAMID.” Not all challenges can be addressed by a peacekeeping mission, he pointed out, emphasizing that the transition process from peacekeeping to peacebuilding, therefore, becomes increasingly important. There is need to ensure that the Operation delivers against its mandated tasks in the areas of mediation, peacekeeping and peacebuilding, he said, noting UNAMID’s progress in supporting capacity-building in the areas of rule of law and human rights, as well as in finding lasting solutions for internally displaced people and host communities. “We must keep this up,” he stressed.

He went on to underline the need for a collaborative relationship among the national decision-making authorities, the international community and the United Nations. “If we want to develop a way forward for the planning post-UNAMID, it is essential that we have an in-depth conversation with Sudan,” he said, adding that the conversation has to do with strengthening the capacity of rule-of-law institutions, revitalizing the political process for Darfur – including by establishing the presence of the Office of the United Nations High Commissioner for Human Rights (OHCHR) – and cooperation with the Peacebuilding Commission. He pointed out, however, that there is currently no counterpart on the Sudanese side with whom to engage in this important conversation.

JONATHAN GUY ALLEN (United Kingdom), expressing support for the African Union’s statement on the recent removal of the President, urged the Military ***Transitional*** Council to heed the voices of the people, protect protestors and uphold human rights. Noting that the Council has an opportunity to build trust with the people and the international community and end decades of oppression, he reiterated his delegation’s support for the African Union’s call for a swift return to civilian rule, emphasizing that women must play an important role in the transition process. The United Kingdom also supports calls for accountability, including through cooperation with the International Criminal Court, he emphasized. Regarding the eventual drawdown of UNAMID, he stressed the need for a gradual and sensible approach that takes developments on the ground into account. He asked how two UNAMID police units responded to the recent killing of people in a camp for the internally displaced.

JOSÉ SINGER WEISINGER (Dominican Republic) expressed concern over recent events in Khartoum, the uncertainty among Sudan’s people and the high humanitarian cost. Pointing out that people are only seeking to be heard, he called for calm and avoidance of bloodshed at all costs, emphasizing that the time has come to leverage this opportunity for a democratic and peaceful transition. The Sudanese people deserve political renewal and economic recovery, as well as the chance to be compensated for their suffering, he said, adding that it is also time for an all-inclusive political system that respects human rights and the norms of international law while restoring trust among the people.

JONATHAN R. COHEN (United States) expressed concern over the impact of events in Khartoum on the situation in Darfur, where UNAMID must redouble its efforts in responding to acts of violence. The United States expects the upcoming strategic report on UNAMID to take into account the impact of recent events on Darfur, including the Government’s ability to protect and provide for the region’s people, he said, emphasizing that if it cannot do that, his delegation is in favour of the Council considering all options. He went on to urge all parties in Sudan to work towards the installation of a civilian ***transitional*** authority.

MANSOUR AYYAD SH. A. ALOTAIBI (Kuwait), noting the continued reduction in violence and the relatively calm security conditions, welcomed the allocation of ***funding*** from CERF to meet humanitarian needs. Emphasizing the importance of observing benchmarks when considering the transition from peacekeeping to peacebuilding, he called upon Council members to ensure that any measures taken lead to stability and respond to the people’s aspirations. He went on to urge all parties concerned to prioritize national interests, while pointing out that what is unfolding is a domestic affair. No outside entities should interfere, he stressed.

ANNE GUEGUEN (France) called for the establishment of a civilian Government and the holding of free, inclusive and transparent elections. The ***transitional*** authority must be led by civilians and hear the voices of the people, she said. Justice is essential and, therefore, the perpetrators of grave crimes, including sexual violence and violence against children, must be brought to justice, she said, emphasizing that France supports cooperation with the International Criminal Court. Regarding UNAMID, he said that his delegation has always supported a gradual exit, adding that, given the situation on the ground, the Council should be even more prudent before setting the timetable for withdrawal.

GUSTAVO MEZA-CUADRA (Peru) urged the Military ***Transitional*** Council to restore the constitution, lift the state of emergency and free detained prisoners. In Darfur, all sides must cease hostilities and resolve substantive matters through dialogue, he emphasized, expressing deep concern over the grave human rights situation in the region, including violations of the fundamental rights of internally displace persons. UNAMID must be able to implement its mandate throughout Darfur, including Jebel Marra, with the Government guaranteeing unfettered humanitarian access, he said. On the Operation’s withdrawal, he said it must proceed cautiously, taking the current situation into account.

GBOLIÉ DÉSIRÉ WULFRAN IPO (Côte d’Ivoire), noting the Sudan is passing through an “alarming ***period*** of uncertainty”, urged the military authorities to spare no effort to maintain peace and security while engaging in consultations with all stakeholders. He called upon the armed groups in Darfur to work with national authorities to ensure a definitive end to hostilities. He went on to call upon the authorities and the international community – including the United Nations, the African Union and the Intergovernmental Authority on Development (IGAD) – to safeguard the gains made in the Darfur peace process so far.

MARC PECSTEEN DE BUYTSWERVE (Belgium) urged the Military ***Transitional*** Council to avoid violence and uphold human rights, including the rights to freedom of assembly and protest. Expressing support for the communiqué issued by the African Union on 15 April, he emphasized the urgent need for the military to hand over power to civilian authorities. Release of political prisoners can contribute to national reconciliation. The Council should support the African Union and IGAD, which play a critical role in the region, he said, adding that his delegation looks forward to a joint African Union-United Nations report and strategic review to determine whether UNAMID has a sufficient presence in Darfur. Stressing the central importance of fighting impunity, since human rights abuses are among the root causes of conflict, he said Belgium supports a Council resolution calling upon Sudan and all parties to cooperate with the International Criminal Court, which has issued arrest warrants for five individuals.

JERRY MATTHEWS MATJILA (South Africa) urged continued support for the Darfur peace processes and for helping internally displaced persons who depend on humanitarian assistance. Emphasizing that humanitarian aid must transition into reconstruction and development support as UNAMID eventually exits Sudan, he said the country’s people, meanwhile, must seize the opportunity to address their differences in an inclusive manner because Darfur’s development is linked to that of Sudan and the wider region. A credible transition and transparent process will help to unify Sudan, he said, stressing that the Council should rally behind the people’s ambitions and be guided by regional approaches through the African Union, notably its 15 April communiqué. In addition, support for the economy must address the population’s socioeconomic needs, which are among the root causes of the current impasse. On accountability, he stressed that the people must have the space to use their own internal mechanisms and chart their future trajectory. The Council must call for a peaceful resolution of the situation through inclusive political dialogue, he said, urging the continued leadership of the African Union High-Level Implementation Panel in seeking peace in Sudan.

MARIUSZ LEWICKI (Poland) stressed the need to hold all perpetrators of crimes in Darfur to account, reiterating that there can be no other solution to the conflict there than a political one. During the transition from peacekeeping to peacebuilding, particular emphasis should be placed on improving the socioeconomic conditions – providing basic services, jobs, education, economic infrastructure and ***agriculture***, as well as establishing the rule of law, he said. Cooperation among the Government, local authorities in Darfur, UNAMID and the United Nations country team is key for a successful transition, he said. “We believe that the international community should join efforts on the ground and support the recovery and development of Darfur,” he said cautioning: “Otherwise, we might risk the relapse of the conflict.” Turning to UNAMID’s drawdown, he said the Council must continue to monitor the impact of its downsizing closely to ensure that the gains achieved not be compromised.

DMITRY A. POLYANSKIY (Russian Federation) urged Council members to avoid statements or actions that could be interpreted as interference in Sudan’s internal affairs. The situation in Darfur remains stable overall, he said, adding that, given positive developments, the drawdown of UNAMID’s military component must continue. Emphasizing that the fulfilment of donors’ pledges and the easing of unilateral sanctions will contribute to peacebuilding and security in Darfur, he said that although his delegation is satisfied that all provisions of the Doha Document for Peace in Darfur are being implemented, it regrets that non-signatories are trying to start a new wave of violence. External sponsors of the Sudanese opposition should encourage it to make more responsible demands that will move the peace process forward, he said, stressing that his delegation sees no grounds for linking the events of 11 April with the future of UNAMID and the sanctions regime.

MUHSIN SYIHAB (Indonesia), welcoming the declaration of a nationwide ceasefire, said the plight of civilians in Darfur should be reason enough to revitalize the peace process. As UNAMID’s withdrawal proceeds, Sudan’s ability to bear primary responsibility for security in Darfur must be ensured, he said, emphasizing that socioeconomic development is critical to preventing a relapse into conflict. On the wider situation in Sudan, he reaffirmed Indonesia’s respect for the country’s sovereignty and territorial integrity. “No parties should take advantage of the situation in Sudan to let Darfur backslide into conflict,” he stressed, calling for calm, maximum restraint and a climate of peace.

WU HAITAO (China), noting the current stable security situation overall, recalled that discussions on reconfiguring UNAMID began in the second half of 2018, emphasizing that it is imperative to advance the peace process in Darfur in order to ensure a ***smooth*** transition from peacekeeping to peacebuilding. It is vital to avoid the use of force, he said, stressing that the opposition and armed groups should abandon the military option. Long-term stability demands humanitarian and economic support, including assistance to those internally displaced persons returning home, as well as the development of infrastructure and ***agriculture***, he stressed. Urging the parties to jointly advance the political process, he underlined the importance of respecting decisions made by the people of Sudan and adhering to the principle of non-interference.

ANATOLIO NDONG MBA (Equatorial Guinea), while expressing concern over the latest violence at a camp for the internationally displaced following the President’s removal, said the latest political developments are nevertheless in favour of the Sudanese people. Commending the negotiations under way between the Military ***Transitional*** Council and political parties with a view to establishing a civilian Government, he noted the African Union’s calls for Sudan to work towards civilian rule. Emphasizing the need to end land disputes, he welcomed UNAMID’s collection of weapons in its effort to bring stability to Darfur. Given the current situation, the international community should place some trust in the Military ***Transitional*** Council to establish a ***transitional*** Government and hold peaceful elections, he said.

YASIR ABDALLA ABDELSALAM AHMED (Sudan) said that while the Sudanese Armed Forces are confronting the Abdul Wahid movement in Jebel Marra, the security situation in central Darfur has improved with the collection of weapons and the restoration of State authority in anticipation of the return of internally displaced persons and the harvest season. Describing parts of the Secretary-General’s report as obsolete in the wake of the revolution, he reiterated his remarks from the 12 April Council meeting on the United Nations Interim Security Force for Abyei (UNISFA), that Sudan is committed to respecting all its agreements, including those with the United Nations regarding UNAMID’s deployment and humanitarian access. Sudan very much wants to cooperate in the implementation of UNAMID’s drawdown strategy, as per resolution 2429 (2018), so that all elements of the mission can exit by June 2020, he said.

Underlining that events in Sudan since December constitute an internal matter, he said that, in keeping with the Charter of the United Nations, there is no justification for the Council to discuss it. It is an exceptional situation that calls for the greatest caution so that all stakeholders can complete a ***smooth*** transition and democratic change, he said. The Secretariat must stick to its mandate when preparing its reports, he added. Going forward, Sudan has full confidence that the Council will take no initiatives that have negative repercussions, he said, describing Sudan’s revolution as a peaceful one that will bring the change that the Sudanese people want.

Mr. MAMABOLO, the Joint Special Representative of the African Union and the Secretary-General, took the floor again in response to questions from Council members. He explained that the clashes at the Kalma camp in South Darfur involved supporters and opponents of Abdul Wahid. UNAMID units on the scene gave first aid to the injured, engaged with community leaders and began mediation efforts to defuse the situation, he said. On whether events in Sudan will change the proposed timetable for UNAMID’s exit, he said that is up to the Council to decide on the basis of the upcoming strategic review.

**Load-Date:** April 19, 2019

**End of Document**



[***Council of the European Union:Recommendation for a COUNCIL RECOMMENDATION on the 2019 National Reform Programme of Greece and delivering a Council opinion on the 2019 Stability Programme of Greece PDF document ST 10161 2019 REV 104-07-2019***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WHH-TCG1-JDG9-Y1NF-00000-00&context=1516831)

Impact News Service

July 5, 2019 Friday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 3688 words

**Body**

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

10161/1/19 REV 1 MB/MCS/mz 1LIFE 1.C - ECOMP 1.A ENCouncil of theEuropean UnionBrussels, 4 July 2019(OR. en)10161/1/19REV 1ECOFIN 616UEM 219SOC 468EMPL 357COMPET 497ENV 588EDUC 303RECH 336ENER 340JAI 698FSTR 119REGIO 155NOTEFrom: Permanent Representatives CommitteeTo: CouncilNo. Cion doc.: 9932/19 - COM(2019) 508 finalSubject: Recommendation for a COUNCIL RECOMMENDATION on the 2019National Reform Programme of Greece and delivering a Council opinion onthe 2019 Stability Programme of GreeceDelegations will find attached the above mentioned draft Council Recommendation, as revised andagreed by various Council committees, based on the Commission Proposal COM(2019) 508 final.10161/1/19 REV 1 MB/MCS/mz 2LIFE 1.C - ECOMP 1.A ENCOUNCIL RECOMMENDATIONof …on the 2019 National Reform Programme of Greece and delivering a Council opinion on the 2019 Stability Programme of GreeceTHE COUNCIL OF THE EUROPEAN UNION,Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 121(2) and 148(4) thereof,Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies1, and in particular Article 5(2) thereof,Having regard to Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances2, and in particular Article 6(1) thereof,Having regard to the recommendation of the European Commission,Having regard to the resolutions of the European Parliament,Having regard to the conclusions of the European Council,Having regard to the opinion of the Employment Committee,Having regard to the opinion of the Economic and Financial Committee,Having regard to the opinion of the Social Protection Committee,Having regard to the opinion of the Economic Policy Committee,1 OJ L 209, 2.8.1997, p. 1.2 OJ L 306, 23.11.2011, p. 25.10161/1/19 REV 1 MB/MCS/mz 3LIFE 1.C - ECOMP 1.A ENWhereas:(1) On 21 November 2018, the Commission adopted the Annual Growth Survey, marking the start of the 2019 European Semester for economic policy coordination. It took due account of the European Pillar of Social Rights, proclaimed by the European Parliament, the Council and the Commission on 17 November 2017. The priorities of the Annual Growth Survey were endorsed by the European Council on 21 March 2019. On 21 November 2018, on the basis of Regulation (EU) No 1176/2011, the Commission also adopted the Alert Mechanism Report, in which it identified Greece as one of the Member States for which an in-depth review would be carried out. On the same date, the Commission also adopted a recommendation for a Council recommendation on the economic policy of the euro area, which was endorsed by the European Council on 21 March 2019. On 9 April 2019, the Council adopted the Recommendation on the economic policy of the euro area3 ('2019 Recommendation for the euro area'), which sets out five euro-area recommendations ('the euro-area recommendations').(2) As a Member State whose currency is the euro and in view of the close interlinkages between the economies in the economic and monetary union, Greece should ensure the full and timely implementation of the 2019 Recommendation for the euro area, as reflected in recommendations (1) and (2) below. In particular, reforms in line with the post-programme commitments and focusing economic policy related to investment in the specified areas will help address the euro-area recommendation.3 OJ C 136, 12.4.2019, p. 1.10161/1/19 REV 1 MB/MCS/mz 4LIFE 1.C - ECOMP 1.A EN(3) The 2019 country report for Greece was published on 27 February 2019. It assessed Greece's progress towards its national Europe 2020 targets. It also included an in-depth review under Article 5 of Regulation (EU) No 1176/2011, the results of which were also published on 27 February 2019. The Commission's analysis led it to conclude that Greece is experiencing excessive macroeconomic imbalances. The imbalances identified related in particular to the high public debt, the negative net international investment position, the high non-performing loans on banks' balance sheets and the still high unemployment rate. In addition, deep institutional and structural reforms initiated in recent years to modernise the economy and the State will require many years of sustained implementation for their impact to be fully felt.(4) Greece submitted its 2019 National Reform Programme on 26 April 2019 and its 2019 Stability Programme on 30 April 2019. In order to take account of their interlinkages, the two programmes have been assessed at the same time.(5) As provided for in Article 23 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council4, where it is necessary to support the implementation of relevant Council recommendations, the Commission may request a Member State to review and propose amendments to its Partnership Agreement and relevant programmes. The Commission has provided further details on how it would make use of that provision in guidelines on the application of the measures linking the effectiveness of the European Structural and Investment ***Funds*** to sound economic governance5.4 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 1083/2006 (OJ L 347, 20.12.2013, p. 320).5 COM(2014) 494 final.10161/1/19 REV 1 MB/MCS/mz 5LIFE 1.C - ECOMP 1.A EN(6) Greece is currently in the preventive arm of the Stability and Growth Pact and subject to the ***transitional*** debt rule. It should also preserve a sound fiscal position which ensures compliance with the primary surplus target set by Council Implementing Decision (EU) 2017/12266 of 3,5 % of gross domestic product (GDP) for 2018 and over the medium term. In spring 2018, the Council issued no country-specific recommendation to Greece in the context of the European Semester because pursuant to Article 12 of Regulation (EU) No 472/2013 of the European Parliament and of the Council7 Greece was exempt from the monitoring and assessment under the European Semester at that time since it was subject to a macroeconomic adjustment programme. The post-programme framework for Greece entails the activation of enhanced surveillance together with Greece's integration to the European Semester framework of economic and social policy coordination, while maximising the synergies between the enhanced surveillance and European Semester processes.6 Council Implementing Decision (EU) 2017/1226 of 30 June 2017 amending Implementing Decision (EU) 2016/544 approving the macroeconomic adjustment programme of Greece (2015/1411) (OJ L 174, 7.7.2017, p. 22.).7 Regulation (EU) No 472/2013 of the European Parliament and of the Council of 21 May 2013 on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability (OJ L 140, 27.5.2013, p. 1).10161/1/19 REV 1 MB/MCS/mz 6LIFE 1.C - ECOMP 1.A EN(7) In its 2019 Stability Programme, the government plans a headline surplus of between 1,1 % and 1,7 % of GDP over 2019-2022. The government set its medium-term budgetary objective — a budget surplus of 0,25 % of GDP in structural terms as of 2020. Based on the recalculated structural balance8, this medium-term budgetary objective is planned to be overachieved throughout the programme ***period*** and the general government debt-to-GDP ratio is expected to gradually decline to 153,3 % in 2022. The macroeconomic scenario underpinning those budgetary projections has been endorsed by an independent body and is favourable. Based on the Commission 2019 spring forecast, the structural balance is forecast to register a surplus of 1,9 % of GDP in 2019 and 0,8 % of GDP in 2020, above the medium-term budgetary objective. General government debt is forecast to remain on a downward path and to comply with the ***transitional*** debt rule in 2019 and with the debt rule in 2020. Overall, based on the Commission 2019 spring forecast and thus excluding the new measures adopted after its cut-off date, Greece was projected to comply with the provisions of the Stability and Growth Pact in 2019 and 2020. On the same basis, Greece was also considered to comply with the 3,5 % of GDP primary surplus target monitored under the enhanced surveillance framework.(8) The Stability Programme and Commission 2019 spring forecast do not incorporate new permanent measures announced and adopted shortly after their respective submission and cut-off dates. The Commission estimates the fiscal impact of these measures to exceed 1,0 % of GDP in 2019 and subsequent years. It is also assessed that the adoption of these new measures poses a risk for the agreed primary surplus target, as monitored under the enhanced surveillance framework and set by Implementing Decision (EU) 2017/1226. Moreover, the new measures are expected to reduce the structural balance, raising concerns on the achievement the medium-term budgetary objective in 2020. But, a reassessment will be carried out in autumn 2019, and will include a revision of the applicable benchmark for the net expenditure growth rate in 2020. While general government debt is forecast to remain on a downward path, some risks could be posed to compliance with the debt reduction benchmark. This will have to be reassessed in autumn as a result of these newly adopted measures.8 Cyclically-adjusted balance net of one-off and temporary measures, recalculated by the Commission using the commonly agreed methodology.10161/1/19 REV 1 MB/MCS/mz 7LIFE 1.C - ECOMP 1.A EN(9) Following its successful completion of the financial assistance programme under the European Stability Mechanism, Greece is subject to a post-programme surveillance framework integrated into the European Semester and is subject to enhanced surveillance in accordance with Regulation (EU) No 472/2013. The activation of enhanced surveillance for Greece under Commission Implementing Decisions (EU) 2018/11929 and (EU) 2019/33810 acknowledges the fact that over the medium term, Greece needs to continue adopting measures to address the sources or potential sources of macroeconomic imbalances, while implementing structural reforms to support a robust and sustainable economic growth. Greece made a commitment in the Eurogroup of 22 June 2018 to continue all key reforms adopted under the programme until they are fully completed. Greece also committed to implementing specific actions related to fiscal and fiscal-structural policies, social welfare, financial stability, labour and product markets, privatisation and public administration. Greece is subject to quarterly reporting on progress with implementing its commitments under enhanced surveillance, where a favourable report can, on a six monthly basis, pave the way for the release of debt-relief measures worth 0,7 % of GDP per annum. The release of the first tranche of policy-contingent debt measures worth EUR 970 million was agreed by the Eurogroup in April 2019. The third Enhanced Surveillance report assessing Greece's progress with the implementation of its commitments was published on 5 June 2019.(10) Reforms that improve the business environment and the quality of institutions, in particular the efficiency of the justice system, would foster economic resilience in Greece, improve payment discipline and should have a significant impact on investment decisions and attracting businesses. Despite recent improvements, the Greek judicial system still faces challenges and displays inefficiencies, as the time to reach a decision is often too long and backlogs weigh on the productivity of courts. Further targeted action in this area is therefore critical, also to facilitate the ***smooth*** functioning of the financial system as well as help unlocking investment potential.9 Commission Implementing Decision (EU) 2018/1192 of 11 July 2018 on the activation of enhanced surveillance for Greece (OJ L 211, 22.8.2018, p. 1).10 Commission Implementing Decision (EU) 2019/338 of 20 February 2019 on the prolongation of enhanced surveillance for Greece (OJ L 60, 28.2.2019, p. 17.).10161/1/19 REV 1 MB/MCS/mz 8LIFE 1.C - ECOMP 1.A EN(11) Several years of underinvestment have led to major investment gaps in Greece. Increasing growth-enhancing investment will be instrumental in underpinning longer-term growth and reducing regional disparities. Reforms in the financial sector favoring the expansion of the supply of credit will play a key role in supporting investment. The 2019 country report identified priority areas for public and private sector investment.(12) Higher investment in education and training is crucial to improve Greece's productivity and long-term inclusive growth and address barriers to growth in innovative sectors. The Greek education system faces several challenges with inadequate resources, low autonomy, underachievement in basic (including digital) skills and persisting skills mismatches. At all levels, accountability and monitoring, which are necessary for quality improvement of the education system, are largely missing. Promoting quality and inclusive education and training, establishing closer links between education and labour market needs, improving the attractiveness of vocational education and training, and increasing participation in lifelong learning are important for underpinning sustainable growth.(13) Despite recent improvements, the share of long-term unemployed, which represented 70 % of the unemployed in Greece in 2018, is very high, and high youth unemployment and low labour market participation of women are also a matter of concern. Interventions should focus on improving employment prospects, promoting labour market participation, and fostering conditions for job creation. Effective social dialogue and responsible social partnership in Greece can support the environment for the implementation and ownership of sustained reforms, resulting in a better functioning of the labour market.(14) Whilst reforms have been initiated, Greece is characterised by high income inequality and has one of the lowest impact of social transfers on reducing the risk of poverty in the Union (15,83 % in 2017 versus an Union average of 33,98 %). Investments should focus on enhancing access to inclusive, affordable and high quality social services, as well as on developing day-care centres. Supporting the most deprived and promoting the social integration of children at risk of poverty, of persons with disabilities, of migrants and refugees, while paying attention to geographic disparities would improve social inclusion in Greece.10161/1/19 REV 1 MB/MCS/mz 9LIFE 1.C - ECOMP 1.A EN(15) Greece initiated a far-reaching reform of the primary healthcare system in 2017, which is crucial to ensure access and requires continued investment through the deployment of local healthcare units (the 'TOMYs').(16) The Greek transport system faces significant challenges. It is largely road-based and heavily dependent on oil, with all main connections rotating around the Athens– Thessaloniki route. Transport costs are still high while the quality of service, safety standards and penetration of intelligent transport systems remains low. New investment is needed to increase multimodal transport and promote regional integration and urban development.(17) Treatment of solid waste and urban and industrial wastewater is the main area needing additional investment in order to align the country's environmental protection standards with the rest of the Union. The management of solid waste continues to be a major structural challenge, with Greece still relying heavily on landfilling and mechanical-biological treatment instead of more modern techniques. In addition, the proportion of municipal waste that is recycled is only about a third of the Union average. Investments are also needed to improve water treatment, combat ground water salinisation, and support measures to prevent flooding and restore the natural flow of rivers.(18) Underdeveloped infrastructures increase energy costs for businesses and households and form a barrier to the uptake of renewable energy. Greece faces a particular challenge here with the electricity connectivity of islands and the connection with neighbouring countries. Further development of commercial gas infrastructure would help grow the market. The reform of both the gas and electricity markets should strive to take advantage of these new infrastructure opportunities.10161/1/19 REV 1 MB/MCS/mz 10LIFE 1.C - ECOMP 1.A EN(19) The digital transformation of the economy and society remains challenging, with low access to high-speed broadband networks and digital skills well below the Union average. Greece particularly needs to invest in information and communication technology, also to make up for the investment slump during the crisis. Insufficient higher speed broadband connectivity creates major bottlenecks for dynamic export oriented businesses. The investment in innovation and people's skills is insufficient to promote productivity growth, and the lack of digital skills among the population at large is impeding them from finding employment and hindering the development of innovative businesses.(20) Renewed 'smart specialisation' strategies at national and regional level, and additional measures to address the most pressing weaknesses of the research and innovation system, are needed to stimulate market-oriented investment in research and development (R&D), which remains low and weighs on Greece's growth potential. Advances in scientific excellence are hindered by the low intensity of public R&D, a lack of a performance-based ***funding*** system and weak science-business links. Higher investment is also needed to boost the low levels of technological development, reflected in the very low number of patents compared with other Member States, and to fully tap into the potential of start-ups and scale-ups.(21) As a crosscutting theme, investment in the regeneration of deprived urban areas, islands and highlands is needed to counter the loss and deteriorated quality of the country's physical and human capital during the economic crisis. Sustainable redevelopment of disadvantaged and/or deindustrialised areas in the Athens-Piraeus and Thessaloniki conurbations and in some principal peripheral urban centres is a specific short to medium-term priority. Longer-term priorities include developing sustainable productive activities, upgrading mobility and security systems, energy efficiency and renewable energy, environmental protection and improving resilience to natural risks and socio-economic crises. Interventions should also target the social inclusion, the integration of migrants, the acquisition of skills to reduce unemployment, and cultural activities to increase the attractiveness of deprived areas. Addressing these challenges through integrated urban renewal strategies would maximise the chances of achieving the best economic, social and environmental outcomes.10161/1/19 REV 1 MB/MCS/mz 11LIFE 1.C - ECOMP 1.A EN(22) The programming of Union ***funds*** for the ***period*** 2021-2027 could help address some of the gaps identified in the recommendations, in particular in the areas covered by Annex D to the 2019 country report. This would allow Greece to make the best use of those ***funds*** in respect of the identified sectors, taking into account regional disparities. Strengthening the administrative capacity for the management of the ***Funds*** is an important factor for the success of investment.(23) In the context of the 2019 European Semester, the Commission has carried out a comprehensive analysis of Greece's economic policy and published it in the 2019 country report. It has also assessed the 2019 Stability Programme and the 2019 National Reform Programme. The Commission has taken into account not only their relevance for sustainable fiscal and socioeconomic policy in Greece, but also their compliance with Union rules and guidance, given the need to strengthen the Union's overall economic governance by providing Union-level input into future national decisions.(24) In the light of this assessment, the Council has examined the 2019 Stability Programme and is of the opinion11 that Greece is expected to comply with the Stability and Growth Pact.(25) In the light of the Commission's in-depth review and this assessment, the Council has examined the 2019 National Reform Programme and the 2019 Stability Programme. Its recommendations made under Article 6 of Regulation (EU) No 1176/2011 are reflected in recommendations (1) and (2) below. Those recommendations also contribute to the implementation of the first four of the euro-area recommendations,HEREBY RECOMMENDS that Greece take action in 2019 and 2020 to:1. Achieve a sustainable economic recovery and tackle the excessive macroeconomic imbalances by continuing and completing reforms in line with the post-programme commitments given at the Eurogroup of 22 June 2018.11 Under Article 5(2) of Regulation (EC) No 1466/97.10161/1/19 REV 1 MB/MCS/mz 12LIFE 1.C - ECOMP 1.A EN2. Focus investment-related economic policy on sustainable transport and logistics, environmental protection, energy efficiency, renewable energy and interconnection projects, digital technologies, R&D, education, skills, employability, health, and the renewal of urban areas, taking into account regional disparities and the need to ensure social inclusion.Done at Brussels,For the CouncilThe President

**Load-Date:** July 8, 2019

**End of Document**



[***Register of Commission documents:for a Council Recommendation on the 2019 National Reform Programme of Hungary and delivering a Council opinion on the 2019 Convergence Programme of Hungary Document date: 2019-06-06 COM\_COM(2019)0517 COM documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5W9R-SBT1-F0YC-N3BD-00000-00&context=1516831)

Impact News Service

June 8, 2019 Saturday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 2980 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

COMMISSIONBrussels, 5.6.2019COM(2019) 517 finalRecommendation for aCOUNCIL RECOMMENDATIONon the 2019 National Reform Programme of Hungary and delivering a Council opinionon the 2019 Convergence Programme of HungaryEN 1 ENRecommendation for aCOUNCIL RECOMMENDATIONon the 2019 National Reform Programme of Hungary and delivering a Council opinion on the 2019 Convergence Programme of HungaryTHE COUNCIL OF THE EUROPEAN UNION,Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 121(2) and 148(4) thereof,Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies1, and in particular Article 9(2) thereof,Having regard to the recommendation of the European Commission,Having regard to the resolutions of the European Parliament,Having regard to the conclusions of the European Council,Having regard to the opinion of the Employment Committee,Having regard to the opinion of the Economic and Financial Committee,Having regard to the opinion of the Social Protection Committee,Having regard to the opinion of the Economic Policy Committee,Whereas:(1) On 21 November 2018, the Commission adopted the Annual Growth Survey, marking the start of the 2019 European Semester for economic policy coordination. It took due account of the European Pillar of Social Rights, proclaimed by the European Parliament, the Council and the Commission on 17 November 2017. The priorities of the Annual Growth Survey were endorsed by the European Council on 21 March 2019. On 21 November 2018, on the basis of Regulation (EU) No 1176/2011, the Commission also adopted the Alert Mechanism Report, in which it did not identify Hungary as one of the Member States for which an in-depth review would be carried out.(2) The 2019 country report for Hungary2 was published on 27 February 2019. It assessed Hungary’s progress in addressing the country-specific recommendations adopted by the Council on 13 July 2018, the follow-up given to the recommendations adopted in previous years and Hungary's progress towards its national Europe 2020 targets1 OJ L 209, 2.8.1997, p. 1.2 SWD(2019) 1016 final.EN 2 EN(3) On 30 April 2019, Hungary submitted its 2019 National Reform Programme and its 2019 Convergence Programme. In order to take account of their interlinkages, the two programmes have been assessed at the same time.(4) Relevant country-specific recommendations have been addressed in the programming of the European Structural and Investment ***Funds*** ('ESI ***Funds***') for 2014-2020. As provided for in Article 23 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council3, where it is necessary to support the implementation of relevant Council recommendations, the Commission may request a Member State to review and propose amendments to its Partnership Agreement and relevant programmes. The Commission has provided further details on how it would make use of that provision in guidelines on the application of the measures linking the effectiveness of the ESI ***Funds*** to sound economic governance4.(5) Hungary is currently in the preventive arm of the Stability and Growth Pact and subject to the debt rule. In its 2019 Convergence Programme, the government plans an improvement of the headline deficit to 1.8% of GDP in 2019 from 2.2% in 2018. The deficit is planned to continue gradually improving thereafter to 1.2% in 2021 and to reach a balanced budgetary position in 2023. Based on the recalculated structural balance (5), Hungary would be close to its medium-term budgetary objective – which has been changed from a structural deficit of 1.5% of GDP in 2019 to 1.0% of GDP as of 2020 – in 2022 and would achieve it in the following year. According to the Convergence Programme, the general government debt-to-GDP ratio is expected to decline gradually to below 60% by the end of 2022. The macroeconomic scenario underpinning those budgetary projections is plausible for 2019 and markedly favourable from 2020, which poses risks to the implementation of the deficit targets. At the same time, the measures needed to support the planned deficit targets from 2020 onwards have not been sufficiently specified.(6) On 22 June 2018, the Council decided in accordance with Article 121(4) of the Treaty on the Functioning of the European Union (‘TFEU’) that a significant observed deviation from the medium-term budgetary objective occurred in Hungary in 2017. In view of the established significant deviation, on 22 June 2018 the Council recommended Hungary to take the necessary measures to ensure that the nominal growth rate of net primary government expenditure6 does not exceed 2.8% in 2018, corresponding to an annual structural adjustment of 1.0% of GDP. On 4 December 2018, the Council found that Hungary had not taken effective action in response to the Council recommendation of 22 June 2018 and issued a revised recommendation. In the new recommendation, the Council asked Hungary to take the necessary measures3 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 1083/2006 (OJ L 347, 20.12.2013, p. 320).4 COM(2014) 494 final.5 Cyclically-adjusted balance net of one-off and temporary measures, recalculated by the Commission using the commonly agreed methodology.6 Net primary government expenditure comprises total government expenditure excluding interest expenditure, expenditure on Union programmes fully matched by Union ***funds*** revenue and non-discretionary changes in unemployment benefit expenditure. Nationally financed gross fixed capital formation is ***smoothed*** over a 4-year ***period***. Discretionary revenue measures or revenue increases mandated by law are factored in. One-off measures on both the revenue and expenditure sides are netted out.EN 3 ENto ensure that the nominal growth rate of net primary government expenditure does not exceed 3.3% in 2019, corresponding to an annual structural adjustment of 1.0% of GDP. On XX June 2019, the Council found that Hungary had not taken effective action in response to the Council recommendation of 4 December 2018. Moreover, based on 2018 outturn data Hungary was found to be in significant deviation from the recommended adjustment in 2018.(7) In line with Article 121(4) TFEU and Article 10(2) of Regulation (EC) No 1466/97, the Commission issued a warning to Hungary on 5 June 2019 that a significant deviation from the adjustment path toward the medium-term budgetary objective was observed in 2018. On XX June 2019, the Council adopted a subsequent Recommendation confirming the need for Hungary to take the necessary measures to ensure that the nominal growth rate of net primary government expenditure does not exceed 3.3% in 2019, corresponding to an annual structural adjustment of 1.0% of GDP. Based on the Commission 2019 spring forecast, there is a risk of a deviation from that recommendation in 2019.(8) For 2020, the Council on XX June 2019 recommended Hungary to take the necessary measures to ensure that the nominal growth rate of net primary government expenditure does not exceed 4.7%, corresponding to an annual structural adjustment of 0.75% of GDP. This would put Hungary on an appropriate adjustment path towards the medium-term budgetary objective. Based on the Commission 2019 spring forecast under unchanged policies, there is a risk of a deviation from that requirement in 2020. Overall, the Council is of the opinion that significant further measures will be needed as of 2019 to comply with the provisions of the Stability and Growth Pact, in line with the recommendation addressed to Hungary on XX June 2019 with a view to correcting the significant observed deviation from the adjustment path toward the medium-term budgetary objective.(9) The overall employment rate has improved significantly amid strong economic expansion but has not benefited all groups equally. The gaps in employment and wages between skills groups and men and women remain wide in comparison with the EU average. The gender employment gap is wide partly due to the limited supply of good quality childcare. Labour market outcomes for various vulnerable groups, including Roma and people with disabilities, are weak. Despite its reduction, the Public Works Scheme, which is not effective in leading participants to the jobs in the primary labour market, remains sizeable. Other policies to help unemployed or inactive people find work or training are insufficiently targeted. Developing digital skills could help improve employability. Recent measures are designed to get more retired workers back into jobs and to increase their number over time. Hungary’s overall poverty situation has been improving since 2013. The duration of unemployment benefits is the shortest in the EU, at a maximum of three months, which is well below the average time needed to find a job.(10) The share of people at risk of poverty and social exclusion is falling. There has been a clear shift from social benefits towards work-related family support and in-kind benefits, which are however not sufficiently targeted to the poor. While home-ownership subsidies have expanded, there has been no improvement in the supply of social housing.(11) Education outcomes are below the EU average and show wide territorial disparities. Early school leaving is higher and the tertiary education attainment rate lower than the EU average. The education system hinders social mobility. Pupils are streamed earlyEN 4 ENinto different types of schools, with wide gaps in education outcomes and employment paths. The proportion of schools with majority Roma participation increased from 10% in 2008 to 15% in 2017. The impact of recent measures targeting the even distribution of disadvantaged pupils across schools is limited by the exemption of non-state schools from the requirement to take disadvantaged pupils. Disadvantaged children tend to be concentrated in vocational secondary schools where poorer levels of basic skills, higher dropout rates and lower pay and career prospects are more prevalent. The low participation of disadvantaged groups, in particular Roma, in quality education is a missed opportunity to build up human capital. The shortage of teachers also remains a challenge. Teachers’ salaries have risen in recent years but are still relatively low, compared to other tertiary education graduates. The low number of students participating in higher education is not in line with the strong demand for highly skilled workers and the wage premium of tertiary graduates, which is the highest in the EU. Hungarian higher education institutions have the lowest financial autonomy in the EU. In addition, the April 2017 amendment of the Higher Education Act, which set additional requirements for international universities to operate in Hungary, raised further concerns over academic freedom. In 2018, the internationally highest ranked Hungarian university signalled its intention to leave the country because of the regulatory uncertainty created by this amendment.(12) Health outcomes lag behind most other EU countries, reflecting both unhealthy lifestyles and the limited effectiveness of healthcare provision. The prevalence of smoking, alcohol use disorder and obesity is one of the highest in the EU. Hungarians are among the most likely in the EU to suffer premature death due to bad air quality. The number of avoidable deaths is one of the highest in the EU partly due to inadequate screening and primary care management. There are significant socio-economic disparities in access to quality care. Public spending on healthcare is below the EU average and citizens rely on out-of-pocket payments to access quality provision, which risks further widening the socio-economic health divide. The system remains strongly hospital-centred, with weaknesses in primary care, in particular early detection and prevention of chronic diseases. A sizeable shortage of healthcare staff thwarts access to care in poorer areas.(13) Increasing research and innovation capacities could improve Hungary’s modest innovation performance and increase productivity. The low level of intellectual asset accumulation is reflected in the low number of patent, trademark and design applications, the small number of innovative businesses and the low level of internationalisation by small and medium-sized enterprises. Smaller firms are especially reluctant to innovate, hindering their involvement in global value chains. Business R&D is concentrated in a few large, mainly foreign-owned companies and benefits from generous government support. Supporting science-business cooperation would contribute to better innovation performance and technology transfer. The quality of public science is suffering from inefficient R&D policies and underfunding as public sector R&D expenditure is well below the EU average. Recent policy measures, aiming to cut ***funding*** and limiting independency of academic and research fora are creating uncertainty in academic and research forums, which may result in the emigration of top research talent and risk a persistent decline in research quality.(14) Weak local public transport connectivity and high commuting costs are contributing to unemployment in disadvantaged areas. The poor condition of the road and rail networks hampers mobility and reduces travel safety, with more than half of the road network in bad condition, especially in disadvantaged regions. Transport networks areEN 5 ENcentred on Budapest, while local networks and transversal connections through the country are not well developed. Road congestion is a growing challenge and a barrier to productivity in Hungary’s urban areas. Moreover, greenhouse gas emissions from road transport have increased strongly in the last 5 years. Inland navigation on the Danube, suffering from low water conditions, could be improved by less restrictive regulation.(15) Energy efficiency in the residential sector remains weak. The electricity generation network needs to be prepared for the growing role of decentralised renewable electricity generation. Half of Hungary’s territory is significantly exposed to climate change risks including drought and floods, which create the need for investment in water management on the main rivers. Air pollution and water quality remain a concern. The main sources of pollution are residential solid fuel combustion, ***agriculture*** and transport emissions. The circular economy is still in an initial phase, recycling of municipal waste is underdeveloped and economic instruments are insufficient to address Hungarian environmental challenges.(16) Concerns remain over the prevention and prosecution of corruption. Several indicators suggest that Hungary's exposure to corruption has increased in recent years. Corruption risks and favouritism distort the allocation of resources as these are not channelled to the most productive firms. The functioning of the prosecution service is of crucial importance to fighting corruption. While measures to fight low-level corruption appear to have been applied with some success, there are still no signs of determined action to prosecute corruption involving high-level officials or their immediate circle when serious allegations arise. Accountability for decisions to close investigations is a matter of concern, as there are no effective remedies to contest such decisions. The prevention of corruption is further hindered by public institutions applying restrictions, including dissuasive fees on access to information.(17) Checks and balances, which are crucial to ensuring judicial independence, have been further weakened within the ordinary courts system. The National Judicial Council faces increasing difficulties in counter-balancing the powers of the President of the National Office for the Judiciary. This gives rise to concerns regarding judicial independence. Concerning the Administrative Courts Law, it is noted that the government tabled a bill withdrawing the Act on the entry into force and ***transitional*** rules for the administrative courts on 30 May 2019.(18) The public procurement framework has improved in recent years but obstacles to competition remain. These include the use of procedures with limited publicity, and systemic irregularities in the tendering processes, in particular related to inadequate selection and award criteria and unequal treatment of tenderers. While some indicators show improvements, the number of procedures with a single bidder are still high. The wider use of e-procurement could further increase efficiency and transparency.(19) Hungary’s social dialogue structures and processes remain underdeveloped and do not allow for meaningful involvement of the social partners in policy design and implementation. The deficiencies in stakeholder engagement and limited transparency undermine the evidence base for, and the quality of policymaking. This results in frequent and unpredictable changes in regulations and discourages high value added investments.(20) Measures have been taken to further improve the tax system but some challenges remain. The tax burden on labour has decreased but remains high for low-incomeEN 6 ENearners. Sector-specific taxes and a large number of small taxes complicate

**Load-Date:** June 11, 2019

**End of Document**



[***Council of the European Union: Recommendation for a COUNCIL RECOMMENDATION on the 2019 National Reform Programme of France and delivering a Council opinion on the 2019 Stability Programme of France PDF document ST 10163 2019 INIT02-07-2019***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WGH-5FN1-JDG9-Y2V4-00000-00&context=1516831)

Impact News Service

July 3, 2019 Wednesday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 6116 words

**Body**

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

10163/19 MB/MCS/mz 1LIFE 1.C - ECOMP 1.A ENCouncil of theEuropean UnionBrussels, 2 July 2019(OR. en)10163/19ECOFIN 618UEM 221SOC 470EMPL 359COMPET 499EDUC 305ENV 590RECH 338ENER 342JAI 700FSTR 121REGIO 157NOTEFrom: General Secretariat of the CouncilTo: Permanent Representatives Committee/CouncilNo. Cion doc.: 9934/19 - COM(2019) 510 finalSubject: Recommendation for a COUNCIL RECOMMENDATION on the 2019National Reform Programme of France and delivering a Council opinion onthe 2019 Stability Programme of FranceDelegations will find attached the above mentioned draft Council Recommendation, as revised andagreed by various Council committees, based on the Commission Proposal COM(2019) 510 final.10163/19 MB/MCS/mz 2LIFE 1.C - ECOMP 1.A ENCOUNCIL RECOMMENDATIONof …on the 2019 National Reform Programme of France and delivering a Council opinion on the 2019 Stability Programme of FranceTHE COUNCIL OF THE EUROPEAN UNION,Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 121(2) and 148(4) thereof,Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies1, and in particular Article 5(2) thereof,Having regard to Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances2, and in particular Article 6(1) thereof,Having regard to the recommendation of the European Commission,Having regard to the resolutions of the European Parliament,Having regard to the conclusions of the European Council,Having regard to the opinion of the Employment Committee,Having regard to the opinion of the Economic and Financial Committee,1 OJ L 209, 2.8.1997, p. 1.2 OJ L 306, 23.11.2011, p. 25.10163/19 MB/MCS/mz 3LIFE 1.C - ECOMP 1.A ENHaving regard to the opinion of the Social Protection Committee,Having regard to the opinion of the Economic Policy Committee,Whereas:(1) On 21 November 2018, the Commission adopted the Annual Growth Survey, marking the start of the 2019 European Semester for economic policy coordination. It took due account of the European Pillar of Social Rights, proclaimed by the European Parliament, the Council and the Commission on 17 November 2017. The priorities of the Annual Growth Survey were endorsed by the European Council on 21 March 2019. On 21 November 2018, on the basis of Regulation (EU) No 1176/2011, the Commission also adopted the Alert Mechanism Report, in which it identified France as one of the Member States for which an in-depth review would be carried out. On the same date, the Commission also adopted a recommendation for a Council recommendation on the economic policy of the euro area, which was endorsed by the European Council on 21 March 2019. On 9 April 2019, the Council adopted the Recommendation on the economic policy of the euro area3 ('2019 Recommendation for the euro area') which sets out five euro-area recommendations ('the euro-area recommendations').(2) As a Member State whose currency is the euro and in view of the close interlinkages between the economies in the economic and monetary union, France should ensure the full and timely implementation of the 2019 Recommendation for the euro area, as reflected in recommendations (1) to (4) below. In particular, measures to use windfall gains to reduce public debt, to rationalise public expenditure and to focus economic policy related to investment in the specified areas will help address the second euro-area recommendation as regards rebuilding fiscal buffers, improving public finances and supporting investment. Measures to simplify the tax system and reduce regulatory restrictions will help address the first euro-area recommendation as regards the business environment. Finally, measures to improve employability will help addressing the third euro-area recommendation as regards the functioning of the labour market.3 OJ C 136, 12.4.2019, p. 1.10163/19 MB/MCS/mz 4LIFE 1.C - ECOMP 1.A EN(3) The 2019 country report for France was published on 27 February 2019. It assessed France’s progress in addressing the country-specific recommendations adopted by the Council on 13 July 20184, the follow-up given to the country-specific recommendations adopted in previous years and France's progress towards its national Europe 2020 targets. It also included an in-depth review under Article 5 of Regulation (EU) No 1176/2011, the results of which were also published on 27 February 2019. The Commission’s analysis led it to conclude that France is experiencing macroeconomic imbalances. The imbalances identified relate in particular to high public debt and weak competitiveness dynamics in a context of low productivity growth.(4) On 26 April 2019, France submitted its 2019 National Reform Programme and its 2019 Stability Programme. In order to take account of their interlinkages, the two programmes have been assessed at the same time.(5) Relevant country-specific recommendations have been addressed in the programming of the European Structural and Investment ***Funds*** ('ESI ***Funds***') for the 2014-2020 ***period***. As provided for in Article 23 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council5, where it is necessary to support the implementation of relevant Council recommendations, the Commission may request a Member State to review and propose amendments to its Partnership Agreement and relevant programmes. The Commission has provided further details on how it would make use of that provision in guidelines on the application of the measures linking the effectiveness of the ESI ***Funds*** to sound economic governance.4 OJ C 320, 10.9.2018, p. 39.5 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 1083/2006 (OJ L 347, 20.12.2013, p. 320).10163/19 MB/MCS/mz 5LIFE 1.C - ECOMP 1.A EN(6) France is currently in the preventive arm of the Stability and Growth Pact and subject to the ***transitional*** debt rule. In its 2019 Stability Programme, the government plans the headline deficit to increase from 2,5 % of gross domestic product (GDP) in 2018 to 3,1 % of GDP in 2019 and to gradually decline thereafter to 1,2 % of GDP in 2022. The planned increase of the headline deficit in 2019, which is confirmed by the Commission 2019 spring forecast, is mainly due to the one-off deficit-increasing impact of the transformation of the tax credit on employment and competitiveness into a permanent reduction of employers’ social contributions. Based on the recalculated structural balance6, the medium-term budgetary objective — a structural deficit of 0,4 % of GDP — is not planned to be achieved over the ***period*** covered by the 2019 Stability Programme. According to the 2019 Stability Programme, the general government debt-to-GDP ratio is expected to increase from 98,4 % of GDP in 2018 to 98,9 % of GDP in 2019 and to decline thereafter to 96,8 % in 2022. The macroeconomic scenario underpinning those budgetary projections is plausible. At the same time, the measures needed to support the planned deficit targets from 2020 onwards have not been specified.(7) On 5 June 2019, the Commission issued a report under Article 126(3) of the Treaty, as the 2019 Stability Programme planned a headline deficit in breach of the 3 %-of-GDP Treaty reference value in 2019 and, based on notified data, the ***transitional*** debt rule was prima facie not complied with in 2018. The report concluded that, following an assessment of all the relevant factors, the deficit and debt criteria as defined in the Treaty and in Regulation (EC) No 1467/1997 should be considered as currently complied with.6 Cyclically-adjusted balance net of one-off and temporary measures, recalculated by the Commission using the commonly agreed methodology10163/19 MB/MCS/mz 6LIFE 1.C - ECOMP 1.A EN(8) On 13 July 2018, the Council recommended France to ensure that the nominal growth rate of net primary government expenditure7 does not exceed 1,4 % in 2019, corresponding to an annual structural adjustment of 0,6 % of GDP. Based on the Commission 2019 spring forecast, there is a risk of a significant deviation from the recommended adjustment path towards the medium-term budgetary objective in 2019.(9) In 2020, in view of France's general government debt ratio above 60 % of GDP and projected output gap of 0,7 %, the nominal growth rate of net primary government expenditure should not exceed 1,2 %, in line with the structural adjustment of 0,6 % of GDP stemming from the commonly agreed adjustment matrix of requirements under the Stability and Growth Pact. According to the Commission 2019 spring forecast under unchanged policies, there is a risk of a significant deviation from that requirement in 2020. France is prima facie not forecast to comply with the ***transitional*** debt rule in 2019 and 2020. Overall, the Council is of the opinion that the necessary measures should be taken as of 2019 to comply with the provisions of the Stability and Growth Pact. It would be important to use any windfall gains to further reduce the general government debt ratio.(10) Efforts to consolidate government finances have only modestly reduced the public expenditure ratio, which at 56 % in 2018, remained the highest in the Union. A steady decrease in public debt will depend on the government’s ability to curb its spending. Since 2017, the government has rolled out a renewed fiscal consolidation strategy over the five-year presidential term. Its success will depend on meeting planned expenditure targets defined for the central and local governments and for the healthcare system.7 Net primary government expenditure comprises total government expenditure excluding interest expenditure, expenditure on Union programmes fully matched by Union ***funds*** revenue and non-discretionary changes in unemployment benefit expenditure. Nationally financed gross fixed capital formation is ***smoothed*** over a four-year ***period***. Discretionary revenue measures or revenue increases mandated by law are factored in. One-off measures on both the revenue and expenditure sides are netted out.10163/19 MB/MCS/mz 7LIFE 1.C - ECOMP 1.A EN(11) Expenditure on healthcare has steadily increased over time. Total expenditure was estimated at 11,5 % of GDP in 2017, the highest level among the Member States adhering to the Organisation for Economic Cooperation and Development (OECD). A new reform of the healthcare system was announced in the autumn of 2018 and a draft law was presented on 13 February 2019. Its success will depend on the set up of a clear legal and organizational framework that provides the right incentives and fosters collaboration between public and private actors. The announced reform of the healthcare system does not include a revision of the growth norm for healthcare expenditure (Objectif National de Dépenses d'Assurance Maladie, ONDAM). This spending norm covers a third of social security spending. Although this objective has been met since 2010, the ONDAM target has already been increased three times since 2017. It was increased for 2018-2020, from an initial target of 2,1 % growth to a revised target of 2,3 % in the budget law for 2018, and was further increased up to 2,5 % in the social security budget act for 2019. This will reflect to some extent the additional expenses to be incurred by ‘Ma santé 2022’.(12) At local level, public spending exceeded the planned growth target in 2017. Since 2014, the public expenditure of the local government in France is guided by an expenditure norm indicating yearly non-binding growth targets for both operating public expenditure and financing needs at local level (Objectif d'évolution de la Dépense Locale). In 2018, this expenditure norm was accompanied by legally binding contract agreements between the State and 71 % of the 322 biggest local authorities, valid in 2018-2020. The limited reduction in the number of municipalities, however, might hamper compliance with the expenditure norm. The territorial reform of 2014- 2016 reduced the number of regions by half, but the number of municipalities only slightly decreased and remained above 34 000, by far the highest in the Union.10163/19 MB/MCS/mz 8LIFE 1.C - ECOMP 1.A EN(13) Implementing the renewed fiscal consolidation strategy rolled out by the government for the five-year presidential term also requires the still not fully defined ‘Public Action 2022’ programme to be carried out. That programme aims to deliver substantial efficiency gains for government spending while improving the functioning of the national public administration. The government has given clear priority to methodological and process-related aspects, but has not focused on ex-ante and across-the-board quantification of potential savings. While this approach may stem from a complex reform process and the need to smoothen the public debate over sensitive issues, it also makes it difficult to assess in quantitative terms the overall strategy and its contribution to fiscal consolidation. In particular, it is not clear how exactly and with what timing the reform programme — including the Ministries’ transformation plans that include a wide set of varied measures — would contribute with concrete actions to the very specific objective of reducing the expenditure-to-GDP ratio by 2022. Overall, available information shows partial adherence to the guidance for spending reviews agreed in 2016 by the Eurogroup.(14) Sustainability risks for general government debt remain high in the medium term. The high general government debt and structural general government deficit pose sustainability challenges, especially in the medium term. A fiscal effort that translates into a decisive improvement in France’s structural primary balance would be essential to avert such risks. Reducing the general government debt ratio would also improve growth prospects and the resilience of the French economy.10163/19 MB/MCS/mz 9LIFE 1.C - ECOMP 1.A EN(15) The planned pension reform could help to decrease the general government debt over the medium term and therefore reduce debt sustainability risks. The budgetary equilibrium of the pension system is highly dependent on macroeconomic assumptions. According to the latest annual report by France’s Pensions Advisory Council (Conseil d’orientation des retraites), pension expenditures were at 13,8 % of GDP in 2018 and are projected to reach 13,8 % in 2022, before remaining in a range between 11,8 % and 13,8 % by 2070 depending on the growth rate assumed for the evolution of GDP and employment over time. More than 40 different pension schemes co-exist in France. These schemes apply to different groups of workers and functions according to different sets of rules. A draft law is expected by the end of the year to progressively unify the rules of these schemes, with a view to simplifying the functioning of the pension system in particular to improve its transparency, fairness and efficiency.(16) The employment rate continued to increase and reached 71,3 % in 2018. The unemployment rate further declined, reaching 9,1 % in 2018, but remains well above the Union average (6,8 %) and the euro area average (8,2 %). In addition, the French labour market remains highly segmented. Almost 85 % of new hires are on temporary contracts and the transition rate to permanent contracts is among the lowest in the Union. Involuntary part-time work is also very high, at 42,3 % of total part-time work in 2018. The planned reform of the unemployment benefit system (Unédic) is aimed to tackle labour market segmentation by reducing incentives for hiring on very short-term contracts and recalls, and to reduce the debt of the system. Negotiations between social partners on the unemployment benefits system began in the autumn of 2018. The aim was to i) reduce the debt of the system, ii) review the incentives for the unemployed to take up work and iii) find an incentive mechanism to reduce incentives to hiring on very short-term contracts. However, social partners did not find an agreement on a new set of rules. The reform is now in the hands of the government, which is committed to announcing which measures will be retained by the summer 2019.10163/19 MB/MCS/mz 10LIFE 1.C - ECOMP 1.A EN(17) Labour market conditions for vulnerable groups remain comparatively more difficult than for other groups. The employment rate for non-EU-born people, at 57,5 % in 2018 (against 73,1 % of those born in France), is one of the lowest in the Union. Evidence shows that people with a migrant background tend to be disadvantaged during the recruitment process. Their geographical concentration in poor neighbourhoods is also a matter of concern. Inhabitants of the most deprived areas (such as Quartiers prioritaires de la politique de la ville), including people with a migrant background, continue to face difficulties on the labour market, with an unemployment rate of 24,7 % in 2017. Despite some policy action, the impact of socioeconomic and migrant background on educational performance remains high and hampers labour market integration.(18) Low-skilled and young people also remain at a disadvantage in the labour market. The unemployment rate of the low-skilled declined in 2017 for the first time since 2008, but at 16,2 % in 2018, it remains well above pre-crisis levels. Youth unemployment (ages 15-24) decreased by 1,6 percentage points in 2018 to 20,7 %, but is still well above the Union average of 15,2 %. The unemployment rate of low-skilled young people is still very high, at 35,6 % in 2018. Effective active support to find employment, including intensive job counselling and recruitment support, access to upskilling actions, innovative measures to reach out to the most vulnerable young people not in education, employment or training and firmer action on discriminatory practices, are all key to fostering equal opportunities on the labour market. The outermost regions are confronted with additional challenges and deserve particular attention.10163/19 MB/MCS/mz 11LIFE 1.C - ECOMP 1.A EN(19) As labour market conditions improve, several indicators point to skills mismatches. While unemployment and under-employment remain high, shortages of skilled workers are increasing, especially in specific sectors. Skill shortages and lack of competencies are key factors explaining unfilled job vacancies According to data from France’s Pôle Emploi, in 2017, out of 3,2 million registered job vacancies, 150 000 were cancelled due to the lack of candidates. Evidence suggests that, during the crisis and the subsequent recovery, an increase in skill mismatches contributed to unemployment declining at a slower rate and to higher long-term unemployment. Labour market outcomes of initial vocational education and training are improving. The government introduced a comprehensive set of actions in 2018 to increase access to initial and continuous training and revise the governance and financing of the vocational education and training system. Complementing these reforms, the skills investment plan (Plan d’investissement dans les compétences) aims to train and provide intensive guidance to 1 million young people not in employment, education or training and to 1 million low-qualified jobseekers over the ***period*** 2018-2022.(20) Overall, the French social protection system is effective in reducing inequality and poverty. The proportion of people at risk of poverty and social exclusion has further decreased to an historical low of 17,1 % in 2017, compared to an average of 22,4 % in the Union. However, income inequality remains well above the pre-crisis level. Moreover, upwards transition across income quantiles has gone down, especially for the lowest quintile. Some groups, among which single-parent families and people born outside the Union face an increased risk of poverty and social exclusion. Counselling for minimum income beneficiaries is not always sufficient, with wide territorial discrepancies. Further and better coordinated investments in social inclusion, as envisaged by the national strategy against poverty presented in September 2018, could help to tackle these challenges. While the performance of the health system is good overall, regional disparities in access to services could benefit from further investment, especially in the outermost regions.10163/19 MB/MCS/mz 12LIFE 1.C - ECOMP 1.A EN(21) Despite recent initiatives, France has not been able to reduce its gap with the Union’s innovation leaders according to the European Innovation Scoreboard. Investment in research and development has remained stable and new companies have difficulty growing. Overall, France is not on track to meet its total research and development intensity target of 3 % for 2020 and the level of research and development investment from the business sector is still far below the 2 % target. Public expenditure on research and development is above the Union average and includes a wide range of direct and indirect support schemes to business research and innovation efforts, including the research and development tax credit scheme (Crédit d’Impôt Recherche), which is one of the most generous among OECD countries. However, the overall performance of the research and development and innovation ecosystem does not yet match the large amount of public support. While the existing tools, including the Crédit d’Impôt Recherche, were recently evaluated, a comprehensive evaluation of the overall policy mix would help feed the implementation of future policy. The Innovation Council (Conseil de l'innovation), set up in July 2018, is tasked with supervising the simplification measures, which include better coordination between regional, national and European support to innovation. Closer links between science and business, in particular through knowledge transfer schemes, could also help spread innovation, as France continues to score below the Union average for public research and development financed by businesses. Support to competitiveness clusters (pôles de compétitivité) has been renewed for a fourth phase (2019-2022) and priority will be given to clusters organisations well connected with others structures at local level, focused on national industrial priorities and with a track record in Union projects. The Innovation and Industry ***Fund*** (Fonds pour l’innovation et l’industrie), financed through privatisations, will also help to provide ***funding*** for artificial intelligence. Timely development of related technologies, such as the Internet of things, 5G networks, high performance computing and, more generally, the data economy, will be one of the keys to the success of these initiatives. Major differences among regions also exist in terms of regional investment in research and development and innovation performance. Several rural regions or regions in industrial transition rank below the Union average. The outermost regions are at the low end of the scale.10163/19 MB/MCS/mz 13LIFE 1.C - ECOMP 1.A EN(22) At present, France is performing well in energy and climate mitigation policy and remains on track to reach its 2020 greenhouse gas reduction target. However it needs to step up significantly its investment efforts to reach its 2020 renewables and energy efficiency targets, as well as its more ambitious 2030 climate and energy targets, in particular in the deployment of renewables and the energy efficient refurbishment of the building stock. As more than half of the current ***funding*** for those investments is publicly driven, economic and regulatory conditions would have to make the financing of projects more viable for the private sector in order to tap into significant investment opportunities. Accelerating the penetration of renewables in the heating and cooling sector represents a particularly large untapped potential. High investment needs also concern energy efficiency in buildings. This is particularly the case for the renovation of the housing sector, which accounts for a large share of the total climate investment gap, as the majority of the housing stock is old and contains 7 to 8 million thermal sieves (representing around 20 % of the total number of housing). The percentage of building stock reported to satisfy high-energy efficiency standards is lower for firms in France (25 %) than in the Union as a whole (39 %) in 2017. Significant regional differences prevail in the energy sector. Energy intensity is decreasing in almost all regions, but at differing paces, and considerable differences exist in the penetration of renewable energy. Additional investments in interconnections could contribute to greater integration of the internal Union energy market, while introducing more competition and facilitating the deployment of renewable energy, in particular with the Iberian Peninsula.10163/19 MB/MCS/mz 14LIFE 1.C - ECOMP 1.A EN(23) The 2018 national circular economy roadmap (Feuille de Route pour l'Économie Circulaire) is an ambitious policy framework for resource efficiency, whose implementation will hinge on ensuring the corresponding investments. Although the contribution of recycled materials to the overall material demand (circular material use rate) is well above the Union average (19,5 % versus 11,7 % in 2016), recycling rates for municipal waste are still slightly below the Union average (41,8 % versus 46,4 % in 2016). In this regard, the adoption of a law on the circular economy will be a step forward, including for a wider use of secondary raw materials, in particular plastics. New resource-efficient business models and production processes, including industrial symbiosis, need to be further promoted, in particular among small and medium-sized businesses. This can be facilitated by the development of innovative financial instruments and ***funding*** for eco-innovation.(24) Investments to improve connectivity, especially in more disadvantaged areas, could help address inequalities in France. France scores below the Union average for access to fast broadband network, and fast broadband take-up is low (20 % of households against 41 % in the Union on average in 2018). The use of mobile broadband services is also still below the Union average. Broadband coverage varies greatly across regions and remains limited in a few rural areas and outermost regions France’s plan for ultra-fast broadband (Plan France Très Haut Débit) and related measures are expected to significantly contribute to the country reaching its connectivity targets. It will be essential to closely monitor the implementation of these measures, particularly in areas with poor coverage, given the predominantly decentralised approach and potential bottlenecks if not enough skilled workers are available to roll out the network.(25) Despite ongoing efforts to increase certainty for taxpayers (Loi pour un État au service d'une société de confiance, ESSOC law) and simplify the system, the French tax system continues to be complex, which weighs on the business environment. The tax code encompasses multiple rates systems and tax expenditures (tax credit, exemptions, tax reductions). This complexity often aims to achieve specific policy goals, like alleviating the tax burden on the most vulnerable households and incentivising or correcting specific behaviours. However, it risks resulting in a loss of readability, thus increasing compliance costs and legal uncertainty detrimental to France’s attractiveness while creating loopholes.10163/19 MB/MCS/mz 15LIFE 1.C - ECOMP 1.A EN(26) Streamlining tax expenditures and reducing the number of small taxes could help further simplify the tax system. Total tax expenditure is estimated at 4 % of GDP in 2019. Unlike the previous multiannual framework, the current budgetary framework (2018-2022) does not provide a spending limit for tax expenditures. It sets instead a non-binding target of 28 % for the ratio of tax expenditures to the sum of net tax revenues and tax expenditures. While the budget law for 2018 planned a tax spending ratio below the target (28 %) set in the 2018-2022 multiannual budgetary framework, this ratio is set to increase in the future (25,5 % at the end of 2018 and 26 % in 2019).(27) The 2019 budget tables a decrease of the overall amount of tax expenditures below EUR 100 billion, putting an end to a five-year ***period*** of constant increases in volume. Between 2018 and 2019, however, the number of tax expenditures has increased from 457 to 474. In 2018, the Court of Auditors recommended streamlining the existing tax expenditures and pointed their lack of control and evaluation. Efforts to discontinue taxes which bring limited revenue or that are inefficient should be pursued. In the budget law for 2019, 26 taxes yielding low revenues have been cut, 20 were eliminated in 2019 for a total amount of EUR 132 million and 6 are to be eliminated in 2020 for a total amount of EUR 208 million. The elimination of small taxes is expected to continue in 2020 at the same pace.(28) Other taxes on production continue to weigh on businesses. Taxes on production stood at 3,1 % of GDP in 2016, higher than Italy (1,4 %), Spain (1,0 %) and Germany (0,4 %). Such taxes have different tax bases (turnover, added value, salaries, land and buildings) and can increase the overall cost of production. This could have a negative impact on competitiveness in particular for the manufacturing sector. The 2019 budget law cuts only one tax on production (forfait social) levied at national level and worth EUR 660 million per year (once fully implemented in 2020).10163/19 MB/MCS/mz 16LIFE 1.C - ECOMP 1.A EN(29) Despite progress and the adoption of ambitious reforms, barriers to entry persist and competition in business services and regulated professions remains low. The new OECD intra-EEA services trade restrictiveness index shows that the level of regulatory restrictiveness in France is higher than the European Economic Area (EEA) average in sectors such as accounting, legal services and distribution services. Main barriers arise in the form of restrictive authorisation requirements, reserves of activities, shareholding and voting rights requirements. In the retail sector, France has carried out a number of reforms to reduce the regulatory burden. However, a number of operational restrictions still affects the efficiency of retail businesses and puts them at a disadvantage compared to e-commerce. The 2019 National Reform Programme details new measures to strengthen competition in a few specific services sectors (such as driving schools, property management companies and the sales of automotive spare parts). On 4 April 2019, the Competition Authority presented its opinion to ease restrictions on the distribution of medicines while maintaining a high level of public health protection.(30) Barriers in services have led to low competition, high profit margins and prices, harming the competitiveness of the whole economy. Churn rates are lower in key business services in France compared to the rest of the Union. The lack of competition in services combined to high labour costs have helped to keep prices high, in particular in real estate transactions, housing, catering and legal and accounting services. Since the costs of these services are also borne by other firms using them as inputs, they represent an additional factor weighing on France's competitiveness, including on industry.10163/19 MB/MCS/mz 17LIFE 1.C - ECOMP 1.A EN(31) The PACTE law (loi relative à la croissance et la transformation des entreprises) aims to support the growth and transformation of firms. It will reduce the number of thresholds firms face as they grow, although remaining thresholds have become broader in scope and more costly to overcome. It also introduces a five-year transition ***period*** before considering that a threshold has been reached and encourages small and medium-sized businesses to use incentives and participation schemes for employees linked to a firm’s performance. Finally, it provides simplified procedures to start or register businesses and introduces new rules to help entrepreneurs get a second chance. It also reduces the time and costs of insolvency procedures, in particular for small and medium-sized businesses, including by making them more predictable. According to the French administration’s own estimates, the potential impact of the PACTE law on GDP is an increase of 0,32 % by 2025 and by 1 % in the longer term. Its full and timely implementation remains key to reap the benefits of this reform.(32) The programming of Union ***funds*** for the ***period*** 2021-2027 could help address some of the gaps identified in the recommendations, in particular in the areas covered by Annex D to the 2019 country report. This would allow France to make the best use of those ***funds*** in respect of the identified sectors, taking into account regional and territorial disparities and the special situation of the outermost regions.(33) In the context of the 2019 European Semester, the Commission has carried out a comprehensive analysis of France’s economic policy and published it in the 2019 country report. It has also assessed the 2019 Stability Programme, the 2019 National Reform Programme and the follow-up given to the recommendations addressed to France in previous years. The Commission has taken into account not only their relevance for sustainable fiscal and socioeconomic policy in France, but also their compliance with Union rules and guidance, given the need to strengthen the Union’s overall economic governance by providing Union-level input into future national decisions.10163/19 MB/MCS/mz 18LIFE 1.C - ECOMP 1.A EN(34) In the light of this assessment, the Council has examined the 2019 Stability Programme and its opinion8 is reflected in particular in recommendation (1) below.(35) In the light of the Commission’s in-depth review and this assessment, the Council has examined the 2019 National Reform Programme and the 2019 Stability Programme. Its recommendations under Article 6 of Regulation (EU) No 1176/2011 are reflected in recommendations (1) to (4) below. Those recommendations also contribute to the implementation of the 2019 Recommendation for the euro area, in particular the first and second euro-area recommendations. Fiscal policies referred to in recommendation (1) contribute inter-alia to address imbalances linked to high government debt,HEREBY RECOMMENDS that France take action in 2019 and 2020 to:1. Ensure that the nominal growth rate of net primary expenditure does not exceed 1,2 % in 2020, corresponding to an annual structural adjustment of 0,6 % of GDP. Use windfalls gains to accelerate the reduction of the general government debt ratio. Achieve expenditure savings and efficiency gains across all sub-sectors of the government, including by fully specifying and monitoring the implementation of the concrete measures needed in the context of Public Action 2022. Reform the pension system to progressively unify the rules of the different pension regimes, with the view to enhance their fairness and sustainability.2. Foster labour market integration for all job seekers, ensure equal opportunities with a particular focus on vulnerable groups including people with a migrant background and address skills shortages and mismatches.3. Focus investment-related economic policy on research and innovation (while improving the efficiency of public support schemes, including knowledge transfer schemes), renewable energy, energy efficiency and interconnections with the rest of the Union, and on digital infrastructure, taking into account territorial disparities.8 Under Article 5(2) of Regulation (EC) No 1466/97.10163/19 MB/MCS/mz 19LIFE 1.C - ECOMP 1.A EN4. Continue to simplify the tax system, in particular by limiting the use of tax expenditures, further removing inefficient taxes and reducing taxes on production. Reduce regulatory restrictions, in particular in the services sector, and fully implement the measures to foster the growth of firms.Done at Brussels,For the CouncilThe President

**Load-Date:** July 3, 2019

**End of Document**



[***Council of the European Union: Recommendation for a COUNCIL RECOMMENDATION on the 2019 National Reform Programme of Spain and delivering a Council opinion on the 2019 Stability Programme of Spain PDF document ST 10162 2019 INIT02-07-2019***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WGH-5FN1-JDG9-Y2V3-00000-00&context=1516831)

Impact News Service

July 3, 2019 Wednesday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 4779 words

**Body**

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

10162/19 MB/MCS/mz 1LIFE 1.C - ECOMP 1.A ENCouncil of theEuropean UnionBrussels, 2 July 2019(OR. en)10162/19ECOFIN 617UEM 220SOC 469EMPL 358COMPET 498ENV 589EDUC 304RECH 337ENER 341JAI 699FSTR 120REGIO 156NOTEFrom: General Secretariat of the CouncilTo: Permanent Representatives Committee/CouncilNo. Cion doc.: 9933/19 - COM(2019) 509 finalSubject: Recommendation for a COUNCIL RECOMMENDATION on the 2019National Reform Programme of Spain and delivering a Council opinion onthe 2019 Stability Programme of SpainDelegations will find attached the above mentioned draft Council Recommendation, as revised andagreed by various Council committees, based on the Commission Proposal COM(2019) 509 final.10162/19 MB/MCS/mz 2LIFE 1.C - ECOMP 1.A ENCOUNCIL RECOMMENDATIONof …on the 2019 National Reform Programme of Spain and delivering a Council opinion on the 2019 Stability Programme of SpainTHE COUNCIL OF THE EUROPEAN UNION,Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 121(2) and 148(4) thereof,Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies1, and in particular Article 5(2) thereof,Having regard to Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances2, and in particular Article 6(1) thereof,Having regard to the recommendation of the European Commission,Having regard to the resolutions of the European Parliament,Having regard to the conclusions of the European Council,Having regard to the opinion of the Employment Committee,Having regard to the opinion of the Economic and Financial Committee,Having regard to the opinion of the Social Protection Committee,Having regard to the opinion of the Economic Policy Committee,1 OJ L 209, 2.8.1997, p. 1.2 OJ L 306, 23.11.2011, p. 25.10162/19 MB/MCS/mz 3LIFE 1.C - ECOMP 1.A ENWhereas:(1) On 21 November 2018, the Commission adopted the Annual Growth Survey, marking the start of the 2019 European Semester for economic policy coordination. It took due account of the European Pillar of Social Rights, proclaimed by the European Parliament, the Council and the Commission on 17 November 2017. The priorities of the Annual Growth Survey were endorsed by the European Council on 21 March 2019. On 21 November 2018, on the basis of Regulation (EU) No 1176/2011, the Commission also adopted the Alert Mechanism Report, in which it identified Spain as one of the Member States for which an in-depth review would be carried out. On the same date, the Commission also adopted a recommendation for a Council recommendation on the economic policy of the euro area, which was endorsed by the European Council on 21 March 2019. On 9 April 2019, the Council adopted the Recommendation on the economic policy of the euro area3 ('2019 Recommendation for the euro area') which sets out five euro-area recommendations ('the euro-area recommendations').(2) As a Member State whose currency is the euro and in view of the close interlinkages between the economies in the economic and monetary union, Spain should ensure the full and timely implementation of the 2019 Recommendation for the euro area, as reflected in recommendations (1) to (4) below. In particular, measures to improve productivity will help address the first euro-area recommendation as regards productivity improvements for euro area rebalancing, using windfall gains to reduce public debt and focusing economic policy related to investment in the specified areas will help address the second euro-area recommendation as regards rebuilding buffers and supporting investment, and measures to improve skills and employability will help address the third euro-area recommendation as regards the functioning of the labour market.3 OJ C 136, 12.4.2019, p. 1.10162/19 MB/MCS/mz 4LIFE 1.C - ECOMP 1.A EN(3) The 2019 country report for Spain was published on 27 February 2019. It assessed Spain's progress in addressing the country-specific recommendations adopted by the Council on 13 July 20184, the follow-up given to the country-specific recommendations adopted in previous years and Spain's progress towards its national Europe 2020 targets. It also included an in-depth review under Article 5 of Regulation (EU) No 1176/2011, the results of which were also published on 27 February 2019. The Commission's analysis led it to conclude that Spain is experiencing macroeconomic imbalances. A large stock of internal and external debt, both public and private, and high unemployment, in the context of weak productivity growth, are still vulnerabilities with a cross-border relevance. The reduction of private-sector debt is progressing, but deleveraging needs remain sizeable. Despite continued robust gross domestic product (GDP) growth, the government debt as a share of GDP remains high. The unemployment rate has continued its rapid decline, but remains very high and the high degree of labour market segmentation between temporary and open-ended contracts impedes faster labour productivity growth. After a strong reform momentum between 2012 and 2015, an evolving political context over the past year has contributed to another year of limited progress in implementing country-specific recommendations of previous years. The present favourable economic situation provides a window of opportunity to address pending reform needs with a view to making the Spanish economy more resilient and raising its productivity growth.(4) On 30 April 2019, Spain submitted its 2019 National Reform Programme and its 2019 Stability Programme. In order to take account of their interlinkages, the two programmes have been assessed at the same time.4 OJ C 320, 10.9.2018, p. 33.10162/19 MB/MCS/mz 5LIFE 1.C - ECOMP 1.A EN(5) The 2019 Stability Programme reports on actions taken to implement the preventive and corrective tools set out in Spain's Stability Law. However, it does not set out plans to make the enforcement of these tools automatic and to review the Stability Law's expenditure rule, with a view to strengthening its contribution to fiscal consolidation, especially during economic upturns. In the area of public procurement, to improve the efficiency of public spending as well as to help prevent irregularities, the ambitious implementation of the Law on public-sector contracts adopted in 2017 will be instrumental. In particular, it is important that the new governing structure, in particular the Independent Office for Regulation and Supervision, can effectively perform the tasks allocated to it, and that the comprehensive National Public Procurement Strategy be swiftly adopted — with the active involvement of contracting authorities and entities at national, regional and local levels. Finally, a number of spending reviews are due in 2019 and the implementation of the recommendations stemming from them should help increase the efficiency of public spending.(6) Relevant country-specific recommendations have been addressed in the programming of the European Structural and Investment ***Funds*** ('ESI ***Funds***') for 2014-2020. As provided for in Article 23 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council5, where it is necessary to support the implementation of relevant Council recommendations, the Commission may request a Member State to review and propose amendments to its Partnership Agreement and relevant programmes. The Commission has provided further details on how it would make use of that provision in guidelines on the application of the measures linking the effectiveness of the ESI ***Funds*** to sound economic governance.5 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 1083/2006 (OJ L 347, 20.12.2013, p. 320).10162/19 MB/MCS/mz 6LIFE 1.C - ECOMP 1.A EN(7) Following the timely and durable correction of the excessive deficit and Council Decision (EU) 2019/10016 to abrogate the excessive deficit procedure, Spain is in the preventive arm of the Stability and Growth Pact and subject to the ***transitional*** debt rule. It projects the general government balance to increase from -2,5 % of GDP in 2018 to -2,0 % of GDP in 2019 and to reach a balanced budget in 2022. Based on the recalculated structural balance7, the medium-term budgetary objective of a balanced budgetary position in structural terms is not planned to be achieved over the time horizon of the 2019 Stability Programme. According to the 2019 Stability Programme, the general government debt-to-GDP ratio is expected to decrease from 97,1 % in 2018 to 95,8 % in 2019, before reaching 88,7 % in 2022. The macroeconomic scenario underpinning those budgetary projections is plausible. Risks to the achievement of the fiscal targets set in the 2019 Stability Programme mostly pertain to the revenue side, where there is large uncertainty about the yield or chances of adoption of many of the revenue measures.(8) On 13 July 2018, the Council recommended Spain to ensure that the nominal growth rate of net primary government expenditure8 does not exceed 0,6 % in 2019, corresponding to an annual structural adjustment of 0,65 % of GDP. Based on the Commission 2019 spring forecast, there is a risk of a significant deviation from the recommended adjustment path towards the medium-term budgetary objective in 2019.6 Council Decision (EU) 2019/1001 of 14 June 2019 abrogating Decision 2009/417/EC on the existence of an excessive deficit in Spain (OJ L 163, 20.6.2019, p. 59).7 Cyclically-adjusted balance net of one-off and temporary measures, recalculated by the Commission using the commonly agreed methodology.8 Net primary government expenditure comprises total government expenditure excluding interest expenditure, expenditure on Union programmes fully matched by Union ***funds*** revenue and non-discretionary changes in unemployment benefit expenditure. Nationally financed gross fixed capital formation is ***smoothed*** over a four-year ***period***. Discretionary revenue measures or revenue increases mandated by law are factored in. One-off measures on both the revenue and expenditure sides are netted out.10162/19 MB/MCS/mz 7LIFE 1.C - ECOMP 1.A EN(9) In 2020, in view of Spain's general government debt-to-GDP ratio, which is above the 60 %-of-GDP Treaty reference value, and projected positive output gap of 2,0 % of GDP, nominal net primary government expenditure should not grow in 2020, in line with the structural adjustment of 1,0 % of GDP stemming from the commonly agreed adjustment matrix of requirements under the Stability and Growth Pact. At the same time, there are signs that idle capacity in the economy is underestimated, with inflation projected to stay below 2 % in 2019 and 2020 and remaining slack in the labour market (high unemployment rate and a very high share of involuntary part-time work, temporary employees as well as in-work poverty). In addition, the plausibility tool also indicates that there is a high degree of uncertainty surrounding the output gap estimates based on the common methodology. On that basis, an annual structural adjustment of 0,65 % of GDP, corresponding to a maximum growth rate of net primary government expenditure of 0,9 %, appears appropriate. According to the Commission 2019 spring forecast, under unchanged policies, there is a risk of a significant deviation from the required fiscal adjustment in 2020. In addition, Spain is not projected to comply with the requirements of the ***transitional*** debt rule in 2019 and 2020. Overall, the Council is of the opinion that the necessary measures should be taken as of 2019 to comply with the provisions of the Stability and Growth Pact. It would be important to use any windfall gains to further reduce the general government debt ratio.(10) Employment growth remains robust in Spain. Unemployment continues to fall but it remains well above the Union average, especially for young people and for the low-skilled people. Gender gaps in employment and in the length of working careers remain wide. These represent untapped potential not least given the rapidly ageing population.10162/19 MB/MCS/mz 8LIFE 1.C - ECOMP 1.A EN(11) While progressively reduced, the still widespread use of temporary contracts, including in sectors less prone to seasonal or cyclical activity, ranks amongst the highest in Europe and may hinder Spain's growth potential and social cohesion. Young people, the low-skilled and third-country nationals are those most affected, often suffering from lower entitlements to social benefits and higher poverty risks. Temporary contracts are often very short and provide weak incentives for both workers and employers to invest in training, which in turn hinders productivity growth. Moving from a temporary contract to a permanent one remains difficult and, barriers to mobility of labour reduce opportunities for jobseekers and hamper its efficient allocation across the country.(12) Spain has strengthened the support to the long-term unemployed, who still represented 6,4 % of the active population in 2018. Recent initiatives seek to make young people employable through counselling and career guidance, but public employment services still handle a low share of job vacancies and further efforts are needed to improve their use in job search and placement. In particular, in some regions, engagement with employers is weak and profiling tools to better match jobseekers with employers' needs are still in an initial phase. Partnerships between public employment services and social services are progressing, but cooperation is still limited in some regions. Increased investment in modern public employment services together with support to labour mobility could contribute to improve the employability and adaptability of workers and smoothens labour market transitions, thus improving Spain's productivity and long-term inclusive growth.10162/19 MB/MCS/mz 9LIFE 1.C - ECOMP 1.A EN(13) Efforts to reinforce labour inspectorates in order to fight against the abuse of temporary contracts are bearing some fruit and the share of open-ended contracts in net employment growth is increasing. However, employers continue to make an extensive use of short-term contracts. Past evidence shows that the numerous incentives to support job creation are having limited effects in promoting quality employment. Spain launched a new evaluation with the view to simplifying the system, but results are not available yet. Recruitment competitions to reduce the share of fixed-term employment in the public sector at all levels of government need to be speed up to reach the target of 8 % by the end of the 2020 recruitment competitions. While the setting-up of tripartite round tables is a good step towards greater involvement by the social partners in policy design, there is room for deeper and more timely consultations.10162/19 MB/MCS/mz 10LIFE 1.C - ECOMP 1.A EN(14) Though decreasing, the proportion of people at risk of poverty and social exclusion as well as income inequality remains above the Union average. In-work poverty rates are high amongst temporary or low-skilled workers, or non-EU-born. The child poverty rate, although declining, remains very high. The capacity of social transfers other than pensions to reduce poverty remains among the lowest in the Union, especially for children. Social spending as a share of GDP in Spain for households with children in Spain is one of the lowest in the Union and is poorly targeted, despite a recent small increase in the means-tested child allowance. Despite a positive trend, there are still significant gaps in the coverage of people with severe and moderate dependency. National unemployment assistance remains fragmented, with multiple schemes that target different groups of jobseekers. Recent measures improving the coverage and protection of income assistance for older long-term unemployed (aged 52 or above) may, at the same time, weaken incentives to work within this particular group. Meanwhile, regional minimum income schemes present wide disparities in access conditions, coverage and adequacy across regions and their limited portability between regions reduces incentives for labour mobility. As a result, a number of people in need do not receive support. The launch of the Universal Social Card system will make the social benefits system more transparent and thus allow for a better targeting. While the economic recovery continues to curb poverty, the situation calls for investment in social inclusion policies and social infrastructure (e.g social housing) in order to attain inclusive growth. In addition, Spain faces specific territorial cohesion challenges, such as acute depopulation and ageing in certain rural areas. Actions promoting entrepreneurship, digitalisation and the social economy can help respond to those challenges, as part of integrated territorial development strategies.10162/19 MB/MCS/mz 11LIFE 1.C - ECOMP 1.A EN(15) During the crisis, the Spanish pension system played an important role in maintaining the living standards of the elderly, who face a lower risk of poverty. Projections in the 2018 Ageing Report and Pension Adequacy Report indicate that the 2011 and 2013 reforms helped to ensure the sustainability and relative adequacy of pensions in the long term. However, a continuation of the relinking of pension increases to inflation (as decided in 2018 and 2019) and the postponement of the sustainability factor would require compensatory measures to ensure the sustainability of the pension system in the medium to long term. Moreover, action would be needed to address both the main challenge of the adequacy of future retirees' incomes and the length and completeness of their working careers in a context of high unemployment and widespread use of temporary contracts and part-time employment.(16) Spain's innovation performance and productivity growth are hampered by subdued levels of investment in research and development and by skills mismatches. Research and development expenditure in the business sector in Spain is only half the level of the Union average, particularly for large firms, with significant regional disparities. That divergence is reinforced by the low and falling execution rate of the public budget for research and development, particularly of loans. Skills shortages and mismatches are another important barrier to the development and use of advanced technologies, in particular by small and medium-sized firms. Employment in high technology sectors and knowledge intensive services is well below the Union average in many Spanish regions. While regional innovation strategies for smart specialisation are being developed and the governance of national research and innovation policy is being streamlined, national-regional coordination in the design, implementation and evaluation of policy remains weak. Improving Spain's innovation performance requires significant investments to foster entrepreneurship and start-ups and help them grow and to promote the competitiveness of all firms and their adaptation – including through digitalisation – to higher added-value activities with the aim of expanding their presence in international markets. It also requires a stronger focus on public-private partnerships, cooperation between academia and business and technology transfer, particularly in favour of small and medium-sized companies, a strengthened governance of research and innovation policy across government levels, and a closer alignment of research and development infrastructure and projects to regional and national innovation strategies.10162/19 MB/MCS/mz 12LIFE 1.C - ECOMP 1.A EN(17) Although improving, the early school leaving rate remains very high in Spain, with significant regional disparities. There is scope to improve educational outcomes which vary greatly across regions. Both factors negatively affect the long-term potential for productivity growth. Efforts to reform the education system have stalled. Firms report difficulty in finding the skills needed to embrace innovation, in particular as regards specialists in information and communication technologies. Spain approved measures to upgrade the dual vocational education and training system, which could play a key role in providing the skills and qualifications required to absorb innovation, but enrolment in those systems remains moderate. Spain's rate of tertiary education attainment is above the Union average but tertiary graduates face difficulties in finding adequate jobs. Developing human capital through all levels of education and training, including higher education and vocational training, and greater cooperation between education and business with a view to mitigating existing skills mismatches, could boost labour market access of young graduates. It could also provide firms with the skills and qualifications required to enhance their innovation capacity and to take full advantage of the growth potential offered by digitalisation. Retraining workers in digital skills would also allow Spanish companies to remain competitive in an increasingly digitised economy. All those actions would contribute to the reduction of regional disparities.(18) The restrictiveness and fragmentation of regulation within Spain are preventing firms from benefiting from economies of scale and is holding back productivity. The Law on Market Unity remains an important tool to address these issues. Implementing that Law more decisively and removing identified restrictions on services in particular for certain professional services, such as civil engineers, architects and legal services, would improve growth opportunities and competition. As in other fields where regions are key actors for the successful implementation of reforms, a stronger and sustained coordination between national and regional authorities could make policies in this area more effective.10162/19 MB/MCS/mz 13LIFE 1.C - ECOMP 1.A EN(19) Incomplete connections for freight transport by rail and limited integration with the Union's electricity and gas markets prevent Spain from fully benefitting from the Union Single Market. For this reason, Spain also needs to invest further in electricity interconnections with the rest of the Union to achieve the target of at least 10 % of its installed electricity production capacity by 2020. Investment is also needed to allow for greater use of rail for freight transport, including cross-border connections with France and Portugal and connections to ports and logistic hubs.(20) Significant investment gaps also remain in the area of natural resources management to ensure a more sustainable development model. Reducing energy consumption in buildings, and developing smart grids and renewable electricity storage would help to better manage the demand. Additional efforts should promote sustainable transport and the circular economy. Certain areas of Spain are amongst the most exposed in Europe to climate change, with the existing water resources under pressure and requiring further infrastructure investments to improve water management, such as wastewater treatment, addressing leaks in the networks and water supply. In spite of a steady progress in recent years, Spain still needs to fulfil certain requirements of the Union's water law. Progress in meeting all these objectives would bring environmental, economic and social benefits to Spain.(21) For all identified investment gaps, account should be taken of specific regional disparities in investment needs. Territorial disparities in GDP per head are moderate but they remain wider than before the crisis, mostly due to the asymmetric impact of labour shedding across regions. The widest regional disparities are currently identified in labour and social outcome indicators, where most Spanish regions underperform relative to the Union average. Other socioeconomic indicators present wide territorial disparities, such as innovation, entrepreneurship, and competitiveness. Economic policy related to investment should take due account of regional disparities in investment needs.10162/19 MB/MCS/mz 14LIFE 1.C - ECOMP 1.A EN(22) The programming of Union ***funds*** for the ***period*** 2021-2027 could help address some of the gaps identified in the recommendations, in particular in the areas covered by Annex D to the 2019 country report. This would allow Spain to make the best use of those ***funds*** in respect of the identified sectors, taking into account regional disparities and the special situation of the outermost region of the Canary Islands. Strengthening the country's administrative capacity for the management of these ***funds*** is an important factor for the success of this investment.(23) In the context of the 2019 European Semester, the Commission has carried out a comprehensive analysis of Spain's economic policy and published it in the 2019 country report. It has also assessed the 2019 Stability Programme, the 2019 National Reform Programme and the follow-up given to the recommendations addressed to Spain in previous years. The Commission has taken into account not only their relevance for sustainable fiscal and socioeconomic policy in Spain, but also their compliance with Union rules and guidance, given the need to strengthen the Union's overall economic governance by providing Union-level input into future national decisions.(24) In the light of this assessment, the Council has examined the 2019 Stability Programme and its opinion9 is reflected in particular in recommendation (1) below.(25) In the light of the Commission's in-depth review and this assessment, the Council has examined the 2019 National Reform Programme and the 2019 Stability Programme. Its recommendations made under Article 6 of Regulation (EU) No 1176/2011 are reflected in recommendations (1) to (4) below. Those recommendations also contribute to the implementation of the 2019 Recommendation for the euro area, in particular the first, second and third euro-area recommendations. Fiscal policies referred to in recommendation (1) contribute inter-alia to address imbalances linked to high government debt,9 Under Article 5(2) of Regulation (EC) No 1466/97.10162/19 MB/MCS/mz 15LIFE 1.C - ECOMP 1.A ENHEREBY RECOMMENDS that Spain take action in 2019 and 2020 to:1. Ensure that the nominal growth rate of net primary government expenditure does not exceed 0,9 % in 2020, corresponding to an annual structural adjustment of 0,65 % of GDP. Take measures to strengthen the fiscal and public procurement frameworks at all levels of government. Preserve the sustainability of the pension system. Use windfall gains to accelerate the reduction of the general government debt ratio.2. Ensure that employment and social services have the capacity to provide effective support. Foster transitions towards open-ended contracts, including by simplifying the system of hiring incentives. Improve support for families, reduce fragmentation of national unemployment assistance and address coverage gaps in regional minimum income schemes. Reduce early school leaving and improve educational outcomes, taking into account regional disparities. Increase cooperation between education and businesses with a view to improving the provision of labour market relevant skills and qualifications, in particular for information and communication technologies.3. Focus investment-related economic policy on fostering innovation, resource and energy efficiency, upgrading rail freight infrastructure and extending electricity interconnections with the rest of the Union, taking into account regional disparities. Enhance the effectiveness of policies supporting research and innovation.4. Further the implementation of the Law on Market Unity by ensuring that, at all levels of government, rules governing access to and exercise of economic activities, in particular for services, are in line with the principles of that Law and by improving cooperation between administrations.Done at Brussels,For the CouncilThe President

**Load-Date:** July 3, 2019

**End of Document**



[***Register of Commission documents:Recommendation for a Council Recommendation on the 2019 National Reform Programme of Spain and delivering a Council opinion on the 2019 Stability Programme of Spain Document date: 2019-06-06 COM\_COM(2019)0509 COM documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5W9R-SBT1-F0YC-N3BR-00000-00&context=1516831)

Impact News Service

June 8, 2019 Saturday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 4423 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

EN ENEUROPEANCOMMISSIONBrussels, 5.6.2019COM(2019) 509 finalRecommendation for aCOUNCIL RECOMMENDATIONon the 2019 National Reform Programme of Spain and delivering a Council opinion onthe 2019 Stability Programme of SpainEN 1 ENRecommendation for aCOUNCIL RECOMMENDATIONon the 2019 National Reform Programme of Spain and delivering a Council opinion onthe 2019 Stability Programme of SpainTHE COUNCIL OF THE EUROPEAN UNION,Having regard to the Treaty on the Functioning of the European Union, and in particularArticles 121(2) and 148(4) thereof,Having regard to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening ofthe surveillance of budgetary positions and the surveillance and coordination of economicpolicies1, and in particular Article 5(2) thereof,Having regard to Regulation (EU) No 1176/2011 of the European Parliament and of theCouncil of 16 November 2011 on the prevention and correction of macroeconomicimbalances2, and in particular Article 6(1) thereof,Having regard to the recommendation of the European Commission,Having regard to the resolutions of the European Parliament,Having regard to the conclusions of the European Council,Having regard to the opinion of the Employment Committee,Having regard to the opinion of the Economic and Financial Committee,Having regard to the opinion of the Social Protection Committee,Having regard to the opinion of the Economic Policy Committee,Whereas:(1) On 21 November 2018, the Commission adopted the Annual Growth Survey, markingthe start of the 2019 European Semester for economic policy coordination. It took dueaccount of the European Pillar of Social Rights, proclaimed by the EuropeanParliament, the Council and the Commission on 17 November 2017. The priorities ofthe Annual Growth Survey were endorsed by the European Council on 21 March2019. On 21 November 2018, on the basis of Regulation (EU) No 1176/2011, theCommission also adopted the Alert Mechanism Report, in which it identified Spain asone of the Member States for which an in-depth review would be carried out. On thesame date, the Commission also adopted a recommendation for a Councilrecommendation on the economic policy of the euro area, which was endorsed by theEuropean Council on 21 March 2019. On 9 April 2019, the Council adopted the1 OJ L 209, 2.8.1997, p. 1.2 OJ L 306, 23.11.2011, p. 25.EN 2 ENrecommendation on the economic policy of the euro area (‘Recommendation for theeuro area’).(2) As a Member State whose currency is the euro and in view of the close interlinkagesbetween the economies in the economic and monetary union, Spain should ensure thefull and timely implementation of the Recommendation for the euro area, as reflectedin recommendations (1) to (4) below. In particular, measures to improve productivitywill help address the first euro area recommendation as regards productivityimprovements for euro area rebalancing, using windfall gains to reduce public debtand focusing economic policy related to investment in the specified areas will helpaddress the second euro area recommendation as regards rebuilding buffers andsupporting investment, and measures to improve skills and employability will helpaddress the third euro area recommendation as regards the functioning of the labourmarket.(3) The 2019 country report for Spain3 was published on 27 February 2019. It assessedSpain’s progress in addressing the country-specific recommendations adopted by theCouncil on 13 July 2018, the follow-up given to the recommendations adopted inprevious years and Spain's progress towards its national Europe 2020 targets. It alsoincluded an in-depth review under Article 5 of Regulation (EU) No 1176/2011, theresults of which were also published on 27 February 20194. The Commission’sanalysis led it to conclude that Spain is experiencing macroeconomic imbalances. Alarge stock of internal and external debt, both public and private, and highunemployment, in the context of weak productivity growth, are still vulnerabilitieswith a cross-border relevance. The reduction of private sector debt is progressing, butdeleveraging needs remain sizeable. Despite continued robust GDP growth, thegovernment debt as a share of GDP remains high. The unemployment rate hascontinued its rapid decline, but remains very high and the high degree of labourmarket segmentation between temporary and open-ended contracts impedes fasterlabour productivity growth. After a strong reform momentum between 2012 and 2015,an evolving political context over the past year has contributed to another year oflimited progress in implementing recommendations. The present favourable economicsituation provides a window of opportunity to address pending reform needs with aview to making the Spanish economy more resilient and raising its productivitygrowth.(4) On 30 April 2019, Spain submitted its 2019 National Reform Programme and its 2019Stability Programme. In order to take account of their interlinkages, the twoprogrammes have been assessed at the same time.(5) The 2019 Stability Programme reports on actions taken to implement the preventiveand corrective tools set out in Spain’s Stability Law. However, it does not set out plansto make the enforcement of these tools automatic and to review the Stability Law’sexpenditure rule, with a view to strengthening its contribution to fiscal consolidation,especially during economic upturns. In the area of public procurement, to improve theefficiency of public spending as well as help prevent irregularities, the ambitiousimplementation of the Law on public sector contracts adopted in 2017 will beinstrumental. In particular, it is important that the new governing structure, notably theIndependent Office for Regulation and Supervision, can effectively perform the tasksallocated to it, and that the comprehensive National Public Procurement Strategy be3 SWD(2019) 1008 final.4 COM(2019) 150 final.EN 3 ENswiftly adopted - with the active involvement of contracting authorities and entities atnational, regional and local levels. Finally, a number of spending reviews are due in2019 and the implementation of the recommendations stemming from them shouldhelp increase the efficiency of public spending.(6) Relevant country-specific recommendations have been addressed in the programmingof the European Structural and Investment ***Funds*** ('ESI ***Funds***') for 2014-2020. Asprovided for in Article 23 of Regulation (EU) No 1303/2013 of the EuropeanParliament and of the Council5, where it is necessary to support the implementation ofrelevant Council recommendations, the Commission may request a Member State toreview and propose amendments to its Partnership Agreement and relevantprogrammes. The Commission has provided further details on how it would make useof that provision in guidelines on the application of the measures linking theeffectiveness of the ESI ***Funds*** to sound economic governance6.(7) Following the timely and durable correction of the excessive deficit and CouncilDecision (EU) [2019/X] to abrogate the excessive deficit procedure, Spain is in thepreventive arm of the Stability and Growth Pact and subject to the ***transitional*** debtrule. It projects the general government balance to increase from -2.5% of GDP in2018 to -2.0% of GDP in 2019 and to reach a balanced budget in 2022. Based on therecalculated structural balance7, the medium-term budgetary objective of a balancedbudgetary position in structural terms is not planned to be achieved over the timehorizon of the Programme. According to the Stability Programme, the generalgovernment debt-to-GDP ratio is expected to decrease from 97.1% in 2018 to 95.8%in 2019, before reaching 88.7% in 2022. The macroeconomic scenario underpinningthose budgetary projections is plausible. Risks to the achievement of the fiscal targetsset in the 2019 Stability Programme mostly pertain to the revenue side, whereuncertainty about the yield or chances of adoption of many of the revenue measures islarge.(8) On 13 July 2018, the Council recommended Spain to ensure that the nominal growthrate of net primary government expenditure8 does not exceed 0.6% in 2019,corresponding to an annual structural adjustment of 0.65% of GDP. Based on theCommission 2019 spring forecast, there is a risk of a significant deviation from therecommended adjustment path towards the medium-term budgetary objective in 2019.(9) In 2020, in view of Spain's general government debt-to-GDP ratio, which is above theTreaty reference value of 60% of GDP, and projected positive output gap of 2.0% ofGDP, nominal net primary government expenditure should not grow in 2020, in line5 Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013laying down common provisions on the European Regional Development ***Fund***, the European SocialFund, the Cohesion ***Fund***, the European ***Agricultural*** ***Fund*** for Rural Development and the EuropeanMaritime and Fisheries ***Fund*** and laying down general provisions on the European RegionalDevelopment ***Fund***, the European Social ***Fund***, the Cohesion ***Fund*** and the European Maritime andFisheries ***Fund*** and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320).6 COM(2014) 494 final.7 Cyclically-adjusted balance net of one-off and temporary measures, recalculated by the Commissionusing the commonly agreed methodology.8 Net primary government expenditure comprises total government expenditure excluding interestexpenditure, expenditure on Union programmes fully matched by Union ***funds*** revenue and nondiscretionarychanges in unemployment benefit expenditure. Nationally financed gross fixed capitalformation is ***smoothed*** over a 4-year ***period***. Discretionary revenue measures or revenue increasesmandated by law are factored in. One-off measures on both the revenue and expenditure sides are nettedout.EN 4 ENwith the structural adjustment of 1.0% of GDP stemming from the commonly agreedadjustment matrix of requirements under the Stability and Growth Pact. At the sametime, there are signs that idle capacity in the economy is underestimated, with inflationprojected to stay below 2% in 2019 and remaining slack in the labour market (highunemployment rate and a very high share of involuntary part-time work, temporaryemployees as well as in-work poverty). In addition, the plausibility tool also indicatesthat there is a high degree of uncertainty surrounding the output gap estimates basedon the common methodology. On that basis, an annual structural adjustment of 0.65%of GDP, corresponding to a maximum growth rate of net primary governmentexpenditure of 0.9%, appears appropriate. According to the Commission 2019 springforecast, under unchanged policies, there is a risk of a significant deviation from therequired fiscal adjustment in 2020. In addition, Spain is not projected to comply withthe requirements of the ***transitional*** debt rule in 2019 and 2020. Overall, the Council isof the opinion that the necessary measures should be taken as of 2019 to comply withthe provisions of the Stability and Growth Pact. The use of any windfall gains tofurther reduce the general government debt ratio would be important.(10) Employment growth remains robust in Spain. Unemployment continues to fall but itremains well above the European Union average, especially for young people and forthe low-skilled people. Gender gaps in employment and length of working careersremain wide. These represent untapped potential not least given the rapidly ageingpopulation.(11) While progressively reduced, the still widespread use of temporary contracts,including in sectors less prone to seasonal or cyclical activity, ranks amongst thehighest in Europe and may hinder Spain’s growth potential and social cohesion.Young people, the low-skilled and third-country nationals are those most affected,often suffering from lower entitlements to social benefits and higher poverty risks.Temporary contracts are often very short and provide weak incentives for bothworkers and employers to invest in training, which in turn hinders productivitygrowth. Moving from a temporary contract to a permanent one remains difficult and,barriers to mobility of labour reduce opportunities for jobseekers and hamper itsefficient allocation across the country.(12) Spain has strengthened the support to the long-term unemployed, who still represented6.4% of the active population in 2018. Recent initiatives seek to make young peopleemployable through counselling and career guidance, but public employment servicesstill handle a low share of job vacancies and further efforts are needed to improve theiruse in job search and placement. In particular, in some regions, engagement withemployers is weak and profiling tools to better match jobseekers with employers’needs are still in an initial phase. Partnerships between public employment servicesand social services are progressing, but cooperation is still limited in some regions.Increased investment in modern public employment services together with support tolabour mobility could contribute to improve the employability and adaptability ofworkers and smoothens labour market transitions, thus improving Spain’s productivityand long-term inclusive growth.(13) Efforts to reinforce labour inspectorates in order to fight the abuse of temporarycontracts are bearing some fruit and the share of open-ended contracts in netemployment growth is increasing. However, employers continue to make an extensiveuse of short-term contracts. Past evidence shows that the numerous incentives tosupport job creation are having limited effects in promoting quality employment.Spain launched a new evaluation with the view of simplifying the system, but resultsEN 5 ENare not available yet. Recruitment competitions to reduce the share of fixed-termemployment in the public sector at all levels of government need to be sped up toreach the target of 8% by the end of 2019. While the setting-up of tripartite roundtables is a good step towards greater involvement by the social partners in policydesign, there is room for deeper and more timely consultations.(14) Though decreasing, the proportion of people at risk of poverty and social exclusion aswell as income inequality remains above the Union average. In-work poverty rates arehigh amongst temporary or low-skilled workers, or non-EU-born. The child povertyrate, although declining, remains very high. The capacity of social transfers other thanpensions to reduce poverty remains among the lowest in the Union, especially forchildren. Social spending as a share of GDP in Spain for households with children inSpain is one of the lowest in the EU and is poorly targeted. Despite a positive trend,there are still significant gaps in the coverage of people with severe and moderatedependency. National unemployment assistance remains fragmented, with multipleschemes that target different groups of jobseekers. Recent measures improving thecoverage and protection of income assistance for older long-term unemployed (aged52 or above) may, at the same time, weaken incentives to work within this particulargroup. Meanwhile, regional minimum income schemes present wide disparities inaccess conditions, coverage and adequacy across regions and their limited portabilitybetween regions reduces incentives for labour mobility. As a result, a number ofpeople in need do not receive support. The launch of the Universal Social Card systemwill make the social benefits system more transparent and thus allow for a bettertargeting. While the economic recovery continues to curb poverty, the situation callsfor investment in social inclusion policies and social infrastructure (e.g socialhousing) in order to attain inclusive growth. In addition, Spain faces specific territorialcohesion challenges, such as acute depopulation and ageing in certain rural areas.Actions promoting entrepreneurship, digitalisation and the social economy can helprespond to those challenges, as part of integrated territorial development strategies.(15) During the crisis, the Spanish pension system played an important role in maintainingthe living standards of the elderly, who face a lower risk of poverty. Projections in the2018 Ageing Report and Pension Adequacy Report indicate that the 2011 and 2013reforms helped to ensure the sustainability and relative adequacy of pensions in thelong term. However, a continuation of the relinking of pension increases to inflation(as decided in 2018 and 2019) and the postponement of the sustainability factor wouldrequire compensatory measures to ensure the sustainability of the pension system inthe medium to long-term. Moreover, action would be needed to address both the mainchallenge of the adequacy of future retirees' incomes and the length and completenessof their working careers in a context of high unemployment and widespread use oftemporary contracts and part-time employment.(16) Spain's innovation performance and productivity growth are hampered by subduedlevels of investment in research and development and by skills mismatches. Researchand development expenditure in the business sector in Spain is only half the level ofthe Union average, particularly for large firms, with significant regional disparities.That divergence is reinforced by the low and falling execution rate of the publicbudget for research and development. Skills shortages and mismatches are anotherimportant barrier to the development and use of advanced technologies, in particularby small and medium-sized firms. Employment in high technology sectors andknowledge intensive services is well below the Union average in many Spanishregions. While regional innovation strategies for smart specialisation are beingEN 6 ENdeveloped and the governance of national research and innovation policy is beingstreamlined, national-regional coordination in the design, implementation andevaluation of policy remains weak. Improving Spain's innovation performancerequires significant investments to foster entrepreneurship and start-ups and help themgrow and to promote the competitiveness of all firms and their adaptation – includingthrough digitalisation- to higher added-value activities with the aim of expanding theirpresence in international markets. It also requires a stronger focus on public-privatepartnerships, cooperation between academia and business and technology transfer,particularly in favour of small and medium-sized companies, a strengthenedgovernance of research and innovation policy across government levels, and a closeralignment of research and development infrastructure and projects to regional andnational innovation strategies.(17) Although improving, the early school leaving rate remains very high in Spain, withsignificant regional disparities. There is scope to improve educational outcomes whichvary greatly across regions. Both factors negatively affect the long-term potential forproductivity growth. Efforts to reform the education system have stalled. Firms reportdifficulty in finding the skills needed to embrace innovation, notably as regardsspecialists in information and communication technologies. Spain approved measuresto upgrade the dual vocational education and training system, which could play a keyrole in providing the skills and qualifications required to absorb innovation, butenrolment in those systems remains moderate. Spain’s rate of tertiary educationattainment is above the EU average but tertiary graduates face difficulties in findingadequate jobs. Developing human capital through all levels of education and training,including higher education and vocational training, and greater cooperation betweeneducation and business with a view to mitigating existing skills mismatches, couldboost labour market access of young graduates. It could also provide firms with theskills and qualifications required to enhance their innovation capacity and to take fulladvantage of the growth potential offered by digitalisation. Retraining workers indigital skills would also allow Spanish companies to remain competitive in anincreasingly digitised economy. All those actions would contribute to the reduction ofregional disparities.(18) The restrictiveness and fragmentation of regulation within Spain is preventing firmsfrom benefiting from economies of scale and is holding back productivity. The Law onMarket Unity remains an important tool to address these issues. Implementing this lawmore decisively and removing identified restrictions on services in particular forcertain professional services such as civil engineers, architects, legal and computerservices would improve growth opportunities and competition. As in other fieldswhere regions are key actors for the successful implementation of reforms, a strongerand sustained coordination between national and regional authorities could makepolicies in this area more effective.(19) Incomplete connections for freight transport by rail and limited integration with theUnion's electricity and gas markets prevent Spain from fully benefitting from the EUSingle Market. For this reason, Spain also needs to invest further in electricityinterconnections with the rest of the Union to achieve the target of at least 10% of itsinstalled electricity production capacity by 2020. Investment is also needed to allowfor greater use of rail for freight transport, including cross-border connections withFrance and Portugal and connections to ports and logistic hubs.(20) Significant investment gaps also remain in the area of natural resources managementto ensure a more sustainable development model. Reducing energy consumption inEN 7 ENbuildings, and developing smart grids and renewable electricity storage would help tobetter manage the demand. Additional efforts should promote sustainable transportand the circular economy. Certain areas of Spain are amongst the most exposed inEurope to climate change, with pressure over the existing water resources that requirefurther infrastructure investments to improve water management such as wastewatertreatment, leaks in the networks and water supply. In spite of a steady progress inrecent years, Spain still needs to fulfil certain requirements of the Union's waterlegislation. Progress in meeting all these objectives would bring environmental,economic and social benefits to Spain.(21) For all identified investment gaps, account should be taken of specific regionaldisparities in investment needs. Territorial disparities in GDP per head are moderatebut they remain wider than before the crisis, mostly due to the asymmetric impact oflabour shedding across regions. The widest regional disparities are currently identifiedin labour and social outcome indicators, where most Spanish regions underperformrelative to the Union average. Other socio-economic indicators present wide territorialdisparities, such as innovation, entrepreneurship, and competitiveness. Economicpolicy related to investment should take due account of regional disparities ininvestment needs.(22) The programming of EU ***funds*** for the ***period*** 2021-2027 could help address some ofthe gaps identified in the recommendations, in particular in the areas covered byAnnex D to the country report9. This would allow Spain to make the best use of thosefunds in respect of the identified sectors, taking into account regional disparities andthe special situation of the outermost region of the Canary Islands. Strengthening thecountry’s administrative capacity for the management of these ***funds*** is an importantfactor for the success of this investment.(23) In the context of the 2019 European Semester, the Commission has carried out acomprehensive analysis of Spain’s economic policy and published it in the 2019country report. It has also assessed the 2019 Stability Programme and the 2019National Reform Programme and the follow-up given to the recommendationsaddressed to Spain in previous years. It has taken into account not only their relevancefor sustainable fiscal and socioeconomic policy in Spain, but also their compliancewith Union rules and guidance, given the need to strengthen the Union’s overalleconomic governance by providing Union-level input into future national decisions.(24) In the light of this assessment, the Council has examined the 2019 StabilityProgramme and its opinion10 is reflected in particular in recommendation (1) below.(25) In the light of the Commission’s in-depth review and this assessment, the Council hasexamined the 2019 National Reform Programme and the 2019 Stability Programme.Its recommendations under Article 6 of Regulation (EU) No 1176/2011 are reflectedin recommendations (1) to (4) below.HEREBY RECOMMENDS that Spain take action in 2019 and 2020 to:1. Ensure that the nominal growth rate of net primary government expenditure does notexceed 0.9% in 2020, corresponding to an annual structural adjustment of 0.65% ofGDP. Take measures to strengthen the fiscal and public procurement frameworks atall levels of government. Preserve the sustainability of the pension system. Usewindfall gains to accelerate the reduction of the general government debt ratio.9 SWD(2019) 1008 final.10 Under Article 5(2) of Council Regulation (EC) No 1466/97.EN 8 EN2. Ensure that employment and social services have the capacity to provide effectivesupport. Foster transitions towards open-ended contracts, including by simplifyingthe system of hiring incentives. Improve support for families and address coveragegaps in national unemployment assistance and regional minimum income schemes.Reduce early school leaving and improve educational outcomes, taking into accountregional disparities. Increase cooperation between education and businesses with aview to improving the provision of labour market relevant skills and qualifications,in particular for information and communication technologies.3. Focus investment-related economic policy on fostering innovation, resource andenergy efficiency, upgrading rail freight infrastructure and extending energyinterconnections with the rest of the Union, taking into account regional disparities.Enhance the effectiveness of policies supporting research and innovation.4. Further the implementation of the Law on Market Unity by ensuring that, at all levelsof government, rules governing access to and exercise of economic activities, inparticular for services, are in line with principles of that Law and by improvingcooperation between administrations.Done at Brussels,For the CouncilThe President

**Load-Date:** June 11, 2019

**End of Document**



[***DGAP-News: Lloyds Banking Group: 2019 Half-Year Results - News Release part 1 of 2 (english)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WPH-89M1-DXCW-C2C8-00000-00&context=1516831)

dpa-AFX International ProFeed

July 31, 2019 Wednesday 12:21 PM GMT

Copyright 2019 dpa-AFX Wirtschaftsnachrichten GmbH All Rights Reserved



**Length:** 34756 words

**Body**

Lloyds Banking Group: 2019 Half-Year Results - News Release part 1 of 2 ^ DGAP-News: Lloyds Banking Group / Key word(s): Half Year Results Lloyds Banking Group: 2019 Half-Year Results - News Release part 1 of 2 31.07.2019 / 08:00 The issuer is solely responsible for the content of this announcement. --------------------------------------------------------------------------- 2019 Half-Year Results News Release Lloyds Banking Group plc 31 July 2019 Part 1 of 2 BASIS OF PRESENTATION This release covers the results of Lloyds Banking Group plc together with its subsidiaries (the Group) for the six months ended 30 June 2019. IFRS 16 and IAS 12 (further information in note 1 on page 67): The Group adopted IFRS 16 Leases from 1 January 2019 and as permitted elected to apply the standard retrospectively with the cumulative effect of initial application being recognised at that date; comparative information has not been restated. The Group has implemented the amendments to IAS 12 Income Taxes with effect from 1 January 2019 and as a result tax relief on distributions on other equity instruments, previously recognised in equity, is now reported within tax expense. Comparatives have been restated. Statutory basis: Statutory information is set out on pages 58 to 108. However, a number of factors have had a significant effect on the comparability of the Group's financial position and results. Accordingly, the results are also presented on an underlying basis. Underlying basis: The statutory results are adjusted for certain items which are listed below, to allow a comparison of the Group's underlying performance. \* restructuring, including severance related costs, the rationalisation of the non-branch property portfolio, the establishment of the Schroders strategic partnership, the integration of MBNA and Zurich's UK workplace pensions and savings business; \* volatility and other items, which includes the effects of certain asset sales, the volatility relating to the Group's hedging arrangements and that arising in the insurance businesses, insurance gross up, the unwind of acquisition-related fair value adjustments and the amortisation of purchased intangible assets; \* payment protection insurance provisions. Segment information: The segment results have been restated to reflect the transfer of the Cardnet business from Retail into Commercial Banking and certain equities business from Commercial Banking into Central items. The underlying profit and statutory results at Group level are unchanged as a result of these restatements. Unless otherwise stated, income statement commentaries throughout this document compare the six months ended 30 June 2019 to the six months ended 30 June 2018, and the balance sheet analysis compares the Group balance sheet as at 30 June 2019 to the Group balance sheet as at 31 December 2018. Alternative performance measures: The Group uses a number of alternative performance measures, including underlying profit, in the discussion of its business performance and financial position. Further information on these measures is set out on page 112. FORWARD LOOKING STATEMENTS This document contains certain forward looking statements with respect to the business, strategy, plans and/or results of the Group and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward looking statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future. Factors that could cause actual business, strategy, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward looking statements made by the Group or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally; market related trends and developments; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; any impact of the transition from IBORs to alternative reference rates; the ability to access sufficient sources of capital, liquidity and ***funding*** when required; changes to the Group's credit ratings; the ability to derive cost savings and other benefits including, but without limitation as a result of any acquisitions, disposals and other strategic transactions; the ability to achieve strategic objectives; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality; concentration of financial exposure; management and monitoring of conduct risk; instability in the global financial markets, including Eurozone instability, instability as a result of uncertainty surrounding the exit by the UK from the European Union (EU) and as a result of such exit and the potential for other countries to exit the EU or the Eurozone and the impact of any sovereign credit rating downgrade or other sovereign financial issues; political instability including as a result of any UK general election; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; natural, pandemic and other disasters, adverse weather and similar contingencies outside the Group's control; inadequate or failed internal or external processes or systems; acts of war, other acts of hostility, terrorist acts and responses to those acts, geopolitical, pandemic or other such events; risks relating to climate change; changes in laws, regulations, practices and accounting standards or taxation, including as a result of the exit by the UK from the EU, or a further possible referendum on Scottish independence; changes to regulatory capital or liquidity requirements and similar contingencies outside the Group's control; the policies, decisions and actions of governmental or regulatory authorities or courts in the UK, the EU, the US or elsewhere including the implementation and interpretation of key legislation and regulation together with any resulting impact on the future structure of the Group; the ability to attract and retain senior management and other employees and meet its diversity objectives; actions or omissions by the Group's directors, management or employees including industrial action; changes to the Group's post-retirement defined benefit scheme obligations; the extent of any future impairment charges or write-downs caused by, but not limited to, depressed asset valuations, market disruptions and illiquid markets; the value and effectiveness of any credit protection purchased by the Group; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services, lending companies and digital innovators and disruptive technologies; and exposure to regulatory or competition scrutiny, legal, regulatory or competition proceedings, investigations or complaints. Please refer to the latest Annual Report on Form 20-F filed with the US Securities and Exchange Commission for a discussion of certain factors and risks together with examples of forward looking statements. Except as required by any applicable law or regulation, the forward looking statements contained in this document are made as of today's date, and the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The information, statements and opinions contained in this document do not constitute a public offer under any applicable law or an offer to sell any securities or financial instruments or any advice or recommendation with respect to such securities or financial instruments. CONTENTS Pag- e [1]Results for the half-year 1. #RESULTSFORTHEHALFYEAR\_740368 1 [1]Income statement - underlying basis 1. 2 #COSOLIDATEDINCOMESTATEMENT\_UNDERLYING Key balance sheet metrics 2 [1]Quarterly information 1. 3 #UNDERLYINGBASISQUARTERLYINFORMATION\_9969 Balance sheet analysis 4 Group Chief Executive's statement 5 [1]Summary of Group results 1. #SUMMARYOFGROUPRESULTS\_80227 8 [1]Underlying basis segmental analysis 1. 15 #UNDERLYINGBASISSEGMENTALANALYSIS\_154838 Divisional results [1]Retail 1. #RETAIL\_611553 17 [1]Commercial Banking 1. #COMMERCIALBANKING\_382345 19 [1]Insurance and Wealth 1. #INSURANCE\_950977 21 [1]Central items 1. #CENTRALITEMS 23 Other financial information [1]Reconciliation between statutory and underlying basis results 24 1. #Reconciliationbetweenstatutoryandunderly [1]Banking net interest margin and average interest-earning 25 assets 1. #Bankingnetinterestmargin\_661484 Volatility arising in insurance businesses 25 [1]Tangible net assets per share 1. 26 #Tangiblenetassetspershare\_543276 [1]Return on tangible equity 1. #Returnontangibleequity\_336406 26 Risk management Principal risks and uncertainties 27 [1]Credit risk portfolio 1. #CREDITRISKPORTFOLIO\_903220 29 [1]***Funding*** and liquidity management 1. 44 #FUNDINGANDLIQUIDITYMANAGEMENT\_115376 [1]Capital management 1. #CAPITALMANAGEMENT\_996379 49 Statutory information [1]Condensed consolidated half-year financial statements 1. #STATUTORYINFORMATION\_840508 [1]Consolidated income statement 1. 59 #CONSOLIDATEDINCOMESTATEMENT\_877158 [1]Consolidated statement of comprehensive income 1. 60 #CONSOLIDATEDSTATEMENTOFCOMPREHENSIVEINCO [1]Consolidated balance sheet 1. 61 #CONSOLIDATEDBALANCESHEET\_990965 [1]Consolidated statement of changes in equity 1. 63 #CONSOLIDATEDSTATEMENTOFCHANGESINEQUITY\_2 Consolidated cash flow statement 66 [1]Notes to the consolidated financial statements 1. 67 #Notestotheconsolidatedfinancialstatement Statement of directors' responsibilities 109 Independent review report to Lloyds Banking Group plc 110 [1]Summary of alternative performance measures 1. 112 #SUMMARYOFALTERNATIVEPERFORMANCEMEASURES\_ Key dates for the payment of the dividends 112 [1]Contacts 1. #CONTACTS 113 RESULTS FOR THE HALF-YEAR The Group has continued to make strong strategic progress during the first half of 2019 and delivered a good financial performance with market leading efficiency and returns. The economy has remained resilient although economic uncertainty has led to some softening in business confidence as well as in international economic indicators. In this environment our strategy continues to be the right one and we are well placed to support our customers and continue to help Britain prosper. Ant\xF3nio Horta-Os\xF3rio, Group Chief Executive Strong strategic progress and the right strategy in the current environment \* The economy has remained resilient however, as indicated at the first quarter results, the continuing uncertainty is having an impact and leading to some softening in business confidence as well as in international economic indicators \* The Group has taken a prudent approach to growth and risk in recent years, whilst reducing costs and increasing the investment in the business for the benefit of our customers \* Since the launch of GSR3 in 2018, the Group has invested \xA31.5 billion in improving customer experience, increasing efficiency and delivering superior returns. This investment means the Group is well placed to continue to support its customers, help Britain prosper and deliver sustainable returns for shareholders Good financial performance with market leading efficiency and returns \* Statutory profit after tax of \xA32.2 billion with strong return on tangible equity of 11.5 per cent; earnings per share of 2.7 pence \* Robust underlying profit of \xA34.2 billion with slightly lower net income and expected higher impairment offset by lower total costs \* Net income of \xA38.8 billion with a resilient net interest margin of 2.90 per cent, slightly lower average interest earning banking assets and other income, with other income benefiting from strong performance in Insurance and Wealth \* Total costs of \xA34.0 billion down 5 per cent with operating costs down 3 per cent and remediation down 44 per cent. Market leading cost:income ratio further improved to 45.9 per cent and positive jaws of 3 per cent \* Credit quality remains strong with a net asset quality ratio of 26 basis points \* Additional PPI charge of \xA3550 million in the second quarter driven by significant increase in information request volumes in the second quarter, ahead of the August deadline \* Tangible net assets per share of 53.0 pence \* Interim ordinary dividend of 1.12 pence per share, up 5 per cent, in line with our progressive and sustainable policy Balance sheet strength maintained with lower capital requirement \* Balance sheet remains strong with targeted lending and deposit growth in the quarter including the open mortgage book, SME, UK Motor Finance and current accounts \* CET1 capital build of 70 basis points after the impact of PPI (33 basis points) and IFRS 16 (11 basis points); pro forma CET1 ratio of 14.6 per cent, pre dividend \* As previously reported, given the lower Systemic Risk Buffer and Pillar 2A requirement, the Board's view of the level of capital required by the Group to grow the business, meet regulatory requirements and cover uncertainties has reduced from around 13 per cent to around 12.5 per cent, plus a management buffer of around 1 per cent Outlook \* The Group's strategy remains the right one in the current environment and the Group continues to expect to deliver sustainable, superior performance for its customers and shareholders \* The resilience of the Group's business model is reflected in its 2019 guidance: \* Net interest margin of c.2.90 per cent \* Operating costs to be less than \xA38 billion and cost:income ratio expected to fall \* Net asset quality ratio of less than 30 basis points \* Given below the line charges, including PPI, in 2019 the Group now expects capital build to be at the lower end of the Group's ongoing 170 to 200 basis points range, and for return on tangible equity to be around 12 per cent \* Beyond 2019, longer term targets remain unchanged although continued economic uncertainty could impact outlook INCOME STATEMENT - UNDERLYING BASIS =================================== Half-ye- Half-ye- Half-ye- ar ar ar to 30 to 30 to 31 June June Dec 2019 2018 Change 2018 Change \xA3m \xA3m % \xA3m % Net interest income 6,145 6,344 (3) 6,370 (4) Other income 3,100 3,124 (1) 2,886 7 Operating lease (473) (497) 5 (459) (3) depreciation Vocalink gain on sale 50 - - Net income 8,822 8,971 (2) 8,797 - Operating costs (3,906) (4,024) 3 (4,141) 6 Remediation (143) (257) 44 (343) 58 Total costs (4,049) (4,281) 5 (4,484) 10 Impairment (579) (456) (27) (481) (20) Underlying profit 4,194 4,234 (1) 3,832 9 Restructuring (182) (377) 52 (502) 64 Volatility and other items (465) (190) (287) (62) Payment protection (650) (550) (18) (200) insurance provision Statutory profit before 2,897 3,117 (7) 2,843 2 tax Tax expense1 (672) (800) 16 (654) (3) Statutory profit after 2,225 2,317 (4) 2,189 2 tax1 Earnings per share 2.7p 2.9p (7) 2.6p 4 Interim dividend per share 1.12p 1.07p 5 - ordinary Banking net interest 2.90% 2.93% (3)bp 2.93% (3)bp margin Average interest-earning \xA3433bn \xA3436bn (1) \xA3436bn (1) banking assets Cost:income ratio 45.9% 47.7% (1.8)pp 51.0% (5.1)pp Asset quality ratio 0.26% 0.20% 6bp 0.22% 4bp Underlying return on 16.3% 16.3% - 14.7% 1.6pp tangible equity Return on tangible equity 11.5% 12.1% (0.6)pp 11.3% 0.2pp KEY BALANCE SHEET METRICS ========================= At 30 At 30 Change At 31 Change June June Dec 2019 2018 % 2018 % Loans and advances to \xA3441bn \xA3442bn - \xA3444bn (1) customers2 Customer deposits3 \xA3418bn \xA3418bn - \xA3416bn - Loan to deposit ratio 106% 106% - 107% (1)pp Capital build4 70bp 121bp 210bp Pro forma CET1 ratio pre 14.6% 15.1% (0.5)pp 13.9% 0.7pp dividend accrual5 Pro forma CET1 ratio5 14.0% 14.5% (0.5)pp 13.9% 0.1pp Pro forma ***transitional*** MREL 32.2% 29.7% 2.5pp 32.6% (0.4)pp ratio5 Pro forma UK leverage 5.1% 5.3% (0.2)pp 5.6% (0.5)pp ratio5 Pro forma risk-weighted \xA3207bn \xA3207bn - \xA3206bn - assets5 Tangible net assets per 53.0p 52.1p 0.9p 53.0p - share 1 Comparatives restated to reflect amendments to IAS 12, see basis of presentation. 2 Excludes reverse repos of \xA354.1 billion (30 June 2018: \xA326.7 billion; 31 December 2018: \xA340.5 billion). 3 Excludes repos of \xA34.1 billion (30 June 2018: \xA34.0 billion; 31 December 2018: \xA31.8 billion). 4 Capital build is reported on a pro forma basis before ordinary dividends and share buyback. 5 The CET1, MREL and leverage ratios at 30 June 2019, 30 June 2018 and 31 December 2018 are reported on a pro forma basis, reflecting the dividend paid up by the Insurance business in the subsequent reporting ***period***. The CET1 ratios at 31 December 2018 are reported post share buyback and post dividend accrual. In addition the pro forma ratios and pro forma risk-weighted assets at 30 June 2018 reflected the sale of the Irish mortgage portfolio. QUARTERLY INFORMATION Quarter Quarter Quarter Quarter Quarter Quarter ended ended ended ended ended ended 30 June 31 Mar 31 Dec 30 Sept 30 June 31 Mar 2019 2019 2018 2018 2018 2018 \xA3m \xA3m \xA3m \xA3m \xA3m \xA3m Net interest 3,062 3,083 3,170 3,200 3,173 3,171 income Other income 1,594 1,506 1,400 1,486 1,713 1,411 Operating lease (254) (219) (225) (234) (245) (252) depreciation Vocalink gain on - 50 - - - - sale Net income 4,402 4,420 4,345 4,452 4,641 4,330 Operating costs (1,949) (1,957) (2,151) (1,990) (2,016) (2,008) Remediation (123) (20) (234) (109) (197) (60) Total costs (2,072) (1,977) (2,385) (2,099) (2,213) (2,068) Impairment (304) (275) (197) (284) (198) (258) Underlying profit 2,026 2,168 1,763 2,069 2,230 2,004 Restructuring (56) (126) (267) (235) (239) (138) Volatility and (126) (339) (270) (17) (16) (174) other items Payment (550) (100) (200) - (460) (90) protection insurance provision Statutory profit 1,294 1,603 1,026 1,817 1,515 1,602 before tax Tax expense1 (269) (403) (260) (394) (369) (431) Statutory profit 1,025 1,200 766 1,423 1,146 1,171 after tax1 Banking net 2.89% 2.91% 2.92% 2.93% 2.93% 2.93% interest margin Average \xA3433bn \xA3433bn \xA3436bn \xA3435bn \xA3436bn \xA3437bn interest-earning banking assets Cost:income ratio 47.1% 44.7% 54.9% 47.1% 47.7% 47.8% Asset quality 0.27% 0.25% 0.18% 0.25% 0.18% 0.23% ratio Gross asset 0.38% 0.30% 0.30% 0.30% 0.26% 0.27% quality ratio Underlying return 15.6% 17.0% 13.6% 15.9% 17.3% 15.4% on tangible equity Return on 10.5% 12.5% 7.8% 14.8% 11.9% 12.3% tangible equity Loans and \xA3441bn \xA3441bn \xA3444bn \xA3445bn \xA3442bn \xA3445bn advances to customers2 Customer \xA3418bn \xA3417bn \xA3416bn \xA3422bn \xA3418bn \xA3413bn deposits3 Loan to deposit 106% 106% 107% 105% 106% 108% ratio Risk-weighted \xA3207bn \xA3208bn \xA3206bn \xA3207bn \xA3207bn \xA3211bn assets4 Tangible net 53.0p 53.4p 53.0p 51.3p 52.1p 52.3p assets per share 1 Comparatives restated to reflect amendments to IAS 12, see basis of presentation. 2 Excludes reverse repos. 3 Excludes repos. 4 Risk-weighted assets at June 2018 are reported on a pro forma basis reflecting the sale of the Irish mortgage portfolio. BALANCE SHEET ANALYSIS At 30 At 31 At 30 At 31 June Mar June Dec 2019 2019 Chan- 2018 Chan- 2018 Chan- ge ge ge \xA3bn \xA3bn % \xA3bn % \xA3bn % Loans and advances to customers Open mortgage 264.9 264.1 - 267.1 (1) 266.6 (1) book Closed 19.8 20.5 (3) 22.2 (11) 21.2 (7) mortgage book Credit cards 17.7 17.7 - 18.5 (4) 18.1 (2) UK Retail 8.2 8.1 1 7.8 5 7.9 4 unsecured loans UK Motor 15.5 15.3 1 13.9 12 14.6 6 Finance Overdrafts 1.2 1.2 - 1.2 - 1.3 (8) Retail other1 9.0 8.5 6 8.2 10 8.6 5 SME2 32.3 32.1 1 31.5 3 31.8 2 Mid Markets 30.6 30.6 - 30.1 2 31.7 (3) Global 34.7 34.3 1 32.7 6 34.4 1 Corporates and Financial Institutions Commercial 4.3 4.6 (7) 4.9 (12) 4.3 - Banking other Wealth 0.9 0.9 - 0.8 13 0.9 - Central items 1.9 2.6 (27) 3.4 (44) 3.0 (37) Loans and 441.0 440.5 - 442.3 - 444.4 (1) advances to customers3 Customer deposits Retail current 76.0 75.2 1 73.1 4 73.7 3 accounts Commercial 34.0 33.9 - 33.7 1 34.9 (3) current accounts2,4 Retail 144.4 144.7 - 147.4 (2) 145.9 (1) relationship savings accounts Retail 15.3 15.6 (2) 18.4 (17) 16.8 (9) tactical savings accounts Commercial 133.2 133.0 - 130.4 2 130.1 2 deposits2, 5 Wealth 13.8 13.9 (1) 13.6 1 14.1 (2) Central items 0.9 0.7 29 1.0 (10) 0.8 13 Total customer 417.6 417.0 - 417.6 - 416.3 - deposits6 Total assets7 822.2 818.3 - 829.8 (1) 797.6 3 Total 773.2 767.8 1 781.2 (1) 747.4 3 liabilities7 Shareholders' 43.4 43.8 (1) 42.9 1 43.4 - equity Other equity 5.4 6.5 (17) 5.4 - 6.5 (17) instruments Non-controllin- 0.2 0.2 - 0.3 (33) 0.3 (33) g interests Total equity 49.0 50.5 (3) 48.6 1 50.2 (2) Ordinary 70,74- 71,16- (1) 71,94- (2) 71,14- (1) shares in 0m 5m 4m 9m issue, excluding own shares 1 Primarily includes Europe. 2 Includes Retail Business Banking. 3 Excludes reverse repos. 4 Primarily non interest-bearing Commercial Banking current accounts. 5 Primarily Commercial Banking interest-bearing accounts. 6 Excludes repos. 7 The adoption of IFRS 16 on 1 January 2019 resulted in the recognition of a right-of-use asset of \xA31.7 billion and lease liabilities of \xA31.8 billion. GROUP CHIEF EXECUTIVE'S STATEMENT In the first six months of 2019 we have continued to deliver for our customers whilst making strong strategic progress, increasing investment in the business and helping Britain prosper. At the same time we have delivered a good financial performance with market leading efficiency and returns which has enabled the Board to announce an increased interim dividend. Given our clear UK focus, our performance is inextricably linked with the health of the UK economy. The economy has remained resilient, however the continued economic uncertainty is having an impact on business confidence and leading to some softening in international economic indicators. Companies' investment and employment intentions have both declined in the second quarter of 2019 while global growth has softened and interest rate expectations have declined. Despite this the consumer sector remains robust with increased levels of employment and rising real wages, supporting consumption and GDP growth. In recent years we have deliberately taken a prudent approach to growth and risk and have continued to invest in the business while maintaining a relentless focus on costs. The success of this approach is demonstrated by our financial performance in the first half of the year, which shows the resilience of our business model and the ability to generate market leading returns in an uncertain environment. This further reinforces my confidence that our strategy remains the right one in the current environment and that our significant cost advantage and unique business model mean the Group is well placed to continue to support its customers, help Britain prosper and deliver sustainable, superior returns to our shareholders. Financial performance In the first six months we have delivered a robust underlying profit of \xA34.2 billion, in line with prior year, with a statutory profit after tax of \xA32.2 billion, despite an additional PPI charge of \xA3650 million. Net interest margin remained resilient at 2.90 per cent, cost:income ratio further improved to 45.9 per cent, while business as usual costs reduced 5 per cent due to our relentless focus on efficiency, enabling increased strategic investment in the business. Statutory return on tangible equity was strong at 11.5 per cent despite higher below the line charges including PPI. Credit quality also remains strong and our loan portfolios continue to be well positioned, reflecting the Group's prudent through the cycle approach to credit risk. The CET1 capital build totalled 70 basis points with the Group's pro forma CET1 ratio increasing to 14.6 per cent, pre dividend. As announced in May, the Board's view of the level of CET1 capital targeted is around 12.5 per cent, plus a management buffer of around 1 per cent, following the notification by the regulator of the Systemic Risk Buffer and the reduction in the Group's Pillar 2A in July 2018. The strong capital build has enabled the Board to announce an increased interim ordinary dividend of 1.12 pence per share, up 5 per cent, in line with the Group's progressive and sustainable ordinary dividend policy. Good progress has also been made on the share buyback that was announced with our full year results at the time of issuing results we have bought back approximately 1.4 billion shares, with around 50 per cent of the up to \xA31.75 billion programme now completed. As also announced in May, the Group will commence paying quarterly dividends in 2020 which will provide a more regular flow of dividend income to shareholders. Strategic progress We are now half way through the third stage of our ambitious strategy launched in February 2018. In the last eighteen months we have made significant progress in transforming the Group for success in a digital world and, in line with our commitment to invest more than \xA33 billion over the plan ***period***, have invested \xA31.5 billion to date to build new sources of competitive advantage across our four strategic pillars. GROUP CHIEF EXECUTIVE'S STATEMENT (continued) Leading customer experience We continue to believe that our customers' evolving needs are best served through a multi-brand, multi-channel strategy and are therefore committed to maintaining the UK's largest digital bank and branch network. In line with this commitment, we have continued to improve our digital proposition, with our digitally active customer base increasing to 15.9 million, of which 9.8 million are mobile app customers. While 75 per cent of products are now initiated via digital channels, branches remain a vital channel for meeting our customers' more complex needs. Since the start of 2018, we have improved our relationship mortgage new business market share by 3 percentage points and, through Schroders Personal Wealth we will extend wealth capabilities to our branch network. Our overall success in improving the customer experience is reflected in our net promoter scores, which increased to 65 for all channels and 67 for digital channels, both up c.5 per cent since year end 2018. Digitising the Group We have continued to increase our investment in technology. This now represents 19 per cent of operating costs, up from 16 per cent in 2018, with over 70 per cent of this amount relating to enhancing existing capabilities and creating new ones. This investment is enabling us to improve the experience of our customers and colleagues, while also driving operational efficiencies that will support increased investment going forward. Consistent with this focus, we have made strong progress in transforming customer and colleague end-to-end processes, with activity to date having now covered c.40 per cent of our cost base, up from 12 per cent in the previous strategic plan ***period***. Maximising the Group's capabilities We have continued to build on our Open Banking proposition, which is now available to all of our digital customers, and we were the first in the market to extend this functionality to both savings products and credit cards. In addition, our unique Single Customer View capability, which enables customers to view all of the pension and insurance products that they hold with the Group alongside their banking products, continues to go from strength to strength and is now available to more than four million customers, up by more than one million since the start of the year. We also established Schroders Personal Wealth in June and will launch this to the market in the second half of the year, with the ambition of becoming a top three financial planning business within five years. Transforming ways of working In 2019 we have increased our investment in our colleagues, with a focus on ensuring that we are able to continue to attract, develop and retain the talent and capabilities we will need in the future. As part of this, we have increased the 'skills of the future' training delivered to our colleagues to a cumulative 2.1 million hours since 2018, putting us well on track to meet our target of 4.4 million hours by the end of the plan ***period***. We have also hired over 900 colleagues across critical areas such as engineering, data science and cyber security, in line with our plan to treble our strategic hiring compared to 2018. Consistent with our focus on improving our overall operating efficiency, building internal capabilities through these initiatives has also enabled us to reduce the use of external resource by 20 per cent since the end of 2017. Helping Britain Prosper Plan As part of our purpose of helping Britain prosper, we believe we have a responsibility to help address some of the societal, economic and environmental challenges that the UK faces. During the first half of the year, we contributed \xA310 billion of gross new lending to businesses, and we are on course to meet our commitment to lend up to \xA318 billion to UK businesses in 2019 as part of our continued support for the UK economy. Similarly, we are on track to meet our target of \xA36 billion of additional net lending to start-up, SME and Mid Market clients over the three years to the end of 2020. GROUP CHIEF EXECUTIVE'S STATEMENT (continued) We have now trained around 4,000 people in digital life skills through our Lloyds Bank Academy and have around 23,000 colleagues volunteering as Digital Champions in their local communities as part of our efforts to help close the digital skills gap in the UK. I am also very proud of the Stonewall Top Financial Services Employer and Times Top 50 Employer for Women awards, which we received this year in recognition of our role in championing inclusion and diversity. To help the UK transition into a sustainable, low carbon economy, which we believe is key to the UK's prosperity, we are actively incentivising sustainable lending with our clients. In recognition of the Green Lending Initiatives we have put in place so far, we recently won the Real Estate Capital Sustainable Finance Provider of the year award. We also have a portfolio of new propositions under development and are currently piloting a digital app which aims to help our Commercial Banking customers understand and improve the energy efficiency of their buildings. Outlook Our results for the first half of the year continue to demonstrate the resilience of our business model and that our strategy remains the right one in the current environment. We expect the Group to continue to deliver sustainable, superior performance for our customers and shareholders, and the resilience of the business model is reflected in our guidance for 2019: \* Net interest margin of c.2.90 per cent \* Operating costs of less than \xA38 billion and cost:income ratio expected to fall \* Net asset quality ratio of less than 30 basis points \* Given the below the line charges, including PPI, in 2019 we now expect capital build to be at the lower end of our ongoing 170 to 200 basis points range, and for return on tangible equity to be around 12 per cent Beyond 2019, our longer term targets remain unchanged although continued economic uncertainty could impact outlook. Summary We will maintain our prudent approach to growth and risk whilst retaining our relentless focus on costs and continuing to invest and transform the business for success in a digital world. We are well placed to continue to support our customers, help Britain prosper, and deliver sustainable, superior returns for shareholders. SUMMARY OF GROUP RESULTS Good financial performance with market leading efficiency and returns The Group's statutory profit after tax was \xA32,225 million, 4 per cent lower than in the first half of 2018 with robust underlying profit more than offset by higher below the line items, including the PPI provision charge. The return on tangible equity remained strong at 11.5 per cent. Underlying profit of \xA34,194 million includes a 2 per cent reduction in net income and the expected higher impairment charge largely offset by lower total costs. The underlying return on tangible equity was 16.3 per cent. The balance sheet remains strong with lending growth in targeted segments in the quarter including the open mortgage book and SME, and deposit growth largely driven by current accounts. The Group's pro forma CET1 ratio was 14.6 per cent pre dividend and 14.0 per cent post dividend with capital build in the first half of 2019 of 70 basis points, despite 33 basis points impact from PPI and 11 basis points from the implementation of IFRS 16. The capital build includes the impact of the interim Insurance dividend of \xA3100 million paid in July 2019. Net income Half-yea- Half-yea- Half-ye- r r ar to 30 to 30 to 31 June June Dec 2019 2018 Chang- 2018 Chang- e e \xA3m \xA3m % \xA3m % Net interest income 6,145 6,344 (3) 6,370 (4) Other income 3,100 3,124 (1) 2,886 7 Operating lease depreciation1 (473) (497) 5 (459) (3) Vocalink gain on sale 50 - - Net income 8,822 8,971 (2) 8,797 - Banking net interest margin 2.90% 2.93% (3)bp 2.93% (3)bp Average interest-earning \xA3433.3bn \xA3436.4bn (1) \xA3435.5b- (1) banking assets n 1 Net of profits on disposal of operating lease assets of \xA314 million (half-year to 30 June 2018: \xA329 million; half-year to 31 December 2018: \xA331 million). Net income of \xA38,822 million was 2 per cent lower than in the first half of 2018, with lower net interest income and a decrease of 1 per cent in other income partly offset by lower operating lease depreciation. Net interest income of \xA36,145 million was down 3 per cent with a resilient net interest margin and lower average interest-earning banking assets. Net interest margin was 2.90 per cent, in line with guidance, with the benefit of lower deposit costs and higher current account balances offset by continued pressure on asset margins. Average interest-earning banking assets were down \xA33.1 billion year on year with growth in targeted segments, in particular SME (\xA30.8 billion) and UK Motor Finance (\xA31.4 billion), more than offset by lower balances in the closed mortgage book (\xA32.4 billion) and the sale of the Irish mortgage portfolio (\xA33.3 billion). The Group manages the risk to its earnings and capital from movements in interest rates centrally by hedging the net liabilities which are stable or less sensitive to movements in rates. As at 30 June 2019 the Group's hedge had a nominal balance of \xA3172 billion (31 December 2018: \xA3180 billion) and an average duration of around three years (31 December 2018: around four years). The Group generated \xA31.3 billion of income from the structural hedge balances in the first six months of 2019 (half-year to 30 June 2018: \xA31.3 billion). The benefit from the hedge in the six months was \xA30.5 billion over LIBOR (half-year to 30 June 2018: \xA30.8 billion) with a fixed earnings rate of approximately 0.6 per cent over LIBOR (half-year to 30 June 2018: 0.9 per cent). SUMMARY OF GROUP RESULTS (continued) Other income decreased by 1 per cent to \xA33,100 million with strong performance within Insurance and Wealth, which increased by 21 per cent reflecting increased workplace pensions new business income and the benefit from the planned change in investment management provider. In Retail, other income reduced 4 per cent with higher current account fee income offset by lower Lex Autolease volumes, with an associated reduction in operating lease depreciation. Commercial Banking income was down 13 per cent and continues to be impacted by challenging conditions in particular within the markets business, resulting in lower levels of client activity. Other income also included a gain of \xA3181 million on the sale of \xA36 billion of gilts and other liquid assets, (half-year to 30 June 2018: \xA3191 million gain). In addition, in the first quarter the Group recognised a \xA350 million performance related earn-out following the sale of Vocalink in 2017. Total costs Half-year Half-year Half-yea- r to 30 to 30 to 31 June June Dec 2019 2018 Change 2018 Change \xA3m \xA3m % \xA3m % Operating costs 3,906 4,024 3 4,141 6 Remediation 143 257 44 343 58 Total costs 4,049 4,281 5 4,484 10 Business as usual 2,677 2,832 5 3,004 11 costs1 Cost:income ratio 45.9% 47.7% (1.8)pp 51.0% (5.1)pp 1 Business as usual costs in the half-year to 30 June 2018 and half-year to 31 December 2018 are adjusted to reflect the impact of applying IFRS 16. Excluding the impact of IFRS 16 business as usual costs in the half-year to 2018 were \xA32,942 million and \xA33,106 million in the half-year to 31 December 2018. Total costs of \xA34,049 million were 5 per cent lower than in the first half of 2018, driven by both a reduction in operating costs and lower remediation charges. Operating costs of \xA33,906 million were 3 per cent lower than in the same ***period*** in 2018. The Group continues to focus on reducing its underlying cost base to create capacity to further invest in the business. Business as usual costs were down 5 per cent in the ***period*** driven by increased efficiency from digitalisation and process improvements in parallel with increased strategic investment of \xA30.6 billion in the business, up 41 per cent compared to the first half of 2018. During the first six months of 2019 the Group capitalised c.\xA30.8 billion of investment spend of which c.\xA30.5 billion related to intangible assets, which is deducted from capital. Total capitalised spend was equivalent to c.60 per cent of above the line investment, which was in line with the full year 2018. Remediation charges were significantly lower than in the first half of 2018, at \xA3143 million (half-year to 30 June 2018: \xA3257 million) and included additional charges of \xA3123 million in the second quarter of 2019 relating to a number of items across existing programmes. The Group's market leading cost:income ratio continues to provide competitive advantage and improved by 1.8 percentage points to 45.9 per cent, with positive jaws of 3 per cent. The Group continues to expect operating costs (which excludes remediation) of less than \xA38 billion for the full year 2019, and is targeting a cost:income ratio including remediation in the low 40s exiting 2020, with reductions every year. SUMMARY OF GROUP RESULTS (continued) Impairment Half-y- Half-y- Half-- ear ear year to 30 to 30 to 31 June June Dec 2019 2018 Change 2018 Change \xA3m \xA3m % \xA3m % Impairment charge 579 456 (27) 481 (20) Asset quality ratio 0.26% 0.20% 6bp 0.22% 4bp Gross asset quality ratio 0.34% 0.27% 7bp 0.30% 4bp At 30 At 30 At 31 June June Dec 20191 20181 20181 % % Change % Change Stage 2 loans and advances to 8.1 9.8 (1.7)pp 7.8 0.3pp customers as % of total Stage 2 ECL2 allowances as % 3.6 3.6 - 4.1 (0.5)pp of Stage 2 drawn balances Stage 3 loans and advances to 1.9 1.8 0.1pp 1.9 - customers as % of total Stage 3 ECL2 allowances as % 23.0 25.2 (2.2)pp 24.3 (1.3)pp of Stage 3 drawn balances Total ECL2 allowances as % of 0.9 0.9 - 0.9 - drawn balances 1 Underlying basis. 2 Expected credit losses. Credit quality remains strong with a net asset quality ratio of 26 basis points and a gross asset quality ratio of 34 basis points compared with 20 basis points and 27 basis points respectively in the first half of 2018. The impairment charge increased to \xA3579 million and was driven by a number of items including some weakening in used car prices, alignment of credit card provisioning methodologies, lower cash recoveries following prior year debt sales and two corporate cases in Commercial Banking. The Group's loan portfolios continue to be well positioned, reflecting the Group's prudent, through the cycle approach to credit risk, and benefiting from continued low interest rates and a resilient UK economy. Overall credit performance in the secured book remains strong with the average mortgage loan to value improving slightly to 42.6 per cent (Dec 2018: 44.1 per cent). New business average loan to value was 63.1 per cent and around 91 per cent of the portfolio has a loan to value ratio of less than 80 per cent. New to arrears as a proportion of the total book remains low in both the secured and unsecured books. In Commercial Banking, the book continues to benefit from effective risk management, including a prudent approach to vulnerable sectors and concentration risk. The economic assumptions included in the Group's IFRS 9 model scenarios have been refined to reflect the economic outlook through 2019, although the impact on the overall Group expected credit loss (ECL) has not changed significantly. The Group's ECL allowance continues to reflect a probability-weighted view of future economic scenarios including a 30 per cent weighting of downside and a 10 per cent weighting of severe downside. Total ECL allowances as a percentage of drawn balances remains unchanged at 0.9 per cent over the last year. Stage 2 loans and advances to customers as a percentage of total lending reduced by 1.7 percentage points to 8.1 per cent reflecting model refinements and portfolio improvements in 2018, whilst Stage 3 loans and advances were broadly stable at 1.9 per cent. The Group's coverage of Stage 2 assets was stable at 3.6 per cent whilst coverage of Stage 3 assets reduced by 2.2 percentage points to 23.0 per cent due to increased Commercial Banking Stage 3 balances with lower likelihood of net loss. The Group's total balance sheet provision at 30 June was \xA34.4 billion (31 December 2018: \xA34.4 billion), equivalent to around four years of total normalised annual cash write-offs. The Group continues to expect an asset quality ratio of less than 30 basis points in 2019, reflecting strong credit quality. SUMMARY OF GROUP RESULTS (continued) Statutory profit Half-yea- Half-yea- Half-ye- r r ar to 30 to 30 to 31 June June Dec 2019 2018 Change 2018 Chan- ge \xA3m \xA3m % \xA3m % Underlying profit 4,194 4,234 (1) 3,832 9 Restructuring (182) (377) 52 (502) 64 Volatility and other items Market volatility and asset (296) 34 (84) sales Amortisation of purchased (34) (53) 36 (55) 38 intangibles Fair value unwind and other (135) (171) 21 (148) 9 (465) (190) (287) (62) Payment protection insurance (650) (550) (18) (200) provision Statutory profit before tax 2,897 3,117 (7) 2,843 2 Tax expense1 (672) (800) 16 (654) (3) Statutory profit after tax1 2,225 2,317 (4) 2,189 2 Earnings per share 2.7p 2.9p (7) 2.6p 4 Return on tangible equity 11.5% 12.1% (0.6)pp 11.3% 0.2p- p 1 Comparatives restated to reflect amendments to IAS 12, see basis of presentation. Further information on the reconciliation of underlying to statutory results is included on page 24. The Group's statutory profit after tax of \xA32,225 million was 4 per cent lower than in the first half of 2018 with robust underlying profit and lower restructuring costs more than offset by an increase in volatility and other items and a higher PPI provision charge. The return on tangible equity was 11.5 per cent and earnings per share was 2.7 pence. Restructuring costs were \xA3182 million, primarily reflecting the completion of the migration of MBNA in the first quarter of 2019, severance costs relating to the Group's strategic investment plans and the rationalisation of the non-branch property portfolio. Restructuring costs were significantly lower than the previous year due to the completion of the ring-fencing programme and the completion of MBNA integration in the first quarter. Market volatility and asset sales of \xA3296 million included adverse movements in banking volatility and a charge for exiting the Standard Life Aberdeen investment management agreement. The reduction in amortisation of purchased intangibles to \xA334 million (half-year to 30 June 2018: \xA353 million) was driven by a number of intangible assets fully amortising in 2018. Fair value unwind and other items reduced to \xA3135 million (half-year to 30 June 2018: \xA3171 million) reflecting the run down of the subordinated liabilities acquired during the HBOS acquisition. The PPI provision charge of \xA3650 million included an additional \xA3550 million charged in the second quarter. The additional charge in the quarter is largely driven by the significant increase in PPI information requests received in the second quarter onwards, which will lead to higher total complaints and associated administration costs. PPI information requests and complaint volumes remain uncertain, however the outstanding balance sheet provision at 30 June 2019 was \xA31.1 billion and assumes total expected complaint volumes increasing from 5.6 million to 5.8 million. SUMMARY OF GROUP RESULTS (continued) Taxation The tax expense was \xA3672 million (half-year to 30 June 2018: \xA3800 million) representing an effective tax rate of 23 per cent (half-year to 2018: 26 per cent) and benefited from the release of a deferred tax liability. The Group continues to expect the effective tax rate be around 25 per cent in 2020. Return on tangible equity The return on tangible equity was 11.5 per cent and the underlying return on tangible equity was flat at 16.3 per cent primarily reflecting robust underlying profit. Given the below the line charges, including PPI, the Group now expects return on tangible equity to be around 12 per cent in 2019. Balance sheet At 30 At 31 Cha- At 30 Cha- At 31 Chang- June Mar nge June nge Dec e 2019 2019 % 2018 % 2018 % Loans and advances to \xA3441b- \xA3441b- - \xA3442b- - \xA3444b- (1) customers1 n n n n Customer deposits2 \xA3418b- \xA3417b- - \xA3418b- - \xA3416b- - n n n n Loan to deposit ratio 106% 106% - 106% - 107% (1)pp Wholesale ***funding*** \xA3131b- \xA3125b- 5 \xA3122b- 7 \xA3123b- 6 n n n n Wholesale ***funding*** <1 year \xA344bn \xA340bn 11 \xA338bn 17 \xA333bn 33 maturity Of which money-market \xA325bn \xA324bn 1 \xA325bn - \xA321bn 18 ***funding*** <1 year maturity3 Liquidity coverage ratio \xA3132b- \xA3135b- (2) \xA3129b- 2 \xA3129b- 2 - eligible assets n n n n Liquidity coverage ratio4 130% 129% 1pp 125% 5pp 128% 2pp 1 Excludes reverse repos of \xA354.1 billion (30 June 2018: \xA326.7 billion; 31 December 2018: \xA340.5 billion). 2 Excludes repos of \xA34.1 billion (30 June 2018: \xA34.0 billion; 31 December 2018: \xA31.8 billion). 3 Excludes balances relating to margins of \xA35.1 billion (30 June 2018: 4.0 billion; 31 December 2018: \xA33.8 billion) and settlement accounts of \xA32.0 billion (30 June 2018: \xA31.7 billion; 31 December 2018: \xA31.2 billion). 4 The Liquidity coverage ratio is calculated as a simple average of month end observations over the 12 months preceding the end of each quarter. Loans and advances to customers were \xA3441 billion with growth in a number of targeted segments in the last three months, including the open mortgage book, which grew \xA30.8 billion, SME and UK Motor Finance, offset by reductions in the closed mortgage book and Commercial Banking run-off. The Group continues to expect the open mortgage book at the year end to be in line with 2018. The Group continues to optimise ***funding*** and target current account balance growth, with Retail current accounts up 3 per cent over the last six months at \xA376.0 billion (31 December 2018: \xA373.7 billion). The loan to deposit ratio was slightly lower at 106 per cent. Wholesale ***funding*** increased by 6 per cent to \xA3131 billion (31 December 2018: \xA3123 billion) as the Group refinanced ***Funding*** for Lending Scheme (FLS) ***funding***. The Group's liquidity continues to exceed the regulatory minimum and internal risk appetite. SUMMARY OF GROUP RESULTS (continued) Capital At 30 At 30 Change At 31 Change June June Dec 2019 2018 % 2018 % Pro forma CET1 ratio pre 14.6% 15.1% (0.5)pp 13.9% 0.7pp dividend accrual1 Pro forma CET1 ratio1 14.0% 14.5% (0.5)pp 13.9% 0.1pp Pro forma ***transitional*** total 21.7% 22.1% (0.4)pp 23.1% (1.4)pp capital ratio1 Pro forma ***transitional*** MREL 32.2% 29.7% 2.5pp 32.6% (0.4)pp ratio1 Pro forma UK leverage ratio1 5.1% 5.3% (0.2)pp 5.6% (0.5)pp Pro forma risk-weighted \xA3207bn \xA3207bn - \xA3206bn - assets1 Shareholders' equity \xA343bn \xA343bn 1 \xA343bn - Tangible net assets per 53.0p 52.1p 0.9p 53.0p - share 1 The CET1, total, MREL and leverage ratios at 30 June 2019, 30 June 2018 and 31 December 2018 are reported on a pro forma basis, reflecting the dividend paid up by the Insurance business in subsequent reporting ***period***. The CET1 ratios at 31 December 2018 are reported post share buyback and post dividend accrual. In addition the pro forma ratios and pro forma risk-weighted assets at 30 June 2018 reflected the sale of the Irish mortgage portfolio. The Group's balance sheet remains strong with capital build of 70 basis points in the first six months of 2019. The Group's CET1 capital ratio increased to 14.6 per cent on a pro forma basis pre dividend and 14.0 per cent post dividend (31 December 2018: 13.9 per cent pro forma post dividend and share buyback). The increase in the CET1 capital ratio included 97 basis points from underlying capital build, primarily driven by underlying profit, and 5 basis points relating to the dividends received from the Insurance business. Market and other movements amounted to 12 basis points. This was partly offset by 33 basis points for PPI and 11 basis points from the implementation of IFRS 16. The Group continues to expect an ongoing capital build of 170 to 200 basis points per annum, pre dividend. Given the additional below the line charges, particularly PPI, we now expect capital build to be at the lower end of this range in 2019. The Board's view of the level of CET1 capital required by the Group to grow the business, meet regulatory requirements and cover uncertainties remains unchanged since the announced reduction in the first quarter of 2019, at around 12.5 per cent, plus a management buffer of around 1 per cent. The ***transitional*** total capital ratio reduced to 21.7 per cent on a pro forma basis (30 June 2018: 22.1 per cent; 31 December 2018: 23.1 per cent) and the Group remains well positioned to meet its MREL requirement from 2020 with a pro forma ***transitional*** MREL ratio of 32.2 per cent (30 June 2018: 29.7 per cent; 31 December 2018: 32.6 per cent). The leverage ratio on a pro forma basis reduced to 5.1 per cent (30 June 2018: 5.3 per cent; 31 December 2018: 5.6 per cent pro forma). Tangible net assets per share of 53.0 pence (30 June 2018: 52.1 pence; 31 December 2018: 53.0 pence) increased by 2.1 pence before the payment of the 2018 final dividend of 2.14 pence. SUMMARY OF GROUP RESULTS (continued) Dividend In respect of the first half of 2019, the Board has announced an interim ordinary dividend of 1.12 pence per share, an increase of 5 per cent on prior year and in line with the progressive and sustainable ordinary dividend policy. The Board will continue to give due consideration at each year end to the return of any surplus capital. In February this year, the Board decided to return surplus capital through a share buyback programme of up to \xA31.75 billion. This commenced in March 2019 and at the time of issuing results is c.50 per cent complete having purchased c.1.4 billion shares. The Group announced in May 2019 that it would move to the payment of quarterly dividends in 2020 in order to accelerate payment of dividends to all shareholders. The Group intends to adopt three equal interim ordinary dividend payments for the first three quarters of the year followed by, subject to performance, a larger final dividend for the fourth quarter of the year. The first three quarterly payments, payable in June, September and December will be 20 per cent of the previous year's total ordinary dividend per share. The fourth quarter payment will be announced with the full year results, with the amount reflecting the Group's financial performance and our objective of a progressive and sustainable ordinary dividend. The final dividend will continue to be paid in May, following approval at the Annual General Meeting. UNDERLYING BASIS SEGMENTAL ANALYSIS Half-year to 30 June 2019 Commerc- Insuran- Centr- ial ce al Retail Banking and items Group Wealth \xA3m \xA3m \xA3m \xA3m \xA3m Net interest income 4,366 1,460 58 261 6,145 Other income 1,007 733 1,183 177 3,100 Operating lease depreciation (461) (12) - - (473) Vocalink gain on sale - - - 50 50 Net income 4,912 2,181 1,241 488 8,822 Operating costs (2,325) (1,034) (539) (8) (3,906) Remediation (48) (90) (25) 20 (143) Total costs (2,373) (1,124) (564) 12 (4,049) Impairment (556) (65) - 42 (579) Underlying profit 1,983 992 677 542 4,194 Banking net interest margin 2.64% 3.15% 2.90% Average interest-earning \xA3339.8b- \xA392.6bn \xA30.9bn - \xA3433.3b- banking assets n n Asset quality ratio 0.33% 0.13% 0.26% Return on risk-weighted 4.23% 2.35% 4.09% assets Loans and advances to \xA3338.1b- \xA3100.1b- \xA30.9bn \xA31.9b- \xA3441.0b- customers1 n n n n Customer deposits2 \xA3252.4b- \xA3150.6b- \xA313.8bn \xA30.8b- \xA3417.6b- n n n n Risk-weighted assets \xA395.8bn \xA383.0bn \xA31.3bn \xA326.4- \xA3206.5b- bn n Half-year to 30 June 2018 Commerc- Insuran- Centr- ial ce al Retail3 Banking- and items- Group 3 Wealth 3 \xA3m \xA3m \xA3m \xA3m \xA3m Net interest income 4,511 1,501 60 272 6,344 Other income 1,052 842 979 251 3,124 Operating lease depreciation (477) (20) - - (497) Net income 5,086 2,323 1,039 523 8,971 Operating costs (2,401) (1,073) (534) (16) (4,024) Remediation (91) (75) (25) (66) (257) Total costs (2,492) (1,148) (559) (82) (4,281) Impairment (460) 6 - (2) (456) Underlying profit 2,134 1,181 480 439 4,234 Banking net interest margin 2.69% 3.32% 2.93% Average interest-earning \xA3342.0b- \xA390.3bn \xA30.8bn \xA33.3b- \xA3436.4b- banking assets n n n Asset quality ratio 0.27% (0.03)% 0.20% Return on risk-weighted 4.71% 2.74% 4.05% assets Loans and advances to \xA3340.8b- \xA397.3bn \xA30.8bn \xA33.4b- \xA3442.3b- customers1 n n n Customer deposits2 \xA3254.6b- \xA3148.5b- \xA313.6bn \xA30.9b- \xA3417.6b- n n n n Risk-weighted assets \xA392.4bn \xA386.7bn \xA31.3bn \xA326.5- \xA3206.9b- bn n 1 Excludes reverse repos. 2 Excludes repos. 3 Prior ***period*** segmental comparatives restated. See basis of presentation. UNDERLYING BASIS SEGMENTAL ANALYSIS (continued) Half-year to 31 December 2018 Commerc- Insuran- Centr- ial ce al Retail1 Banking- and items- Group 1 Wealth 1 \xA3m \xA3m \xA3m \xA3m \xA3m Net interest income 4,549 1,512 63 246 6,370 Other income 1,045 828 886 127 2,886 Operating lease depreciation (444) (15) - - (459) Net income 5,150 2,325 949 373 8,797 Operating costs (2,496) (1,118) (487) (40) (4,141) Remediation (176) (128) (14) (25) (343) Total costs (2,672) (1,246) (501) (65) (4,484) Impairment (401) (77) (1) (2) (481) Underlying profit 2,077 1,002 447 306 3,832 Banking net interest margin 2.66% 3.22% 2.93% Average interest-earning \xA3342.6b- \xA392.1bn \xA30.8bn - \xA3435.5b- banking assets n n Asset quality ratio 0.23% 0.16% 0.22% Return on risk-weighted 4.43% 2.30% 3.65% assets Loans and advances to \xA3340.1b- \xA3100.4b- \xA30.9bn \xA33.0b- \xA3444.4b- customers2 n n n n Customer deposits3 \xA3252.8b- \xA3148.6b- \xA314.1bn \xA30.8b- \xA3416.3b- n n n n Risk-weighted assets \xA393.5bn \xA386.5bn \xA31.2bn \xA325.2- \xA3206.4b- bn n 1 Prior ***period*** segmental comparatives restated. See basis of presentation. 2 Excludes reverse repos. 3 Excludes repos. # DIVISIONAL RESULTS RETAIL Retail offers a broad range of financial service products to personal and business banking customers, including current accounts, savings, mortgages, credit cards, unsecured loans, motor finance and leasing solutions. Its aim is to be the best bank for customers in the UK, by building deep and enduring relationships that deliver value, and by providing customers with choice and flexibility, with propositions increasingly personalised to their needs. Retail operates a multi-brand and multi-channel strategy. It continues to simplify its business and provide more transparent products, helping to improve service levels and reduce conduct risks, whilst working within a prudent risk appetite. Progress against strategic priorities Leading customer experience \* UK's largest digital bank with 15.9 million active digital customers; 9.8 million mobile banking app customers and 75 per cent of new products are now originated digitally, whilst also maintaining the UK's largest branch network \* First to market in extending open banking functionality, to both savings products and credit cards \* Launched the Lloyds 'M Word' campaign to support customers being more confident and comfortable talking about money, along with a refreshed Halifax brand \* Supporting customers in branches with around 50 per cent of customer facing time spent on complex financial needs, resulting in the relationship new mortgage market share improving by 3 percentage points since start of 2018 Digitising the Group \* Continued to significantly enhance the mobile app experience for customers by introducing: \* Virtual Assistant available any time resolving over 25 per cent of messaging queries \* Upcoming payments helping customers budget better, with over 40 million views since launch \* Self-service capability to update address, providing flexibility and control \* Relaunched Save the Change so more customers can establish a savings habit linked to everyday transactions \* Voice ID now the most popular form of security for telephone banking with over 12 million verifications since launch \* Rolled out Black Horse Finance Online, a new point of sale technology platform to around 4,000 motor retailers Maximising the Group's capabilities \* MBNA integration completed ahead of schedule with migration of over 8 million customer accounts \* Launched an electric vehicle ***fund*** initiative through Lex Autolease to support lower UK emissions Transforming ways of working \* Launched a pilot with local shops to boost the number of retailers offering cashback to support access to cash \* Invested around 24,000 training hours in colleagues to support customers with fraud and disputes Financial performance \* Underlying profit of \xA31,983 million decreased 7 per cent \* Net interest income was 3 per cent lower, reflecting a 5 basis point reduction in net interest margin with continued mortgage competition pressure partly offset by lower ***funding*** costs \* Other income reduced 4 per cent with lower Lex fleet size, with an associated benefit in operating lease depreciation \* Operating costs reduced 3 per cent, as efficiency savings more than offset increased investment in the business. \* Impairment increased 21 per cent as a result of some weakening in used car prices, alignment of credit card methodologies and lower cash recoveries following prior year debt sales \* Customer lending was broadly flat with growth in Black Horse and unsecured loans being offset by mortgages. Open mortgage balances grew by \xA30.8 billion in the second quarter of 2019 \* Customer deposits include improved current account mix, stable relationship balances and reduced tactical savings \* Risk-weighted assets increased by 4 per cent mainly driven by model refinements within mortgages Retail performance summary Half-yea- Half-yea- Half-ye- r r ar to 30 to 30 to 31 June June Dec 2019 20181 Change 20181 Change \xA3m \xA3m % \xA3m % Net interest income 4,366 4,511 (3) 4,549 (4) Other income 1,007 1,052 (4) 1,045 (4) Operating lease (461) (477) 3 (444) (4) depreciation Net income 4,912 5,086 (3) 5,150 (5) Operating costs (2,325) (2,401) 3 (2,496) 7 Remediation (48) (91) 47 (176) 73 Total costs (2,373) (2,492) 5 (2,672) 11 Impairment (556) (460) (21) (401) (39) Underlying profit 1,983 2,134 (7) 2,077 (5) Banking net interest margin 2.64% 2.69% (5)bp 2.66% (2)bp Average interest-earning \xA3339.8bn \xA3342.0bn (1) \xA3342.6b- (1) banking assets n Asset quality ratio 0.33% 0.27% 6bp 0.23% 10bp Return on risk-weighted 4.23% 4.71% (48)bp 4.43% (20)bp assets At 30 At 30 At 31 June June Dec 2019 2018 Chang- 2018 Chang- e e \xA3bn \xA3bn % \xA3bn % Open mortgage book 264.9 267.1 (1) 266.6 (1) Closed mortgage book 19.8 22.2 (11) 21.2 (7) Credit cards 17.7 18.5 (4) 18.1 (2) UK unsecured loans 8.2 7.8 5 7.9 4 UK Motor Finance 15.5 13.9 12 14.6 6 Business Banking 1.8 1.9 (5) 1.8 - Overdrafts 1.2 1.2 - 1.3 (8) Other2 9.0 8.2 10 8.6 5 Loans and advances to 338.1 340.8 (1) 340.1 (1) customers Operating lease assets 4.5 4.7 (4) 4.7 (4) Total customer assets 342.6 345.5 (1) 344.8 (1) Relationship balances3 236.3 235.3 - 235.3 - Tactical balance3 16.1 19.3 (17) 17.5 (8) Customer deposits 252.4 254.6 (1) 252.8 - Risk-weighted assets 95.8 92.4 4 93.5 2 1 Prior ***periods*** restated. See basis of presentation. 2 Includes Europe and run-off. 3 Prior ***period*** restated to show European deposits as tactical balances. COMMERCIAL BANKING Commercial Banking has a client-led, low risk, capital efficient strategy, and is committed to supporting UK based clients and international clients with a link to the UK. Through its segmented client coverage model, it provides clients with a range of products and services such as lending, transaction banking, working capital management, risk management and debt capital markets services. Continued investment in capabilities and digital propositions enables the delivery of a leading customer experience, supported by increasingly productive relationship managers, with more time spent on value-adding activity. Progress against strategic priorities Leading customer experience \* Co-piloted shared business banking hubs alongside major UK peers, improving accessibility for corporate clients through longer opening hours and ability to conduct transactions through a shared facility \* Awarded 'Business Bank of the Year' at the FDs' Excellence Awards for the 15th consecutive year Digitising the Group \* Delivered the first release of our new cash management and payments platform, allowing clients to benefit from a multi-channel experience when making and receiving payments, supporting continued development of API enabled client propositions \* Improved our eTrading capability, enabling clients in LBCM to undertake FX trades electronically 24 hours per day across multiple geographies and in turn allowing us to support larger clients in automating their businesses Maximising the Group's capabilities \* Contributed over \xA310 billion of gross new lending to businesses in the first half of the year, and on course to meet our commitment to lend up to \xA318 billion to UK businesses in 2019 \* On track to meet our target of \xA36 billion additional net lending to start-up, SME and Mid Market clients by the end of 2020 \* On course to meet our sustainability targets of supporting energy efficiency improvements for a further one million square feet of commercial real estate in 2019 and renewable energy projects capable of powering 3.5 million homes by 2020 Transforming ways of working \* Launched the SME Business Lending Tool, freeing up additional relationship manager time to allow for increased engagement with clients, as well as increasing productivity and simplifying the lending journey \* Over 450 relationship managers trained on climate change and sustainability related risks and opportunities in collaboration with Cambridge Institute for Sustainable Leadership Financial performance \* Net interest income of \xA31,460 million reduced 3 per cent largely reflecting ongoing asset margin pressure \* Other income of \xA3733 million was 13 per cent lower than the first half of 2018, driven by lower levels of client activity, particularly in the markets business \* Operating costs of \xA31,034 million reduced 4 per cent, as increased investment in the business was more than offset by efficiency savings \* Asset quality ratio of 13 basis points was 16 basis points higher, largely driven by provision increases on two individual corporate cases \* Return on risk-weighted assets of 2.35 per cent, was 39 basis points lower driven by lower underlying profit, partly offset by a reduction in risk-weighted assets of 4 per cent as a result of ongoing optimisation \* Continued lending growth in SME with balances up 2 per cent \* Increased customer deposits at \xA3150.6 billion, reflected continued success in attracting high quality deposit balances in a competitive market Commercial Banking performance summary Half-yea- Half-yea- Half-ye- r r ar to 30 to 30 to 31 June June Dec 2019 20181 Change 20181 Chang- e \xA3m \xA3m % \xA3m % Net interest income 1,460 1,501 (3) 1,512 (3) Other income 733 842 (13) 828 (11) Operating lease depreciation (12) (20) 40 (15) 20 Net income 2,181 2,323 (6) 2,325 (6) Operating costs (1,034) (1,073) 4 (1,118) 8 Remediation (90) (75) (20) (128) 30 Total costs (1,124) (1,148) 2 (1,246) 10 Impairment (65) 6 (77) 16 Underlying profit 992 1,181 (16) 1,002 (1) Banking net interest margin 3.15% 3.32% (17)bp 3.22% (7)bp Average interest-earning \xA392.6bn \xA390.3bn 3 \xA392.1bn 1 banking assets Asset quality ratio 0.13% (0.03)% 16bp 0.16% (3)bp Return on risk-weighted 2.35% 2.74% (39)bp 2.30% 5bp assets At 30 At 30 At 31 June June Dec 2019 2018 Chan- 2018 Chan- ge ge \xA3bn \xA3bn % \xA3bn % SME 30.5 29.6 3 30.0 2 Mid Markets 30.6 30.1 2 31.7 (3) Global Corporates and Financial 34.7 32.7 6 34.4 1 Institutions Other 4.3 4.9 (12) 4.3 - Loans and advances to customers 100.1 97.3 3 100.4 - SME including Retail Business 32.3 31.5 3 31.8 2 Banking Customer deposits 150.6 148.5 1 148.6 1 Risk-weighted assets 83.0 86.7 (4) 86.5 (4) 1 Prior ***periods*** restated. See basis of presentation. INSURANCE AND WEALTH Insurance and Wealth offers insurance, investment and wealth management products and services. It supports around 10 million customers with assets under administration of \xA3155 billion and annualised annuity payments in retirement of over \xA31 billion. The Group continues to invest significantly in the development of the business, with the aims of capturing considerable opportunities in pensions and financial planning, offering customers a single home for their banking and insurance needs, and driving growth across intermediary and relationship channels through a strong distribution model. Progress against strategic priorities Leading customer experience \* Successful migration of around 200,000 policies from a number of legacy systems to a single platform managed by our long term partner Diligenta, enabling customers to better manage their policies with Scottish Widows \* Concluded remaining transfers of the acquired Zurich UK workplace pensions and savings business in July 2019, adding around \xA39 billion to assets under administration and bringing the total transferred to \xA318 billion \* Launched simple in branch application process for new 'Plan and Protect' life and critical illness product which takes c.30 minutes for cover up to \xA3500,000, making it easier for homeowners to protect themselves and their families \* Scottish Widows won 'Pension Firm of the Year' at the FD Excellence Awards for the third consecutive year Digitising the Group \* Launched online home insurance claims process, with over 55 per cent of claims now being managed in this way \* Single Customer View, a unique capability that provides customers with integrated access to banking and insurance products, now available to over 4 million customers, with around 200,000 engaging with their pension every month Maximising the Group's capabilities \* As part of our partnership with Schroders plc, established Schroders Personal Wealth with around 300 advisers, and transferred over \xA3500 million of high net worth customer assets to Cazenove Capital \* Good progress towards the target of growing open book assets under administration by \xA350 billion by the end of 2020, with strong customer net inflows of \xA312 billion (including the Zurich transfer in July) and positive market movements of \xA38 billion in the first half of 2019. Cumulative net inflows of \xA325 billion and small positive market movements give overall growth of \xA328 billion since the start of current strategic plan in 2018 \* Already achieved the 1 million new pension customers target since the start of 2018 Financial performance \* Strong growth in life and pensions sales, up 14 per cent, driven by increases in new members in existing workplace schemes and increased auto enrolment workplace contributions \* New underwritten household premiums increased 33 per cent, reflecting progress of direct and corporate partnership propositions; total underwritten premiums decreased 2 per cent driven by a competitive renewal market \* Life and pensions new business income up 27 per cent to \xA3340 million. Lower existing business income due to equity hedging strategy to reduce capital and earnings volatility. Higher experience and other items includes benefits from the planned change in investment management provider and higher in year benefits from changes to annuitant mortality assumptions. General insurance income net of claims benefits from benign weather in 2019 \* Underlying profit increased by 41 per cent to \xA3677 million. Net income increased by \xA3202 million to \xA31,241 million whilst operating costs increased by \xA35 million with cost savings partly offsetting higher investment in the business Insurance capital \* Estimated pre interim dividend Solvency II ratio of 149 per cent (31 December 2018 pre final dividend position: 165 per cent). The fall in the ratio primarily reflects the impact of a \xA3350 million dividend paid to Group in February 2019 and market volatility over the ***period***, particularly reductions in long term interest rates \* A dividend of \xA3100 million was paid to Group in July 2019, with c.\xA37 billion cumulative dividends paid to the Group since 2011 Insurance and Wealth performance summary Half-ye- Half-ye- Half-ye- ar ar ar to 30 to 30 to 31 June June Dec 2019 2018 Change 2018 Chang- e \xA3m \xA3m % \xA3m % Net interest income 58 60 (3) 63 (8) Other income 1,183 979 21 886 34 Net income 1,241 1,039 19 949 31 Operating costs (539) (534) (1) (487) (11) Remediation (25) (25) - (14) (79) Total costs (564) (559) (1) (501) (13) Impairment - - (1) Underlying profit 677 480 41 447 51 Life and pensions sales 8,568 7,483 14 6,901 24 (PVNBP)1 General insurance 64 48 33 59 8 underwritten new GWP2 General insurance 335 342 (2) 348 (4) underwritten total GWP2 General insurance combined 80% 103% (23)pp 89% (9)pp ratio At 30 At 30 At 31 June June Dec 2019 2018 Chang- 2018 Change e \xA3bn \xA3bn % \xA3bn % Insurance Solvency II ratio3 149% 153% (4)pp 165% (16)pp UK Wealth Loans and advances 0.9 0.8 13 0.9 - to customers UK Wealth Customer deposits 13.8 13.6 1 14.1 (2) UK Wealth Risk-weighted 1.3 1.3 - 1.2 8 assets Total customer assets under 155.0 151.0 3 141.3 10 administration Income by product group Half-year Half-year Half- to 30 June to 30 June -yea- 2019 2018 r New Exi- New Exi- to sti- sti- 31 ng ng Dec business bus- Total business bus- Total 2018 ine- ine- ss ss \xA3m \xA3m \xA3m \xA3m \xA3m \xA3m \xA3m Workplace, 245 56 301 165 75 240 246 planning and retirement Individual and 78 34 112 88 45 133 111 bulk annuities Protection 11 12 23 8 11 19 23 Longstanding 6 191 197 7 208 215 212 LP&I 340 293 633 268 339 607 592 Life and 248 140 3 pensions experience and other items General 179 103 169 insurance 1,060 850 764 Wealth 181 189 185 Net income 1,241 1,039 949 1 Present value of new business premiums. Further information on page 112. 2 Gross written premiums. 3 Equivalent regulatory view of ratio (including With Profits ***funds***) at 30 June 2019 was 141 per cent (30 June 2018: 148 per cent; 31 December 2018: 156 per cent). CENTRAL ITEMS Half-year Half-year Half-year to 30 June to 30 June to 31 Dec 2019 20181 Change 20181 Change \xA3m \xA3m % \xA3m % Net income 488 523 (7) 373 31 Operating costs (8) (16) 50 (40) 80 Remediation 20 (66) (25) Total costs 12 (82) (65) Impairment 42 (2) (2) Underlying profit 542 439 23 306 77 1 Prior ***periods*** restated. See basis of presentation. Central items includes income and expenditure not attributed to divisions, including the costs of certain central and head office functions, and the Group's private equity business, Lloyds Development Capital. Remediation in the half-year to 30 June 2019 reflects the release of provisions relating to discontinued business. During the first half of 2019, impairment included releases relating to the reassessment of credit risk associated with debt instruments held within the Group's equity investments business. OTHER FINANCIAL INFORMATION 1. Reconciliation between statutory and underlying basis results The tables below set out the reconciliation from the statutory results to the underlying basis results, the principles of which are set out on the inside front cover. Removal of: Volatili- ty Statuto- and Insuran- Underlyi- ry other ce ng basis items1,2- gross PPI basis ,3 up4 Half-year to 30 June 2019 \xA3m \xA3m \xA3m \xA3m \xA3m Net interest income 4,639 203 1,303 - 6,145 Other income, net of 4,492 76 (1,418) - 3,150 insurance claims Operating lease depreciation (473) - - (473) Net income 9,131 (194) (115) - 8,822 Operating expenses5 (5,655) 841 115 650 (4,049) Impairment (579) - - - (579) Profit before tax 2,897 647 - 650 4,194 Half-year to 30 June 2018 Net interest income 6,007 93 244 - 6,344 Other income, net of 3,564 (119) (321) - 3,124 insurance claims Operating lease depreciation (497) - - (497) Net income 9,571 (523) (77) - 8,971 Operating expenses5 (5,998) 1,090 77 550 (4,281) Impairment (456) - - - (456) Profit before tax 3,117 567 - 550 4,234 Half-year to 31 December 2018 Net interest income 7,389 59 (1,078) - 6,370 Other income, net of 1,666 226 994 - 2,886 insurance claims Operating lease depreciation (459) - - (459) Net income 9,055 (174) (84) - 8,797 Operating expenses5 (5,731) 963 84 200 (4,484) Impairment (481) - - - (481) Profit before tax 2,843 789 - 200 3,832 1 Half-year to 30 June 2019 comprises the effects of asset sales (gains of \xA35 million); volatility and other items (losses of \xA3301 million); the amortisation of purchased intangibles (\xA334 million); restructuring (\xA3182 million, comprising severance related costs, the rationalisation of the non-branch property portfolio, the integration of MBNA and Zurich's UK workplace pensions and savings business); and the fair value unwind and other items (losses of \xA3135 million). 2 Half-year to 30 June 2018 comprises the effects of asset sales (losses of \xA3120 million); volatility and other items (gains of \xA3154 million); the amortisation of purchased intangibles (\xA353 million); restructuring (\xA3377 million, comprising severance related costs, the rationalisation of the non-branch property portfolio, the work on implementing the ring-fencing requirements and the integration of MBNA and Zurich's UK workplace pensions and savings business); and the fair value unwind and other items (losses of \xA3171 million). 3 Half-year to 31 December 2018 comprises the effects of asset sales (losses of \xA325 million); volatility and other items (losses of \xA359 million); the amortisation of purchased intangibles (\xA355 million); restructuring (\xA3502 million, comprising severance related costs, the rationalisation of the non-branch property portfolio, the work on implementing the ring-fencing requirements and the integration of MBNA and Zurich's UK workplace pensions and savings business); and the fair value unwind and other items (losses of \xA3148 million). 4 The Group's insurance businesses' income statements include income and expenditure which are attributable to the policyholders of the Group's long term assurance ***funds***. These items have no impact in total upon the profit attributable to equity shareholders and, in order to provide a clearer representation of the underlying trends within the business, these items are shown net within the underlying results. 5 The statutory basis figure is the aggregate of operating costs and operating lease depreciation. 2. Banking net interest margin and average interest-earning banking assets Half-yea- Half-yea- Half-ye- r r ar to 30 to 30 to 31 June June Dec 2019 2018 2018 Group net interest income - statutory basis 4,639 6,007 7,389 (\xA3m) Insurance gross up (\xA3m) 1,303 244 (1,078) Volatility and other items (\xA3m) 203 93 59 Group net interest income - underlying 6,145 6,344 6,370 basis (\xA3m) Non-banking net interest expense (\xA3m)1 79 3 51 Banking net interest income - underlying 6,224 6,347 6,421 basis (\xA3m) Net loans and advances to customers (\xA3bn)2 441.0 442.3 444.4 Impairment provision and fair value 4.0 4.0 4.0 adjustments (\xA3bn) Non-banking items: Fee based loans and advances (\xA3bn) (7.5) (5.3) (7.2) Other non-banking (\xA3bn) (2.5) (2.2) (4.7) Gross banking loans and advances (\xA3bn) 435.0 438.8 436.5 Averaging (\xA3bn) (1.7) (2.4) (1.0) Average interest-earning banking assets 433.3 436.4 435.5 (\xA3bn) Banking net interest margin (%) 2.90 2.93 2.93 1 Half-year to 2019 includes impact from the implementation of IFRS 16. 2 Excludes reverse repos. 3. Volatility arising in insurance businesses Volatility included in the Group's statutory results before tax comprises the following: Half-year Half-year Half-year to 30 June to 30 June to 31 Dec 2019 2018 2018 \xA3m \xA3m \xA3m Insurance volatility 221 (194) (312) Policyholder interests volatility 105 122 (76) Total volatility 326 (72) (388) Insurance hedging arrangements (299) 111 246 Total 27 39 (142) The Group's insurance business has policyholder liabilities that are supported by substantial holdings of investments. IFRS requires that the changes in both the value of the liabilities and investments are reflected within the income statement. The value of the liabilities does not move exactly in line with changes in the value of the investments. As the investments are substantial, movements in their value can have a significant impact on the profitability of the Group. Management believes that it is appropriate to disclose the division's results on the basis of an expected return in addition to results based on the actual return. The impact of the actual return on these investments differing from the expected return is included within insurance volatility. In-year volatility movements were largely driven by insurance volatility arising from interest rate movements. The capital impact of equity market movements is now hedged within Insurance and this also reduces the IFRS earnings exposure to equity market movements. Prior to 2019 insurance hedging arrangements were also in place within the Bank. The Group actively manages its exposures to interest rate, foreign currency exchange rate, inflation and market movements within the banking book through a comprehensive hedging strategy. This helps to mitigate earnings volatility and reduces the impact of market movements on the capital position. 4. Tangible net assets per share The table below sets out a reconciliation of the Group's shareholders' equity to its tangible net assets. At 30 At 30 At 31 June June Dec 2019 2018 2018 \xA3m \xA3m \xA3m Shareholders' equity 43,448 42,940 43,434 Goodwill (2,314) (2,310) (2,310) Intangible assets (3,615) (3,061) (3,347) Purchased value of in-force business (255) (291) (271) Other, including deferred tax effects 203 240 228 Tangible net assets 37,467 37,518 37,734 Ordinary shares in issue, excluding own 70,740m 71,944m 71,149m shares Tangible net assets per share 53.0p 52.1p 53.0p 5. Return on tangible equity Half-y- Half-y- Half-- ear ear year to 30 to 30 to 31 June June Dec 2019 2018 2018 Average shareholders' equity (\xA3bn) 43.6 43.2 42.8 Average intangible assets (\xA3bn) (5.8) (5.3) (5.6) Average tangible equity (\xA3bn) 37.8 37.9 37.2 Underlying profit after tax (\xA3m)1 3,160 3,174 2,883 Add back amortisation of intangible assets (post 178 138 158 tax) (\xA3m) Less profit attributable to non-controlling (283) (242) (289) interests and other equity holders (\xA3m)1 Adjusted underlying profit after tax (\xA3m) 3,055 3,070 2,752 Underlying return on tangible equity (%) 16.3 16.3 14.7 Group statutory profit after tax (\xA3m)1 2,225 2,317 2,189 Add back amortisation of intangible assets (post 178 138 158 tax) (\xA3m) Add back amortisation of purchased intangible 38 59 52 assets (post tax) (\xA3m) Less profit attributable to non-controlling (283) (242) (289) interests and other equity holders (\xA3m)1 Adjusted statutory profit after tax (\xA3m) 2,158 2,272 2,110 Statutory return on tangible equity (%) 11.5 12.1 11.3 1 Prior ***period*** restated to reflect amendments to IAS 12, see basis of presentation. RISK MANAGEMENT PRINCIPAL RISKS AND UNCERTAINTIES The Group's principal risks and uncertainties are reviewed and reported regularly as advised in our 2018 Annual Report. Following a review of the Group's risk categories, change and execution risk, data risk and operational resilience risk were elevated from secondary to primary risk categories in the Group's Risk Management Framework, reflecting the greater focus in these key areas. The external risk faced by the Group may impact the success of delivering against the Group's long term strategic objectives. They include but are not limited to global macro-economic conditions, regulatory developments and market liquidity. These changes are being embedded during 2019 and are now reflected within the Group's principal risks as below: Capital risk - The risk that the Group has a sub-optimal quantity or quality of capital or that capital is inefficiently deployed across the Group. Change and execution risk - The risk that in delivering its change agenda, the Group fails to ensure compliance with laws and regulation, maintain effective customer service and availability, and/or operate within the Group's risk appetite. Conduct risk - The risk of customer detriment across the customer lifecycle including: failures in product management, distribution and servicing activities; from other risks materialising, or other activities which could undermine the integrity of the market or distort competition, leading to unfair customer outcomes, regulatory censure, reputational damage or financial loss. Credit risk - The risk that parties with whom the Group has contracted fail to meet their financial obligations (both on and off balance sheet). For example observed or anticipated changes in the economic environment could impact profitability due to an increase in delinquency, defaults, write-downs and/or expected credit losses. Data risk - The risk of the Group failing to effectively govern, manage, and protect its data (or the data shared with third party suppliers) impacting the Group's agility, accuracy, access and availability of data, ultimately leading to poor customer outcomes, loss of value to the Group and mistrust from regulators. ***Funding*** and liquidity risk - The risk that the Group has insufficient financial resources to meet its commitments as they fall due. Governance risk - The risk that the Group's organisational infrastructure fails to provide robust oversight of decision making and the control mechanisms to ensure strategies and management instructions are implemented effectively. Insurance underwriting risk - The risk of adverse developments in the timing, frequency and severity of claims for insured/underwritten events and in customer behaviour, leading to reductions in earnings and/or value. Longevity risk is expected to increase as the Group's presence in the annuity market increases. Market risk - The risk that the Group's capital or earnings profile is affected by adverse market rates. The principal market risks are interest rates and credit spreads in the banking business, credit spreads in the Insurance business and equity, credit spreads and longevity risk in the Group's defined benefit pension schemes. Model risk - The risk of financial loss, regulatory censure, reputational damage or customer detriment, as a result of deficiencies in the development, application and ongoing operation of models and rating systems. Operational risk - Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational resilience risk - The risk that the Group fails to design resilience into business operations, underlying infrastructure and controls (people, process, technical) so that it is able to withstand external or internal events which could impact the continuation of operations, and fails to respond in a way which meets customer expectations and needs when the ***continuity*** of operations is compromised. PRINCIPAL RISKS AND UNCERTAINTIES (continued) People risk - The risk that the Group fails to provide an appropriate colleague and customer centric culture, supported by robust reward and wellbeing policies and processes; effective leadership to manage colleague resources; effective talent and succession management; and robust control to ensure all colleague-related requirements are met. Regulatory and legal risk - The risk of financial penalties, regulatory censure, criminal or civil enforcement action or customer detriment as a result of failure to identify, assess, correctly interpret, comply with, or manage regulatory and/or legal requirements. CREDIT RISK PORTFOLIO Overview \* Credit quality remains strong despite continued uncertainty and a softening in the external market \* The Group's loan portfolios continue to be well positioned, reflecting the Group's continued effective risk management and benefiting from low interest rates \* The gross asset quality ratio increased to 34 basis points (half-year to 30 June 2018: 27 basis points) \* The net asset quality ratio increased to 26 basis points (half-year to 30 June 2018: 20 basis points) \* The impairment charge increased to \xA3579 million (half-year to 30 June 2018: \xA3456 million), driven by a number of items including some weakening in used car prices, alignment of credit card provisioning methodologies, lower cash recoveries following prior year debt sales and two corporate cases in Commercial Banking \* Stage 2 loans as a proportion of total loans and advances to customers increased slightly to 8.1 per cent (31 December 2018: 7.8 per cent). Stage 2 loans and advances were up by \xA32.0 billion to \xA340.3 billion, driven by the impact of changes in IFRS 9 economic scenarios, weighted towards the Retail portfolio and improved data quality and IFRS 9 model refinements within Commercial Banking \* Stage 2 expected credit loss allowances as a percentage of drawn balances (coverage) decreased to 3.6 per cent (31 December 2018: 4.1 per cent), mainly driven by a reduction in Stage 2 expected credit loss (ECL) allowances within SME largely as a result of an enhanced approach to loan amortisation within the IFRS 9 model and a number of other model refinements \* Stage 3 loans as a proportion of total loans and advances to customers have remained stable at 1.9 per cent, with Stage 3 loans and advances up \xA30.4 billion to \xA39.6 billion. Coverage of Stage 3 drawn balances reduced to 23.0 per cent (31 December 2018: 24.3 per cent), largely as a result of the transfers of a small number of larger, individually assessed names to Stage 3 within Commercial Banking, with lower likelihood of net loss Low risk culture and prudent risk appetite \* The Group continues to take a prudent approach to credit risk, with robust credit quality and affordability controls at origination and a prudent through the cycle credit risk appetite \* Although not immune, credit portfolios are well positioned against an uncertain economic outlook and potential market volatility, including that related to the UK's exit from the EU \* The Group continues to grow lending to targeted segments while maintaining a prudent risk appetite \* The Group's effective risk management ensures early identification and management of customers and counterparties who may be showing signs of distress \* Sector concentrations within the portfolios are closely monitored and controlled, with mitigating actions taken where appropriate. Sector and product caps limit exposure to certain higher risk and vulnerable sectors and asset classes CREDIT RISK PORTFOLIO (continued) Impairment charge by division Half-year Half-year Half-yea- r to 30 to 30 to 31 June June Dec 2019 20181 Chang- 20181 Chang- e e \xA3m \xA3m % \xA3m % Retail: Secured (38) 20 18 Unsecured 461 386 (19) 297 (55) UK Motor Finance 104 49 64 (63) Other 29 5 22 (32) 556 460 (21) 401 (39) Commercial Banking: SME (48) 14 49 Other 113 (20) 28 65 (6) 77 16 Insurance and Wealth - - 1 Central items (42) 2 2 Total impairment charge 579 456 (27) 481 (20) Asset quality ratio 0.26% 0.20% 6bp 0.22% 4bp Gross asset quality 0.34% 0.27% 7bp 0.30% 4bp ratio 1 Prior ***period*** segmental comparatives restated. See basis of presentation. Basis of presentation The analyses which follow have been presented on two bases; the statutory basis which is consistent with the presentation in the Group's accounts and the underlying basis which is used for internal management purposes. Reconciliations between the two bases have been provided. In the following statutory basis tables, purchased or originated credit-impaired (POCI) assets include a fixed pool of mortgages that were purchased as part of the HBOS acquisition at a deep discount to face value reflecting credit losses incurred from the point of origination to the date of acquisition. The residual ECL allowance and resulting low coverage ratio on POCI assets reflects further deterioration in the creditworthiness from the date of acquisition. Over time, these POCI assets will run off as the loans redeem, pay down or losses are crystallised. The Group uses the underlying basis to monitor the creditworthiness of the lending portfolio and related ECL allowances because it provides a better indication of the credit performance of the POCI assets purchased as part of the HBOS acquisition. The underlying basis assumes that the lending assets acquired as part of a business combination were originated by the Group and are classified as either Stage 1, 2 or 3 according to the change in credit risk over the ***period*** since origination. Underlying ECL allowances have been calculated accordingly. CREDIT RISK PORTFOLIO (continued) Group loans and advances to customers - statutory basis Purcha- sed or origin- ated credit- Stag- Sta- - e 2 ge 3 Total Stage 1 Stage Stage 3 impair- as % as 2 ed % At 30 June 2019 \xA3m \xA3m \xA3m \xA3m \xA3m of of tota- tot- l al Retail: Secured 285,293 252,260 16,876 1,543 14,614 5.9 0.5 Unsecured 27,895 24,578 2,639 678 - 9.5 2.4 UK Motor Finance 15,882 14,343 1,402 137 - 8.8 0.9 Other 10,908 9,957 790 161 - 7.2 1.5 339,978 301,138 21,707 2,519 14,614 6.4 0.7 Commercial Banking: SME 30,835 26,069 4,074 692 - 13.2 2.2 Other 70,688 64,264 3,339 3,085 - 4.7 4.4 101,523 90,333 7,413 3,777 - 7.3 3.7 Insurance and 895 789 50 56 - 5.6 6.3 Wealth Central items 56,055 55,986 1 68 - - 0.1 Total gross 498,451 448,246 29,171 6,420 14,614 5.9 1.3 lending ECL allowance on (3,313) (621) (953) (1,558) (181) drawn balances Net balance 495,138 447,625 28,218 4,862 14,433 sheet carrying value ECL allowance 0.7 0.2 3.5 25.4 (drawn and undrawn) as a percentage of gross lending (%)1 1 Stage 3 ECL allowances as a percentage of drawn balances are calculated excluding loans in recoveries for unsecured of \xA3242 million and \xA318 million for Business Banking within Retail other. CREDIT RISK PORTFOLIO (continued) Group loans and advances to customers - statutory basis (continued) Purcha- sed or origin- ated credit- Stag- Sta- - e 2 ge 3 Total Stage 1 Stage Stage 3 impair- as % as 2 ed % At 31 December \xA3m \xA3m \xA3m \xA3m \xA3m of of 20181 tota- tot- l al Retail: Secured 288,235 257,797 13,654 1,393 15,391 4.7 0.5 Unsecured 28,115 24,705 2,707 703 - 9.6 2.5 UK Motor Finance 14,933 13,224 1,580 129 - 10.6 0.9 Other 10,399 9,434 800 165 - 7.7 1.6 341,682 305,160 18,741 2,390 15,391 5.5 0.7 Commercial Banking: SME 30,296 26,099 3,484 713 - 11.5 2.4 Other 71,528 65,903 3,108 2,517 - 4.3 3.5 101,824 92,002 6,592 3,230 - 6.5 3.2 Insurance and 865 804 6 55 - 0.7 6.4 Wealth Central items 43,637 43,565 6 66 - - 0.2 Total gross 488,008 441,531 25,345 5,741 15,391 5.2 1.2 lending ECL allowance on (3,150) (525) (994) (1,553) (78) drawn balances Net balance 484,858 441,006 24,351 4,188 15,313 sheet carrying value ECL allowance 0.7 0.1 4.2 28.4 (drawn and undrawn) as a percentage of gross lending (%)2 1 Segmental comparatives restated. See basis of presentation. 2 Stage 3 ECL allowances as a percentage of drawn balances are calculated excluding loans in recoveries for unsecured of \xA3233 million and \xA317 million for Business Banking within Retail other. CREDIT RISK PORTFOLIO (continued) Group loans and advances to customers - underlying basis Stag- Stag- e 2 e 3 Total Stage 1 Stage 2 Stage 3 as % as % At 30 June 20191 \xA3m \xA3m \xA3m \xA3m of of tota- tota- l l Retail: Secured 286,073 253,348 27,985 4,740 9.8 1.7 Unsecured 27,788 24,480 2,631 677 9.5 2.4 UK Motor Finance 15,882 14,343 1,402 137 8.8 0.9 Other 10,908 9,957 790 161 7.2 1.5 340,651 302,128 32,808 5,715 9.6 1.7 Commercial Banking: SME 30,835 26,069 4,074 692 13.2 2.2 Other 70,688 64,264 3,339 3,085 4.7 4.4 101,523 90,333 7,413 3,777 7.3 3.7 Insurance and Wealth 895 789 50 56 5.6 6.3 Central items 56,055 55,986 1 68 - 0.1 Total gross lending 499,124 449,236 40,272 9,616 8.1 1.9 ECL allowance on drawn (4,164) (650) (1,370) (2,144) balances Net balance sheet 494,960 448,586 38,902 7,472 carrying value ECL allowance (drawn 0.9 0.2 3.6 23.0 and undrawn) as a percentage of gross lending (%)2 1 These balances exclude the impact of the HBOS and MBNA acquisition related adjustments. 2 Stage 3 ECL allowances as a percentage of drawn balances are calculated excluding loans in recoveries for unsecured of \xA3242 million and \xA318 million for Business Banking within Retail other. CREDIT RISK PORTFOLIO (continued) Group loans and advances to customers - underlying basis (continued) Stag- Stag- e 2 e 3 Total Stage 1 Stage 2 Stage 3 as % as % At 31 December 20181,2 \xA3m \xA3m \xA3m \xA3m of of tota- tota- l l Retail: Secured 289,237 257,797 26,571 4,869 9.2 1.7 Unsecured 27,990 24,593 2,696 701 9.6 2.5 UK Motor Finance 14,933 13,224 1,580 129 10.6 0.9 Other 10,399 9,434 800 165 7.7 1.6 342,559 305,048 31,647 5,864 9.2 1.7 Commercial Banking: SME 30,296 26,099 3,484 713 11.5 2.4 Other 71,528 65,903 3,108 2,517 4.3 3.5 101,824 92,002 6,592 3,230 6.5 3.2 Insurance and Wealth 865 804 6 55 0.7 6.4 Central items 43,637 43,565 6 66 - 0.2 Total gross lending 488,885 441,419 38,251 9,215 7.8 1.9 ECL allowance on drawn (4,236) (556) (1,506) (2,174) balances Net balance sheet 484,649 440,863 36,745 7,041 carrying value ECL allowance (drawn 0.9 0.2 4.1 24.3 and undrawn) as a percentage of gross lending (%)3 1 These balances exclude the impact of the HBOS and MBNA acquisition related adjustments. 2 Segmental comparatives restated. See basis of presentation. 3 Stage 3 ECL allowances as a percentage of drawn balances are calculated excluding loans in recoveries for unsecured of \xA3233 million and \xA317 million for Business Banking within Retail other. Group total expected credit loss allowance - statutory basis At 30 June At 31 Dec 2019 2018 \xA3m \xA3m Customer related balances Drawn 3,313 3,150 Undrawn 173 193 3,486 3,343 Other assets 25 19 Total expected credit loss allowance 3,511 3,362 Group total expected credit loss allowance - underlying basis At 30 June At 31 Dec 2019 2018 \xA3m \xA3m Customer related balances Drawn 4,164 4,236 Undrawn 173 193 4,337 4,429 Other assets 25 19 Total expected credit loss allowance 4,362 4,448 CREDIT RISK PORTFOLIO (continued) Reconciliation between statutory and underlying basis of Group gross loans and advances to customers Purchased or originated Total Stage 1 Stage 2 Stage 3 credit-imp- aired \xA3m \xA3m \xA3m \xA3m \xA3m At 30 June 2019 Underlying basis 499,124 449,236 40,272 9,616 - Purchased or - (1,087) (11,109) (3,197) 15,393 originated credit-impaired assets Acquisition fair (673) 97 8 1 (779) value adjustment (673) (990) (11,101) (3,196) 14,614 Statutory basis 498,451 448,246 29,171 6,420 14,614 At 31 December 2018 Underlying basis 488,885 441,419 38,251 9,215 - Purchased or - - (12,917) (3,476) 16,393 originated credit-impaired assets Acquisition fair (877) 112 11 2 (1,002) value adjustment (877) 112 (12,906) (3,474) 15,391 Statutory basis 488,008 441,531 25,345 5,741 15,391 Reconciliation between statutory and underlying basis of Group expected credit loss allowances on drawn balances Purchased or originated Total Stage Stage Stage credit-imp- 1 2 3 aired \xA3m \xA3m \xA3m \xA3m \xA3m At 30 June 2019 Underlying basis 4,164 650 1,370 2,144 - Purchased or originated - (2) (393) (565) 960 credit-impaired assets Acquisition fair value (851) (27) (24) (21) (779) adjustment (851) (29) (417) (586) 181 Statutory basis 3,313 621 953 1,558 181 At 31 December 2018 Expected credit losses on drawn balances Underlying basis 4,236 556 1,506 2,174 - Purchased or originated - - (481) (599) 1,080 credit-impaired assets Acquisition fair value (1,086) (31) (31) (22) (1,002) adjustment (1,086) (31) (512) (621) 78 Statutory basis 3,150 525 994 1,553 78 CREDIT RISK PORTFOLIO (continued) Group expected credit loss allowances (drawn and undrawn) as a percentage of loans and advances to customers - statutory basis Purch- ased or origi- nated credi- t- Total Stag- Stage Stage impai- e 1 2 3 red At 30 \xA3m %3 \xA3m %3 \xA3m %3 \xA3m %2,3 \xA3m %3 June 20191 Retail: Secured 619 0.2 38 - 266 1.6 134 8.7 181 1.2 Unsecur- 911 3.3 319 1.3 377 14.3 215 49.3 - - ed UK 349 2.2 202 1.4 70 5.0 77 56.2 - - Motor Finance Other 126 1.2 40 0.4 34 4.3 52 36.4 - - 2,005 0.6 599 0.2 747 3.4 478 21.2 181 1.2 Commerc- ial Banking- : SME 311 1.0 37 0.1 165 4.1 109 15.8 - - Other 1,122 1.6 62 0.1 118 3.5 942 30.5 - - 1,433 1.4 99 0.1 283 3.8 1,051 27.8 - - Insuran- 17 1.9 5 0.6 1 2.0 11 19.6 - - ce and Wealth Central 31 0.1 7 - 1 100.0 23 33.8 - - items Total 3,486 0.7 710 0.2 1,032 3.5 1,563 25.4 181 1.2 At 31 Decembe- r 20181,4 Retail: Secured 460 0.2 38 - 226 1.7 118 8.5 78 0.5 Unsecur- 896 3.2 287 1.2 379 14.0 230 48.9 - - ed UK 290 1.9 127 1.0 78 4.9 85 65.9 - - Motor Finance Other 122 1.2 41 0.4 30 3.8 51 34.5 - - 1,768 0.5 493 0.2 713 3.8 484 22.6 78 0.5 Commerc- ial Banking- : SME 384 1.3 40 0.2 231 6.6 113 15.8 - - Other 1,102 1.5 71 0.1 107 3.4 924 36.7 - - 1,486 1.5 111 0.1 338 5.1 1,037 32.1 - - Insuran- 18 2.1 6 0.7 1 16.7 11 20.0 - - ce and Wealth Central 71 0.2 38 0.1 6 100.0 27 40.9 - - items Total 3,343 0.7 648 0.1 1,058 4.2 1,559 28.4 78 0.5 1 UK Motor Finance expected credit loss allowances for Stages 1 and 2 include \xA3179 million (31 December 2018: \xA399 million) relating to provisions held against the residual value of vehicles that are returned to the Group at the end of contract, in addition to covering losses for exposures to customers that choose to voluntarily terminate their agreements early. The provisions are included within the calculation of coverage ratios. 2 Stage 3 ECL allowances as a percentage of drawn balances are calculated excluding loans in recoveries for unsecured (30 June 2019: \xA3242 million; 31 December 2018: \xA3233 million) and Business Banking within Retail other (30 June 2019: \xA318 million; 31 December 2018: \xA317 million). 3 As a percentage of drawn balances. 4 Segmental comparatives restated. See basis of presentation. CREDIT RISK PORTFOLIO (continued) Group expected credit loss allowances (drawn and undrawn) as a percentage of loans and advances to customers - underlying basis Total Stage Stage Stage 1 2 3 At 30 June \xA3m %4 \xA3m %4 \xA3m %4 \xA3m %3,4 20191,2 Retail: Secured 1,398 0.5 40 - 659 2.4 699 14.7 Unsecured 983 3.5 346 1.4 401 15.2 236 54.3 UK Motor Finance 349 2.2 202 1.4 70 5.0 77 56.2 Other 126 1.2 40 0.4 34 4.3 52 36.4 2,856 0.8 628 0.2 1,164 3.5 1,064 19.5 Commercial Banking: SME 311 1.0 37 0.1 165 4.1 109 15.8 Other 1,122 1.6 62 0.1 118 3.5 942 30.5 1,433 1.4 99 0.1 283 3.8 1,051 27.8 Insurance and 17 1.9 5 0.6 1 2.0 11 19.6 Wealth Central items 31 0.1 7 - 1 100.0 23 33.8 Total 4,337 0.9 739 0.2 1,449 3.6 2,149 23.0 At 31 December 20181,2,5 Retail: Secured 1,462 0.5 38 - 707 2.7 717 14.7 Unsecured 980 3.5 318 1.3 410 15.2 252 53.8 UK Motor Finance 290 1.9 127 1.0 78 4.9 85 65.9 Other 122 1.2 41 0.4 30 3.8 51 34.5 2,854 0.8 524 0.2 1,225 3.9 1,105 19.7 Commercial Banking: SME 384 1.3 40 0.2 231 6.6 113 15.8 Other 1,102 1.5 71 0.1 107 3.4 924 36.7 1,486 1.5 111 0.1 338 5.1 1,037 32.1 Insurance and 18 2.1 6 0.7 1 16.7 11 20.0 Wealth Central items 71 0.2 38 0.1 6 100.0 27 40.9 Total 4,429 0.9 679 0.2 1,570 4.1 2,180 24.3 1 These balances exclude the impact of the HBOS and MBNA acquisition related adjustments. 2 UK Motor Finance expected credit loss allowances for Stages 1 and 2 include \xA3179 million (31 December 2018: \xA399 million) relating to provisions held against the residual value of vehicles that are returned to the Group at the end of contract, in addition to covering losses for exposures to customers that choose to voluntarily terminate their agreements early. The provisions are included within the calculation of coverage ratios. 3 Stage 3 ECL allowances as a percentage of drawn balances are calculated excluding loans in recoveries for unsecured (30 June 2019: \xA3242 million; 31 December 2018: \xA3233 million) and Business Banking within Retail other (30 June 2019: \xA318 million; 31 December 2018: \xA317 million). 4 As a percentage of drawn balances. 5 Prior ***period*** segmental comparatives restated. See basis of presentation. CREDIT RISK PORTFOLIO (continued) Group Stage 2 loans and advances to customers - statutory basis Up to 1-30 Over 30 date days days past due past due Exp- as % Exp- as % Exp- as % ect- of ect- of ect- of ed ed ed Gross cre- gross Gross cre- gros- Gross cre- gros- dit dit s dit s lendin- los- lendi- lending los- lend- lending los- lend- g s ng s ing s ing \xA3m \xA3m % \xA3m \xA3m % \xA3m \xA3m % At 30 June 2019 Retail- : Secure- 13,320 173 1.3 1,917 34 1.8 1,639 59 3.6 d Unsecu- 2,277 278 12.2 260 59 22.7 102 40 39.2 red UK 1,215 40 3.3 155 22 14.2 32 8 25.0 Motor Financ- e Other 644 20 3.1 76 9 11.8 70 5 7.1 17,456 511 2.9 2,408 124 5.1 1,843 112 6.1 Commer- cial Bankin- g: SME 3,994 158 4.0 57 6 10.5 23 1 4.3 Other 3,053 116 3.8 55 1 1.8 231 1 0.4 7,047 274 3.9 112 7 6.3 254 2 0.8 Insura- 24 - - - - - 26 1 3.8 nce and Wealth Centra- 1 1 100.0 - - - - - - l items Total 24,528 786 3.2 2,520 131 5.2 2,123 115 5.4 At 31 Decemb- er 2018 Retail- : Secure- 10,118 139 1.4 1,955 30 1.5 1,581 57 3.6 d Unsecu- 2,355 293 12.4 258 53 20.5 94 33 35.1 red UK 1,403 47 3.3 146 23 15.8 31 8 25.8 Motor Financ- e Other 629 19 3.0 82 7 8.5 89 4 4.5 14,505 498 3.4 2,441 113 4.6 1,795 102 5.7 Commer- cial Bankin- g: SME 3,037 181 6.0 383 41 10.7 64 9 14.1 Other 2,983 106 3.6 72 1 1.4 53 - - 6,020 287 4.8 455 42 9.2 117 9 7.7 Insura- 4 - - - - - 2 1 50.0 nce and Wealth Centra- 6 6 100.0 - - - - - - l items Total 20,535 791 3.9 2,896 155 5.4 1,914 112 5.9 CREDIT RISK PORTFOLIO (continued) Group Stage 2 loans and advances to customers - underlying basis Up to 1-30 Over date days 30 past days due past due Expec- as % Exp- as % Exp- as % ted of ect- of ect- of ed ed Gross credi- gross Gross cre- gros- Gross cre- gros- t dit s dit s lendin- loss lendi- lending los- lend- lendin- los- lend- g ng s ing g s ing \xA3m \xA3m % \xA3m \xA3m % \xA3m \xA3m % At 30 June 20191 Retail- : Secure- 20,702 374 1.8 3,592 90 2.5 3,691 195 5.3 d Unsecu- 2,269 294 13.0 260 64 24.6 102 43 42.2 red UK 1,215 40 3.3 155 22 14.2 32 8 25.0 Motor Financ- e Other 644 20 3.1 76 9 11.8 70 5 7.1 24,830 728 2.9 4,083 185 4.5 3,895 251 6.4 Commer- cial Bankin- g: SME 3,994 158 4.0 57 6 10.5 23 1 4.3 Other 3,053 116 3.8 55 1 1.8 231 1 0.4 7,047 274 3.9 112 7 6.3 254 2 0.8 Insura- 24 - - - - - 26 1 3.8 nce and Wealth Centra- 1 1 100.0 - - - - - - l items Total 31,902 1,003 3.1 4,195 192 4.6 4,175 254 6.1 At 31 Decemb- er 20181 Retail- : Secure- 18,647 383 2.1 3,987 97 2.4 3,937 227 5.8 d Unsecu- 2,346 320 13.6 257 55 21.4 93 35 37.6 red UK 1,403 47 3.3 146 23 15.8 31 8 25.8 Motor Financ- e Other 629 19 3.0 82 7 8.5 89 4 4.5 23,025 769 3.3 4,472 182 4.1 4,150 274 6.6 Commer- cial Bankin- g: SME 3,037 181 6.0 383 41 10.7 64 9 14.1 Other 2,983 106 3.6 72 1 1.4 53 - - 6,020 287 4.8 455 42 9.2 117 9 7.7 Insura- 4 - - - - - 2 1 50.0 nce and Wealth Centra- 6 6 100 - - - - - - l items Total 29,055 1,062 3.7 4,927 224 4.5 4,269 284 6.7 1 These balances exclude the impact of the HBOS and MBNA acquisition related adjustments. CREDIT RISK PORTFOLIO (continued) Retail \* The credit quality of the Retail portfolios remains strong and continues to benefit from robust credit risk management, including affordability and indebtedness controls at origination and a prudent approach to risk appetite. The economic environment continues to benefit from historically high employment rates, positive real wage growth and household indebtedness remaining below pre-crisis levels. \* New business quality remains strong \* The flow of loans entering arrears remains at low levels \* Stage 3 loans and advances as a per cent of total are unchanged at 1.7 per cent \* Stage 2 loans and advances as a per cent of total increased to 9.6 per cent (31 December 2018: 9.2 per cent), largely due to changes in IFRS 9 economic scenarios \* Loans and advances decreased to \xA3341 billion (31 December 2018: \xA3343 billion) \* The impairment charge increased to \xA3556 million in the first half of 2019 compared to \xA3460 million in the same ***period*** in 2018, driven by a number of items including some weakening in used car prices, alignment of credit card provisioning methodologies and lower cash recoveries following prior year debt sales \* ECL allowance as a percentage of drawn balances for Stage 3 is broadly stable at 19.5 per cent (31 December 2018: 19.7 per cent). Coverage for Stage 2 is also broadly stable at 3.5 per cent (31 December 2018: 3.9 per cent). Portfolios \* Total secured loans and advances decreased by \xA33.2 billion (1.1 per cent) to \xA3286.1 billion, largely due to reductions in the buy-to-let and closed specialist portfolios. The impairment release of \xA338 million in the first half of 2019 compares to a charge of \xA320 million for the same ***period*** in 2018. This reflects provision releases due to improved credit quality of the portfolio and methodology changes. Total ECL allowance as a percentage of loans and advances remained flat at 0.5 per cent. \* Unsecured loans and advances remained broadly flat at \xA327.8 billion. The impairment charge increased by \xA375 million to \xA3461 million in the first half of 2019 compared to \xA3386 million in the same ***period*** in 2018, due to the alignment of credit card provisioning methodologies and policies and lower cash recoveries following prior year debt sales. The total coverage is unchanged at 3.5 per cent. \* The motor finance portfolio continued to grow, with loans and advances increasing by 6.4 per cent to \xA315.9 billion in the first half of 2019. The portfolio continues to benefit from a prudent approach to residual values at origination and provisions through the loan lifecycle. ECL allowances for Stage 1 and Stage 2 include residual value provisions which have increased to \xA3179 million at 30 June 2019 (31 December 2018: \xA399 million). This is due to an anticipated increase in residual value deficits following some weakening in used car prices, a change in policy relating to voluntary terminations and book growth. As a result of this, the impairment charge increased to \xA3104 million for the first half of 2019, compared to \xA349 million for the same ***period*** in 2018 and coverage for the portfolio increased to 2.2 per cent (31 December 2018: 1.9 per cent). \* Other loans and advances increased by \xA30.5 billion to \xA310.9 billion. The impairment charge was \xA329 million for the first half of 2019 compared to \xA35 million for the same ***period*** in 2018. This increase is primarily due to the non-repeat of prior year IFRS 9 model refinements in Business Banking. Total coverage remained flat at 1.2 per cent (31 December 2018: 1.2 per cent). CREDIT RISK PORTFOLIO (continued) Retail UK secured loans and advances to customers - statutory basis At 30 June At 31 Dec 2019 2018 \xA3m \xA3m Mainstream 222,196 223,230 Buy-to-let 50,184 51,322 Specialist 12,913 13,683 Total 285,293 288,235 Retail mortgages greater than three months in arrears (excluding repossessions) - underlying basis Total Total Number mortgag- Value mortga- of e of ge cases account- loans1 balanc- s es At 30 At 31 At 30 At At 30 At 31 At 30 At June Dec June 31 June Dec June 31 Dec Dec 2019 2018 2019 2018 2019 2018 2019 2018 Cases Cases % % \xA3m \xA3m % % Mains- 27,853 30,106 1.5 1.5 3,004 3,262 1.3 1.5 tream Buy-t- 4,321 4,544 1.0 1.0 577 576 1.1 1.1 o-let Speci- 6,961 7,966 7.2 7.8 1,137 1,282 8.7 9.3 alist Total 39,135 42,616 1.6 1.7 4,718 5,120 1.6 1.8 1 Value of loans represents total gross book value of mortgages more than three months in arrears; the balances exclude the impact of HBOS related acquisition adjustments. The stock of repossessions increased to 1,037 cases at 30 June 2019 compared to 763 cases at 31 December 2018. The increase is due to the resumption of business as usual litigation activity which had been partially suspended whilst changes were made to the Group's handling of mortgage arrears. CREDIT RISK PORTFOLIO (continued) ***Period*** end and average LTVs1 across the Retail mortgage portfolios - underlying basis Mainstream Buy-to-let Specialist Total % % % % At 30 June 2019 Less than 60% 57.2 61.1 64.3 58.2 60% to 70% 17.0 23.0 16.2 18.0 70% to 80% 15.7 13.0 11.2 15.0 80% to 90% 8.5 1.7 3.7 7.1 90% to 100% 1.3 0.7 1.4 1.2 Greater than 100% 0.3 0.5 3.2 0.5 Total 100.0 100.0 100.0 100.0 Average loan to value2: Stock of residential mortgages 41.2 50.0 43.5 42.6 New residential lending 63.7 58.4 n/a 63.1 Mainstream Buy-to-let Specialist Total % % % % At 31 December 2018 Less than 60% 54.2 55.7 59.7 54.7 60% to 70% 16.0 22.8 16.5 17.3 70% to 80% 15.9 15.7 12.0 15.7 80% to 90% 10.7 4.6 6.6 9.4 90% to 100% 2.8 0.7 2.0 2.4 Greater than 100% 0.4 0.5 3.2 0.5 Total 100.0 100.0 100.0 100.0 Average loan to value2: Stock of residential mortgages 42.5 52.1 45.8 44.1 New residential lending 63.1 58.6 n/a 62.5 1 Loan to value figures are based on the Halifax House Price Index, calculated by IHS Markit Ltd. 2 Average loan to value is calculated as total gross loans and advances as a percentage of the indexed total collateral of these loans and advances; the balances exclude the impact of HBOS related acquisition adjustments. CREDIT RISK PORTFOLIO (continued) Commercial Banking \* The overall credit quality of the portfolio and new business remains good with the portfolio benefiting from continued effective risk management and low interest rates. Notwithstanding the current competitive market conditions, the Group is maintaining its prudent and through the cycle credit risk appetite \* Uncertainty persists around the UK and global economic outlook, including the weakened business investment, the sustainability of global economic growth and the impact of tariff disputes, which has resulted in some softening in external market indicators. In addition there are headwinds in a number of sectors including ***agriculture***, construction, manufacturing and consumer related sectors, such as retail \* Internal and external key performance indicators continue to be monitored closely to help identify early signs of any deterioration \* EU exit developments continue to be monitored proactively and various initiatives are in place to mitigate 'No Deal' risk to ensure portfolio quality is maintained whilst supporting the Group's helping Britain prosper strategy. Planning has concentrated on the highest impact 'No Deal' scenario \* Whilst the current economic outlook remains unclear, portfolios remain well positioned and are subject to ongoing risk mitigation actions as appropriate. Monitoring indicates no material deterioration in the credit quality of the portfolio \* Net impairment charge of \xA365 million compared with a net release of \xA36 million in the first half of 2018. Net releases in Stage 1 and Stage 2, weighted towards the SME portfolio and driven by model refinements, were largely offset by Stage 3 gross charges on two corporate cases, rather than any material deterioration in the underlying portfolio \* The size and nature of the commercial portfolio results in some volatility as cases move between stages. Stage 3 loans as a proportion of total loans and advances to customers has increased to 3.7 per cent (31 December 2018: 3.2 per cent). Stage 3 ECL allowance as a percentage of Stage 3 drawn balances has reduced to 27.8 per cent (31 December 2018: 32.1 per cent) largely as a result of the transfer of a small number of larger individually assessed names to Stage 3 on which lower ECL allowances have been assessed \* Stage 2 loans as a proportion of total loans and advances to customers increase to 7.3 per cent (31 December 2018: 6.5 per cent), largely driven by improved data quality and IFRS 9 model refinements. Stage 2 ECL allowances as a percentage of Stage 2 drawn balances were lower at 3.8 per cent (31 December 2018: 5.1 per cent). with the reduction weighted towards SME mainly due to enhanced approach to loan amortisation within the IFRS 9 model and a number of other model refinements Portfolios \* The SME and Mid Markets portfolios are domestically focused and reflect both our prudent credit risk appetite and the underlying performance of the UK economy. Whilst certain sectors of the market are showing some emerging signs of stress, the overall credit quality of the portfolios has remained broadly stable with levels of impairment remaining low \* The Global Corporates business continues to have a predominance of UK based, and to a lesser extent, US and European-based multi-national investment grade clients. The portfolio remains of good quality and is well positioned for the current economic outlook. \* Through clearly defined sector strategies, Financial Institutions serves predominantly investment grade counterparties with whom relationships are either client driven or held to support the Group's ***funding***, liquidity or general hedging requirements \* The commercial real estate business within the Group's Mid Markets and Global Corporates portfolio is focused on clients operating in the UK commercial property market ranging in size from medium-sized private real estate entities up to publicly listed property companies. Credit quality remains good with minimal impairments/stressed loans. Recognising this is a cyclical sector, appropriate caps are in place to control exposure and business propositions continue to be written in line with a prudent, through the cycle risk appetite with conservative LTVs, strong quality of income and proven management teams \* Total UK Direct Real Estate gross lending across Commercial Banking and Retail stood at \xA315.8 billion at 30 June 2019 (excludes exposures subject to protection through Significant Risk Transfer securitisations) ***FUNDING*** AND LIQUIDITY MANAGEMENT The Group has maintained its strong ***funding*** and liquidity position with a loan to deposit ratio of 106 per cent as at 30 June 2019 (107 per cent as at 31 December 2018). During the first half of 2019, the Group repaid \xA312.1 billion of its ***Funding*** for Lending Scheme (FLS) drawings, of which \xA38.1 billion was repaid in advance of contractual maturity. This has reduced the balance of FLS outstanding to \xA31 billion with \xA319.9 billion of Term ***Funding*** Scheme (TFS) drawings remaining at 30 June 2019. Overall, total wholesale ***funding*** increased by \xA37.6 billion to \xA3130.9 billion primarily through increased term and money market ***funding***. The Group's strong ratings continue to reflect its robust balance sheet, improved profitability and bail-in capital position. There were no changes to the Group's ratings over the first half of 2019, although in March Fitch placed the majority of UK banks, including the Group's banking and insurance entities, on Ratings Watch Negative reflecting their view that the risks of a 'No Deal' Brexit have increased. The Group's liquid assets continue to exceed the regulatory minimum and internal risk appetite, with a liquidity coverage ratio (LCR) of 130 per cent (based on a 12 month rolling average) as at 30 June 2019 calculated on a Group consolidated basis based on the EU Delegated Act. Following the implementation of structural reform, liquidity is managed at a legal entity level with the Group consolidated LCR representing the composite of the ring-fenced bank and non ring-fenced bank entities. ***FUNDING*** AND LIQUIDITY MANAGEMENT (continued) At 30 At 31 June Dec 2019 2018 Chan- ge \xA3bn \xA3bn % ***Funding*** requirement Loans and advances to customers1 441.0 444.4 (1) Loans and advances to banks2 6.7 5.9 14 Debt securities at amortised cost 3.8 4.0 (5) Financial assets at fair value through other 0.7 0.8 (13) comprehensive income - non-LCR eligible3 Cash and balances at central bank - non-LCR 4.7 5.8 (19) eligible4 ***Funded*** assets 456.9 460.9 (1) Other assets5 226.5 212.9 6 683.4 673.8 1 On balance sheet LCR eligible liquid assets Reverse repurchase agreements 55.8 40.9 36 Cash and balances at central banks4 52.6 48.9 8 Debt securities at amortised cost 1.6 1.2 33 Financial assets at fair value through other 26.4 24.0 10 comprehensive income Trading and fair value through profit and loss 7.1 11.9 (40) Repurchase agreements (4.7) (3.1) 52 138.8 123.8 12 Total Group assets 822.2 797.6 3 Less: other liabilities5 (204.8) (187.9) 9 ***Funding*** requirement 617.4 609.7 1 ***Funded*** by Customer deposits6 417.6 416.3 - Wholesale funding7 130.9 123.3 6 548.5 539.6 2 Term ***funding*** scheme 19.9 19.9 - Total equity 49.0 50.2 (2) Total ***funding*** 617.4 609.7 1 1 Excludes reverse repos of \xA354.1 billion (31 December 2018: \xA340.5 billion). 2 Excludes reverse repos of \xA31.7 billion (31 December 2018: \xA30.4 billion). 3 Non-LCR eligible liquid assets comprise a diversified pool of highly rated unencumbered collateral (including retained issuance). 4 Cash and balances at central banks are combined in the Group's balance sheet. 5 Other assets and other liabilities primarily include balances in the Group's Insurance business and the fair value of derivative assets and liabilities. 6 Excludes repos of \xA34.1 billion (31 December 2018: \xA31.8 billion). 7 The Group's definition of wholesale ***funding*** aligns with that used by other international market participants; including interbank deposits, debt securities in issue and subordinated liabilities. ***FUNDING*** AND LIQUIDITY MANAGEMENT (continued) Repos and cash Fair value Included in collateral and other ***funding*** received by accounting Balance analysis Insurance methods sheet At 30 June 2019 \xA3bn \xA3bn \xA3bn \xA3bn Deposits from banks 10.8 23.7 0.3 34.8 Debt securities in issue 102.7 - (4.9) 97.8 Subordinated liabilities 17.4 - 0.4 17.8 Total wholesale ***funding*** 130.9 23.7 Customer deposits 417.6 4.1 - 421.7 Total 548.5 27.8 At 31 December 2018 Deposits from banks 8.3 22.1 (0.1) 30.3 Debt securities in issue 97.1 - (5.9) 91.2 Subordinated liabilities 17.9 - (0.2) 17.7 Total wholesale ***funding*** 123.3 22.1 Customer deposits 416.3 1.8 - 418.1 Total 539.6 23.9 Analysis of 2019 total wholesale ***funding*** by residual maturity Less Nin- More Total Total e than One Thr- Six mon- One Two than at at to ee to ths to to one thre- to nin- to two five five 30 31 e six e one June Dec mont- mont- mon- mon- yea- year- year- year- 2019 2018 h hs ths ths r s s s \xA3bn \xA3bn \xA3bn \xA3bn \xA3bn \xA3bn \xA3bn \xA3bn \xA3bn \xA3bn Deposit 8.2 1.4 0.4 0.2 - 0.2 0.4 - 10.8 8.3 from banks Debt securities in issue: Certificate- 1.6 2.5 4.0 2.1 0.8 1.1 - - 12.1 12.0 s of deposit Commercial 2.5 3.5 3.5 0.6 0.4 - - - 10.5 8.0 paper Medium-term - 2.0 0.5 1.6 1.7 4.6 15.9 20.3 46.6 45.4 notes Covered 0.7 0.3 - 2.3 - 6.8 12.3 7.0 29.4 27.1 bonds Securitisat- 0.1 - - 1.1 0.4 1.3 - 1.2 4.1 4.6 ion 4.9 8.3 8.0 7.7 3.3 13.8 28.2 28.5 102.7 97.1 Subordinate- - 0.3 - 1.3 - 1.4 2.2 12.2 17.4 17.9 d liabilities Total 13.1 10.0 8.4 9.2 3.3 15.4 30.8 40.7 130.9 123.3 wholesale funding1 Of which - - - - - 0.4 11.9 9.6 21.9 20.3 issued by Lloyds Banking Group plc 1 The Group's definition of wholesale ***funding*** aligns with that used by other international market participants; including interbank deposits, debt securities and subordinated liabilities. ***FUNDING*** AND LIQUIDITY MANAGEMENT (continued) Analysis of 2019 term issuance Other Sterli- US Euro currenci- Tota- ng Dollar es l \xA3bn \xA3bn \xA3bn \xA3bn \xA3bn Securitisation - - - - - Medium-term notes - 0.8 - 0.7 1.5 Covered bonds 2.0 - 2.2 - 4.2 Private placements1 - - 0.1 - 0.1 Subordinated liabilities2 - 0.4 - - 0.4 Total issuance 2.0 1.2 2.3 0.7 6.2 Of which issued by Lloyds Banking - 1.2 - 0.7 1.9 Group plc3 1 Private placements include structured bonds and term repurchase agreements (repos). 2 Consists of Additional Tier 1 issuance. 3 Consists of \xA31.5bn medium-term notes and \xA30.4bn Additional Tier 1. The Group continues to access wholesale ***funding*** markets across a wide range of products, currencies and investors to maintain a stable and diverse source of ***funds***. In 2019, the Group has continued with this approach to ***funding***, including capital and ***funding*** from the holding company, Lloyds Banking Group plc, as needed to transition towards final UK Minimum Requirements for Own ***Funds*** and Eligible Liabilities (MREL). The Group will continue to issue ***funding*** trades from Lloyds Bank plc, the ring-fenced bank operating company, across senior unsecured, covered bonds, ABS and RMBS. In the first half of 2019, the Group launched an operating company ***funding*** programme for LBCM, the non ring- fenced bank, and have since issued a number of trades for this entity including an inaugural five year \xA3500 million senior unsecured public benchmark transaction. The maturity of the ***Funding*** for Lending and Term ***Funding*** Schemes are fully factored into the Group's ***funding*** plans, and in the expected 'steady state' wholesale ***funding*** requirements of \xA315 to \xA320 billion per annum. Liquidity portfolio At 30 June 2019, the banking business had \xA3132.3 billion of highly liquid, unencumbered, LCR eligible assets (31 December 2018: \xA3129.4 billion). These assets are available to meet cash and collateral outflows and regulatory requirements. Total LCR eligible liquid assets represent over five times the Group's money market ***funding*** less than one year to maturity (excluding derivative collateral margins and settlement accounts) and exceed total wholesale ***funding***, and thus provide a substantial buffer in the event of market dislocation. The Insurance business manages a separate liquidity portfolio to mitigate insurance liquidity risk. ***FUNDING*** AND LIQUIDITY MANAGEMENT (continued) LCR eligible assets At 30 At 31 Avera- Avera- June Dec ge ge 2019 2018 Chan- 2019 2018 ge \xA3bn \xA3bn % \xA3bn \xA3bn Level 1 Cash and central bank reserves 52.6 48.9 8 50.0 58.1 High quality 76.6 78.7 (3) 77.2 66.2 government/MDB/agency bonds1 High quality covered bonds 1.8 1.0 80 1.4 0.8 Total 131.0 128.6 2 128.6 125.1 Level 22 1.3 0.8 63 0.9 0.8 Total LCR eligible assets 132.3 129.4 2 129.5 125.9 1 Designated multilateral development bank (MDB). 2 Includes Level 2A and Level 2B. The banking business also has a significant amount of non-LCR eligible liquid assets which are eligible for use in a range of central bank or similar facilities. Future use of such facilities will be based on prudent liquidity management and economic considerations, having regard for external market conditions. Encumbered assets The Board and Group Asset and Liability Committee monitor and manage total balance sheet encumbrance using a number of risk appetite metrics. At 30 June 2019, the Group had \xA356.6 billion (31 December 2018: \xA353.4 billion) of externally encumbered on balance sheet assets with counterparties other than central banks. The increase in encumbered assets was primarily driven by external covered bond issuances during the first half of 2019. The Group also had \xA3626.7 billion (31 December 2018: \xA3584.3 billion) of unencumbered on balance sheet assets, and \xA3138.9 billion (31 December 2018: \xA3159.8 billion) of pre-positioned and encumbered assets held with central banks. The Group encumbers mortgages, unsecured lending and credit card receivables through the issuance programmes and tradable securities through securities financing activity. The Group mainly positions mortgage assets at central banks. The 2018 Annual Report and Accounts includes further details on how the Group classifies assets for encumbrance purposes. CAPITAL MANAGEMENT Analysis of capital position During the first half of 2019 the Group's CET1 capital ratio increased by 70 basis points on a pro forma basis before ordinary dividends, primarily as a result of: \* Underlying profit (97 basis points) and the dividend paid by the Insurance business in July 2019 in relation to 2019 interim earnings (5 basis points) \* The impact of market and other movements, including movements in risk-weighted assets, generating an increase of 12 basis points \* Offset by a reduction of 33 basis points relating to PPI provision charges and 11 basis points relating to changes arising from the implementation of IFRS 16 Overall the Group's CET1 capital ratio has strengthened to 14.6 per cent on a pro forma basis before ordinary dividends and 14.0 per cent on a pro forma basis after ordinary dividends (31 December 2018: 13.9 per cent pro forma, including the share buyback). Excluding the Insurance dividend paid up in July 2019 the Group's CET1 capital ratio is 13.9 per cent after ordinary dividends. The accrual for foreseeable dividends includes the declared interim dividend of 1.12 pence per share. In addition the share buyback programme announced as part of the 2018 year end results has been accrued for in full, net of buybacks completed up to the ***period*** end. The ***transitional*** total capital ratio, after ordinary dividends, reduced to 21.6 per cent, largely reflecting the impact of the full share buyback on CET1 capital and a net reduction in additional tier 1 (AT1) capital following a redemption in the ***period***. Total capital requirement On 1 January 2019 following entry into force of the UK's ring-fencing regime, the Group's Pillar 2A capital requirement increased from 4.6 per cent to 4.7 per cent, of which 2.7 per cent must be met by CET1 capital. This firm specific capital requirement reflects a point in time estimate by the PRA, which may change over time, of the minimum amount of capital that is needed in relation to risks not covered by Pillar 1. The Group's total capital requirement as at 30 June 2019, being the aggregate of the Group's Pillar 1 and current Pillar 2A capital requirements, was \xA326,346 million (31 December 2018: \xA326,124 million). Combined buffer requirement The Group is required to maintain a number of regulatory capital buffers, referred to collectively as the combined buffer requirement, which must be met with CET1 capital. The Group announced within the first quarter of 2019 interim management statement that it had received notification from the PRA that the systemic risk buffer for the Group's Ring-Fenced Bank sub group will be 2.0 per cent which equates to 1.7 per cent at Group level. As a result the Group is now subject to the following capital buffers: \* A capital conservation buffer (CCB) of 2.5 per cent of risk-weighted assets \* A countercyclical capital buffer (CCyB) of 0.9 per cent of risk-weighted assets \* A systemic risk buffer (SRB), equivalent to 1.7 per cent of risk-weighted assets at Group level, which will apply from 1 August 2019 The Group is not currently classified as a global systemically important institution (G-SII) but has been identified as an 'other' systemically important institution (O-SII) by the PRA. The O-SII buffer is currently set to zero in the UK. CAPITAL MANAGEMENT (continued) Given the buffer requirements noted, the Board indicated in the first quarter of 2019 statement that its view of the level of CET1 capital required to grow the business, meet regulatory requirements and cover uncertainties is around 12.5 per cent, plus a management buffer of around 1 per cent. An analysis of the Group's capital position as at 30 June 2019 is presented in the following section on both a CRD IV ***transitional*** arrangements basis and a CRD IV fully loaded basis. In addition the Group's capital position reflects the application of the ***transitional*** arrangements for IFRS 9. The following table summarises the consolidated capital position of the Group. CAPITAL MANAGEMENT (continued) Transit- Fully ional loaded At 30 At 31 At 30 At 31 June Dec June Dec 2019 2018 2019 2018 \xA3m \xA3m \xA3m \xA3m Common equity tier 1 Shareholders' equity per balance 43,448 43,434 43,448 43,434 sheet Adjustment to retained earnings for (2,059) (1,523) (2,059) (1,523) foreseeable dividends and share buyback Deconsolidation adjustments1 2,307 2,273 2,307 2,273 Adjustment for own credit (59) (280) (59) (280) Cash flow hedging reserve (1,738) (1,051) (1,738) (1,051) Other adjustments 300 (19) 300 (19) 42,199 42,834 42,199 42,834 less: deductions from common equity tier 1 Goodwill and other intangible assets (3,901) (3,667) (3,901) (3,667) Prudent valuation adjustment (530) (529) (530) (529) Excess of expected losses over (30) (27) (30) (27) impairment provisions and value adjustments Removal of defined benefit pension (1,184) (994) (1,184) (994) surplus Securitisation deductions (190) (191) (190) (191) Significant investments1 (4,350) (4,222) (4,350) (4,222) Deferred tax assets (3,247) (3,037) (3,247) (3,037) Common equity tier 1 capital 28,767 30,167 28,767 30,167 Additional tier 1 Other equity instruments 5,381 6,466 5,381 6,466 Preference shares and preferred 4,233 4,008 - - securities2 ***Transitional*** limit and other (2,580) (1,804) - - adjustments 7,034 8,670 5,381 6,466 less: deductions from tier 1 Significant investments1 (1,295) (1,298) - - Total tier 1 capital 34,506 37,539 34,148 36,633 Tier 2 Other subordinated liabilities2 13,576 13,648 13,576 13,648 Deconsolidation of instruments (1,787) (1,767) (1,787) (1,767) issued by insurance entities1 Adjustments for ***transitional*** limit 2,374 1,504 (1,142) (1,266) and non-eligible instruments Amortisation and other adjustments (2,996) (2,717) (2,996) (2,717) Eligible provisions - - - - 11,167 10,668 7,651 7,898 less: deductions from tier 2 Significant investments1 (965) (973) (2,260) (2,271) Total capital resources 44,708 47,234 39,539 42,260 Risk-weighted assets (unaudited) 206,520 206,366 206,520 206,366 Common equity tier 1 capital ratio3 13.9% 14.6% 13.9% 14.6% Tier 1 capital ratio 16.7% 18.2% 16.5% 17.8% Total capital ratio 21.6% 22.9% 19.1% 20.5% 1 For regulatory capital purposes, the Group's Insurance business is deconsolidated and replaced by the amount of the Group's investment in the business. A part of this amount is deducted from capital (shown as 'significant investments' in the table above) and the remaining amount is risk-weighted, forming part of threshold risk-weighted assets. 2 Preference shares, preferred securities and other subordinated liabilities are categorised as subordinated liabilities in the balance sheet. 3 The common equity tier 1 ratio is 14.0 per cent on a pro forma basis reflecting the dividend paid up by the Insurance business in July 2019 in relation to its 2019 interim earnings (31 December 2018: 13.9 per cent pro forma, including the share buyback). CAPITAL MANAGEMENT (continued) Movements in capital resources The key difference between the ***transitional*** capital calculation as at 30 June 2019 and the fully loaded equivalent is primarily related to capital securities that previously qualified as tier 1 or tier 2 capital, but that do not fully qualify under CRD IV, which can be included in additional tier 1 (AT1) or tier 2 capital (as applicable) up to specified limits which reduce by 10 per cent per annum until 2022. The key movements on a ***transitional*** basis are set out in the table below. Common Additio- Total nal Equity Tier 1 Tier 2 capital tier 1 \xA3m \xA3m \xA3m \xA3m At 31 December 2018 30,167 7,372 9,695 47,234 Profit attributable to ordinary 1,843 - - 1,843 shareholders1 Movement in foreseeable dividends2 336 - - 336 Dividends paid out on ordinary shares (1,523) - - (1,523) during the year Dividends received from the Insurance 350 - - 350 business1 Share buyback completed (879) - - (879) Share buyback accrual (871) - - (871) IFRS 9 ***transitional*** adjustment to (49) - - (49) retained earnings Movement in treasury shares and 193 - - 193 employee share schemes Pension movements: Removal of defined benefit pension (190) - - (190) surplus Movement through other comprehensive (129) - - (129) income Fair value through other (144) - - (144) comprehensive income reserve Prudent valuation adjustment (1) - - (1) Deferred tax asset (210) - - (210) Goodwill and other intangible assets (234) - - (234) Excess of expected losses over (3) - - (3) impairment provisions and value adjustments Significant investments (128) 3 8 (117) Movements in subordinated debt: Repurchases, redemptions and other - (2,032) 499 (1,533) Issuances - 396 - 396 Other movements 239 - - 239 At 30 June 2019 28,767 5,739 10,202 44,708 1 Under the regulatory framework, profits made by Insurance are removed from CET1 capital. However, when dividends are paid to the Group by Insurance these are recognised through CET1 capital. The \xA3350 million of dividends received from Insurance during the ***period*** reflects their 2018 full year ordinary dividend. 2 Reflects the accrual for foreseeable 2019 ordinary dividends (including the interim dividend) and the reversal of the accrual for the 2018 full year ordinary dividend which has now been paid. CET1 capital resources have reduced by \xA31,400 million in the ***period***, primarily reflecting: \* The accrual for foreseeable dividends in respect of the first half of 2019, share buybacks completed during the ***period*** and the accrual for the remaining buyback under the programme announced as part of the 2018 year end results, and movements related to other capital items including pensions, deferred tax and intangible assets \* Partially offset by profit generation during the ***period*** and the receipt of the dividend paid by the Insurance business in February 2019 AT1 capital resources have reduced by \xA31,633 million in the ***period***, primarily reflecting a redemption during the ***period*** and the annual reduction in the ***transitional*** limit applied to grandfathered AT1 capital instruments, offset in part by the issuance of a new capital instrument. CAPITAL MANAGEMENT (continued) Tier 2 capital resources have increased by \xA3507 million in the ***period*** largely reflecting the transitioning of grandfathered AT1 instruments to tier 2, partially offset by the amortisation of dated instruments. Minimum requirement for own ***funds*** and eligible liabilities (MREL) Applying the Bank of England's MREL policy to current minimum capital requirements, the Group's indicative MREL requirement, excluding regulatory capital buffers, is as follows: \* From 2020, 2 times Pillar 1 plus Pillar 2A, equivalent to 20.7 per cent of risk-weighted assets \* From 2022, 2 times Pillar 1 plus 2 times Pillar 2A, equivalent to 25.4 per cent of risk-weighted assets The Bank of England will review the calibration of MREL in 2020 before setting final end-state requirements to be met from 2022. This review will take into consideration any changes to the capital framework, including the finalisation of Basel III. During the first half of 2019, the Group issued \xA31.4 billion (sterling equivalent as at 30 June 2019) of senior unsecured securities from Lloyds Banking Group plc which, while not included in total capital, are eligible to meet MREL. Combined with previous issuances made over the last three years the Group remains comfortably positioned to meet MREL requirements from 2020 and, as at 30 June 2019, had a ***transitional*** MREL ratio of 32.2 per cent of risk-weighted assets. An analysis of the Group's current ***transitional*** MREL position is provided in the table below. Transiti- onal At 30 At 31 June Dec 2019 2018 \xA3m \xA3m Total capital resources (***transitional*** 44,708 47,234 basis) Ineligible AT1 and tier 2 instruments1 (768) (613) Senior unsecured securities issued by 22,475 20,213 Lloyds Banking Group plc Total MREL2 66,415 66,834 Risk-weighted assets 206,520 206,366 MREL ratio3 32.2% 32.4% 1 Instruments with less than one year to maturity or governed under non-EEA law without a contractual bail-in clause. 2 Until 2022, externally issued regulatory capital in operating entities can count towards the Group's MREL to the extent that such capital would count towards the Group's consolidated capital resources. 3 The MREL ratio is 32.2 per cent on a pro forma basis upon recognition of the dividend paid up by the Insurance business in July 2019 in relation to its 2019 interim earnings (31 December 2018: 32.6 per cent pro forma). CAPITAL MANAGEMENT (continued) Risk-weighted assets At 30 At 31 June Dec 2019 2018 \xA3m \xA3m Foundation Internal Ratings Based (IRB) Approach 56,352 60,555 Retail IRB Approach 62,219 59,522 Other IRB Approach 18,223 15,666 IRB Approach 136,794 135,743 Standardised (STA) Approach 25,582 25,757 Credit risk 162,376 161,500 Counterparty credit risk 5,688 5,718 Contributions to the default ***funds*** of central 278 830 counterparties Credit valuation adjustment risk 673 702 Operational risk 25,161 25,505 Market risk 2,228 2,085 Underlying risk-weighted assets 196,404 196,340 Threshold risk-weighted assets1 10,116 10,026 Total risk-weighted assets 206,520 206,366 1 Threshold risk-weighted assets reflect the element of significant investments and deferred tax assets that are permitted to be risk-weighted instead of being deducted from CET1 capital. Significant investments primarily arise from investment in the Group's Insurance business. Risk-weighted assets movement by key driver Credit Credit Credit Counte- Marke- Operat- risk risk risk rparty t ional IRB STA total2 credit risk risk Total risk3 \xA3m \xA3m \xA3m \xA3m \xA3m \xA3m \xA3m Total 206,366 risk-weighte- d assets as at 31 December 2018 Less 10,026 threshold risk-weighte- d assets1 Risk-weighte- 135,743 25,757 161,500 7,250 2,085 25,505 196,340 d assets as at 31 December 2018 Asset size (919) 513 (406) (133) (110) - (649) Asset 613 (153) 460 (93) - - 367 quality Model 1,747 - 1,747 - (117) - 1,630 updates Methodology (412) (525) (937) (276) 4 - (1,209) and policy Acquisitions - - - - - - - and disposals Movements in - - - - 366 - 366 risk levels (market risk only) Foreign 22 (10) 12 (109) - - (97) exchange movements Other - - - - - (344) (344) Risk-weighte- 136,794 25,582 162,376 6,639 2,228 25,161 196,404 d assets as at 30 June 2019 Threshold 10,116 risk-weighte- d assets1 Total 206,520 risk-weighte- d assets as at 30 June 2019 1 Threshold risk-weighted assets reflect the element of significant investments and deferred tax assets that are permitted to be riskweighted instead of being deducted from CET1 capital. Significant investments primarily arise from investments in the Group's Insurance business. 2 Credit risk includes securitisation risk-weighted assets. 3 Counterparty credit risk includes movements in contributions to the default ***fund*** of central counterparties and movements in credit valuation adjustment risk. CAPITAL MANAGEMENT (continued) The risk-weighted assets movement table provides analysis of the movement in risk-weighted assets in the ***period*** by risk type and an insight into the key drivers of the movements. The key driver analysis is compiled on a monthly basis through the identification and categorisation of risk-weighted asset movements and is subject to management judgment. Credit risk, risk-weighted assets: \* Asset size includes changes in book size (both drawn and undrawn balances) and composition, excluding acquisitions and disposals \* Asset quality increases in risk-weighted assets of \xA30.5 billion are a result of movements due to changes in borrower risk, including changes in the economic environment \* The model update increase of \xA31.7 billion principally relates to retail mortgage models \* Methodology and policy decreases of \xA30.9 billion are principally a result of securitisation activity partly offset by the introduction of IFRS 16 Counterparty credit risk: risk-weighted assets decreased by \xA30.6 billion, largely driven by reduced contributions to default ***funds*** and yield curve movements. Market risk, risk-weighted assets: an increase of \xA30.1 billion due to various small risk and model changes. Operational risk, risk-weighted assets: decreased by \xA30.3 billion following the actualisation of calculation inputs. Leverage ratio The Group is subject to the following minimum requirements under the UK Leverage Ratio Framework: \* A minimum leverage ratio requirement of 3.25 per cent of the total leverage exposure measure \* A countercyclical leverage buffer (CCLB) of 0.3 per cent of the total leverage exposure measure \* An additional leverage ratio buffer (ALRB), equivalent to 0.6 per cent of the total leverage exposure measure at Group level, which will apply from 1 August 2019. The ALRB is 35 per cent of the systemic risk buffer At least 75 per cent of the 3.25 per cent minimum leverage ratio requirement and the entirety of any buffers that may apply must be met with CET1 capital. Analysis of leverage movements The Group's fully loaded UK leverage ratio reduced to 5.1 per cent, primarily driven by the reduction in tier 1 capital. The leverage exposure measure increased by \xA34.9 billion during the ***period*** largely reflecting the increase in the SFT exposure measure, an increase in financial assets at fair value through other comprehensive income and the recognition of the right-of-use asset following the introduction of IFRS 16. On a pro forma basis the UK leverage ratio reduced to 5.1 per cent from 5.6 per cent pro forma at 31 December 2018, reflecting the reduction in the pro forma fully loaded tier 1 capital position. The derivatives exposure measure, representing derivative financial instruments per the balance sheet net of deconsolidation and derivatives adjustments, reduced by \xA30.1 billion during the ***period***. The SFT exposure measure, representing SFT assets per the balance sheet net of deconsolidation and other SFT adjustments, increased by \xA31.2 billion during the ***period***, largely reflecting an increase in volumes, partially offset through netting adjustments and a reduction in the counterparty credit risk add-on. Off-balance sheet items increased by \xA30.2 billion during the ***period***, primarily reflecting new residential mortgage offers placed, offset in part by a net reduction in corporate and securitisation financing facilities. The average UK leverage ratio of 5.1 per cent over the quarter largely reflected the reduction in the tier 1 capital position following the redemption of an AT1 capital instrument called in April. CAPITAL MANAGEMENT (continued) The table below summarises the component parts of the Group's leverage ratio. Fully loaded At 30 June At 31 Dec 2019 2018 \xA3m \xA3m Total tier 1 capital for leverage ratio Common equity tier 1 capital 28,767 30,167 Additional tier 1 capital 5,381 6,466 Total tier 1 capital 34,148 36,633 Exposure measure Statutory balance sheet assets Derivative financial instruments 26,148 23,595 Securities financing transactions 72,508 69,301 Loans and advances and other assets 723,592 704,702 Total assets 822,248 797,598 Qualifying central bank claims (53,288) (50,105) Deconsolidation adjustments1 Derivative financial instruments (1,475) (1,376) Securities financing transactions (452) (487) Loans and advances and other assets (141,893) (130,048) Total deconsolidation adjustments (143,820) (131,911) Derivatives adjustments Adjustments for regulatory netting (9,152) (8,828) Adjustments for cash collateral (13,020) (10,536) Net written credit protection 485 539 Regulatory potential future exposure 18,544 18,250 Total derivatives adjustments (3,143) (575) Securities financing transactions (2,045) 40 adjustments Off-balance sheet items 56,622 56,393 Regulatory deductions and other (8,367) (8,163) adjustments Total exposure measure2 668,207 663,277 Average exposure measure3 671,502 669,896 UK Leverage ratio2,5 5.1% 5.5% Average UK leverage ratio3 5.1% 5.5% CRD IV exposure measure4 721,495 713,382 CRD IV leverage ratio4 4.7% 5.1% 1 Deconsolidation adjustments relate to the deconsolidation of certain Group entities that fall outside the scope of the Group's regulatory capital consolidation, being primarily the Group's Insurance business. 2 Calculated in accordance with the UK Leverage Ratio Framework which requires qualifying central bank claims to be excluded from the leverage exposure measure. 3 The average UK leverage ratio is based on the average of the month end tier 1 capital position and average exposure measure over the quarter (1 April 2019 to 30 June 2019). The average of 5.1 per cent compares to 5.3 per cent at the start and 5.1 per cent at the end of the quarter. 4 Calculated in accordance with CRD IV rules which include central bank claims within the leverage exposure measure. 5 The UK leverage ratio is 5.1 per cent on a pro forma basis upon recognition of the dividend paid up by the Insurance business in July 2019 in relation to its 2019 interim earnings (31 December 2018: 5.6 per cent pro forma). CAPITAL MANAGEMENT (continued) Application of IFRS 9 on a full impact basis for capital and leverage IFRS 9 full impact At 30 At 1 June Jan 2019 2018 Common equity tier 1 (\xA3m) 28,272 29,592 ***Transitional*** tier 1 (\xA3m) 34,011 36,964 ***Transitional*** total capital (\xA3m) 44,688 47,195 Total risk-weighted assets (\xA3m) 206,789 206,614 Common equity tier 1 ratio (%) 13.7% 14.3% ***Transitional*** tier 1 ratio (%) 16.4% 17.9% ***Transitional*** total capital ratio 21.6% 22.8% (%) UK leverage ratio exposure 667,712 663,182 measure (\xA3m) UK leverage ratio (%) 5.0% 5.4% The Group has opted to apply paragraph 4 of CRR Article 473a (the '***transitional*** rules') which allows for additional capital relief in respect of any post 1 January 2018 increase in Stage 1 and Stage 2 IFRS 9 expected credit loss provisions (net of regulatory expected losses) during the transition ***period***. As at 30 June 2019 no additional capital relief has been recognised. Stress testing The Group undertakes a wide-ranging programme of stress testing providing a comprehensive view of the potential impacts arising from the risks to which the Group and its key legal entities are exposed. One of the most important uses of stress testing is to assess the resilience of the operational and strategic plans of the Group and its legal entities to adverse economic conditions and other key vulnerabilities. As part of this programme the Group conducted a macro-economic stress test of the four year operating plan in the first quarter of the year. The Group also participates in the UK wide Annual Cyclical Scenario stress tests run by the Bank of England. In the 2018 Bank of England stress test the Group exceeded the capital and leverage hurdles after the application of management actions and was not required to take any action as a result of the test. The Group is currently participating in the 2019 Bank of England stress test and, having submitted its results at the end of June, is awaiting the Bank of England's publication of the industry-wide results in the fourth quarter. Regulatory capital developments There continue to be a number of significant developments surrounding regulatory capital rules. These include PRA and EBA policy changes on mortgage risk-weighted asset modelling, EU revisions to the Capital Requirements Directive and Regulation that have resulted in the publications of CRD V and CRR 2, and the final Basel III reforms that were published in December 2017 and will introduce changes to the standardised and modelled approaches for certain risk types, including credit and operational risk, along with an aggregate output floor that is due to be implemented in full by 2027. The majority of these changes will be implemented over the coming years with the final Basel III reforms still subject to adoption via European and UK legislative processes. The implementation of some areas, and associated Pillar 2 offsets, will be at the discretion of the PRA. Half-year Pillar 3 disclosures The Group will publish a condensed set of half-year Pillar 3 disclosures in August, prepared in accordance with the revised European Banking Authority (EBA) guidelines on Pillar 3 disclosure formats and frequency that were issued in December 2016. A copy of the half-year Pillar 3 disclosures will be available to view from August at: [*https://www.lloydsbankinggroup.com/investors/financial-performance/*](https://www.lloydsbankinggroup.com/investors/financial-performance/) This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact [*rns@lseg.com*](mailto:rns@lseg.com) or visit   [*www.rns.com*](http://www.rns.com). --------------------------------------------------------------------------- 31.07.2019 Dissemination of a Corporate News, transmitted by DGAP - a service of EQS Group AG. The issuer is solely responsible for the content of this announcement. The DGAP Distribution Services include Regulatory Announcements, Financial/Corporate News and Press Releases. Archive at   [*www.dgap.de*](http://www.dgap.de) --------------------------------------------------------------------------- Language: English Company: Lloyds Banking Group Gresham Street EC2V 7HN London United Kingdom Phone: 020 7626 1500 Internet:   [*www.lloydsbankinggroup.com*](http://www.lloydsbankinggroup.com) ISIN: GB0008706128 WKN: 871784 Listed: Regulated Unofficial Market in Berlin, Dusseldorf, Frankfurt, Hamburg, Hanover, Munich, Stuttgart, Tradegate Exchange; London, BX, SIX EQS News ID: 849255 End of News DGAP News Service --------------------------------------------------------------------------- 849255 31.07.2019 \xB0

**Load-Date:** July 31, 2019

**End of Document**



[***Register of Commission documents: Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1305/2013 and (EU) No 1307/2013 as regards certain rules on direct payments and support for rural development in respect of the years 2019 and 2020 Document date: 2018-12-07 COM\_COM(2018)0817 COM documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TXB-VHB1-JDG9-Y0NJ-00000-00&context=1516831)

Impact News Service

December 8, 2018 Saturday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 3886 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

EN EN EUROPEAN COMMISSION Brussels, 7.12.2018 COM(2018) 817 final 2018/0414 (COD) Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) No 1305/2013 and (EU) No 1307/2013 as regards certain rules on direct payments and support for rural development in respect of the years 2019 and 2020 EN 1 EN EXPLANATORY MEMORANDUM 1. CONTEXT OF THE PROPOSAL • Reasons for and objectives of the proposal This proposal aims at providing certainty and ***continuity*** in the granting of support to European farmers in the years 2019 and 2020 by adapting two legislative acts of the Common ***Agricultural*** Policy (CAP). In relation to rural development, certain amendments of Regulation (EU) No 1305/2013 (Rural Development Regulation) are needed to ensure the ***continuity*** of the policy in the final years of the programming ***period*** and a ***smooth*** passage to the next programming ***period***. These amendments concern a new degressivity schedule for phasing out payments to areas facing natural constraints other than mountain areas (ANC) and the use of EAFRD technical assistance at the initiative of the Commission for actions preparing the implementation of the future CAP. In relation to direct payments, some of the provisions in Regulation (EU) No 1307/2013 (Direct Payment Regulation) do not cover calendar year 2020 since expenditure relating to calendar year 2020 is made in financial year 2021, which is the first year of the new Multiannual Financial Framework (MFF) 2021-2027. At the time of adoption of the Regulation, it was therefore not possible to make commitments relating to the future MFF.

In the absence of an amendment of Regulation (EU) No 1307/2013, some Member States would face disruptive financial implications as regards direct payments in calendar year 2020, going beyond those related to the new MFF (MFF 2021-2027). Those Member States would be faced with important changes in their direct payments and rural development envelopes with considerable effects on the payments to farmers under both pillars. In addition, other technical elements are added, as they would facilitate implementation of the current legislative framework. • Consistency with existing policy provisions in the policy area The proposed amendments are consistent with the Rural Development Regulation and Direct Payment Regulation, therefore the proposal is consistent with the existing policy provisions of the CAP. • Consistency with other Union policies Not applicable 2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY • Legal basis Articles 42 and 43(2) of the Treaty on the Functioning of the European Union (TFEU). • Subsidiarity (for non-exclusive competence) The TFEU provides that the competence for ***agriculture*** is shared between the Union and the Member States. The Union exercises its competence through the adoption of various legislative acts, thereby defining and implementing an EU common ***agricultural*** policy as provided for in Article 38 to 44 of the Treaty on the Functioning of the European Union. Regulations (EU) No 1305/2013 and (EU) No 1307/2013 set up a system for support for rural development and for direct payments to farmers. According to Article 39 of the TFEU, a treaty objective of the CAP is inter alia to ensure a fair standard of living for farmers and the EN 2 EN proposed initiative fits within this objective. Accordingly, with the European ***Agricultural*** Guarantee ***Fund*** (EAGF), the CAP ***funds*** direct payments and Regulation EU (No) 1307/2013 regulates the payments at Union level. Rural development support is an integral part of the CAP and contributes to the CAP objectives as laid down in the Treaty on the Functioning of the European Union. The added value of the proposal is to ensure certainty and stability of direct income support for European farmers in the year 2020 and of support for rural development in the final years of the current programming ***period***. These objectives can only be achieved through an amendment of Regulations (EU) No 1305/2013 and (EU) No 1307/2013 by the EU co-legislators. • Proportionality The proposal does not entail any new policy developments compared to the legislative acts it intends to amend. The proposal modifies the existing Regulations only to the extent necessary to achieve the objectives outlined above. • Choice of the instrument Since the original legislative acts are regulations of the European Parliament and the Council, the amendments must also be introduced as a European Parliament and Council regulation by means of the ordinary legislative procedure. 3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS The proposal deviates from standard practice as set out in the Better Regulation guidelines and in the Toolbox. A derogation to the standard practice is necessary for the following reasons: - the proposal is highly technical in its scope; - the initiative is confined to the final years of the current programming ***period***; - it does not introduce new political commitments. An impact assessment, public consultation and a roadmap are therefore not suitable for this proposal. Moreover, as the legislation needs to be in place in 2019, adoption by the co-legislators is urgent. • Ex-post evaluations/fitness checks of existing legislation Not applicable • Stakeholder consultations Not applicable • Collection and use of expertise Not applicable • Impact assessment Not applicable EN 3 EN • Regulatory fitness and simplification Not applicable • Fundamental rights The proposal respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union. 4. BUDGETARY IMPLICATIONS The proposed option for Member States to continue the current flexibility between direct payments and rural development in calendar year 2020 (financial year 2021), and the transfer of the estimated product of reduction from direct payments to rural development in that year, may, subject to Member States’ decisions, affect the allocation between direct payments and rural development. However, any such transfer will be neutral in terms of overall budgetary commitments. Further details on the financial implications of the present proposal are provided in the financial statement attached to the proposal. 5. OTHER ELEMENTS • Implementation plans and monitoring, evaluation and reporting arrangements Not applicable • Explanatory documents (for directives) Not applicable • Detailed explanation of the specific provisions of the proposal  Rural development The proposal makes it possible for the Member States to modify the degressivity schedule for payments to areas, which had received such payments in the previous programming ***period***, while in the ongoing ***period***, not being classified anymore as areas facing natural constraints other than mountain areas pursuant to Article 31(5) of Rural Development Regulation. This modification follows the extension of the deadline for the new delimitation of such areas to 2019 introduced by Regulation (EU) 2017/2393, which implies, by the end of the ongoing programming ***period***, a shorter adaptation ***period*** for farmers who are no longer eligible for these payments. This modification would allow calculating ***transitional*** payments for the years 2019 and 2020 based on payment levels of the 2014-2020 ***period***. Furthermore, the degressivity of the ***transitional*** payments shall be less steep as it shall be established by MS so that the end level is half of the starting level. The proposal extends the use of the technical assistance at the initiative of the Commission ***funded*** by the European ***Agricultural*** ***Fund*** for Rural Development (EAFRD) to actions related to the preparation of the future CAP. The proposal concerns exclusively the scope of technical assistance without modifying the financial support.  Flexibility between pillars in year 2020 and transfer of the product of reduction of direct payments to Rural development EN 4 EN The proposal includes provisions regarding the possibility for Member States to transfer ***funds*** between pillars in calendar year 2020 (corresponding to financial year 2021). For the ***period*** 2015-2019, Member States had the possibility to transfer amounts from direct payments to rural development and vice versa. Such flexibility for calendar year 2020/financial year 2021 is not laid out under the rules in force. This financial mechanism is an important mechanism for providing Member States with flexibility in managing their financial envelopes, and optimizing the use of available ***funds***. Experience shows this mechanism has proven an effective tool for Member States and therefore certain Member States transfer a significant amount between the two pillars. An absence of flexibility between pillars in calendar year 2020/financial year 2021 would likely create serious financial disruptions for farmers in some Member States, as the effect on their envelopes could be significant. Accordingly, the proposal calls for a transfer between pillars to remain possible in calendar year 2020 under the same conditions as currently standing and that the estimated product of reduction continues to be transferred from direct payments to rural development. EN 5 EN 2018/0414 (COD) Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) No 1305/2013 and (EU) No 1307/2013 as regards certain rules on direct payments and support for rural development in respect of the years 2019 and 2020 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 42 and Article 43(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, Acting in accordance with the ordinary legislative procedure, Whereas: (1) Regulation (EU) No 1305/2013 of the European Parliament and of the Council2 is the current legal framework for the support for rural development. It provides for support to areas facing natural constraints other than mountain areas. Taking into account the extension to 2019 of the deadline for the new delimitation of areas facing natural constraints other than mountain areas through Regulation (EU) 2017/2393 of the European Parliament and of the Council3 and the shorter adaptation ***period*** for farmers who will no longer be eligible for payments, degressive ***transitional*** payments that only start in 2019 should start at no more than 80% of the average payments fixed in the 2014-2020 programming ***period***. The payment level should be established in such a way that the end level in 2020 is half of the starting level. (2) In order to provide assistance to Member States and stakeholders for the timely preparation of the future Common ***Agricultural*** Policy (CAP) and to ensure a ***smooth*** passage to the next programming ***period***, it should be clarified that it is possible to finance activities linked to the preparation of the future CAP through technical assistance at the initiative of the Commission. 1 OJ C , , p. . 2 Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European ***Agricultural*** ***Fund*** for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005 (OJ L 347, 20.12.2013, p. 487). 3 Regulation (EU) 2017/2393 of the European Parliament and of the Council of 13 December 2017 amending Regulations (EU) No 1305/2013 on support for rural development by the European ***Agricultural*** ***Fund*** for Rural Development (EAFRD), (EU) 1306/2013 on the financing, management and monitoring of the common ***agricultural*** policy, (EU) 1307/2013 establishing rules for direct payment to farmers under support schemes within the framework of the common ***agricultural*** policy, (EU) No 1308/2013 establishing a common organisation of the markets in ***agricultural*** products and (EU) No 652/2014 laying down provisions for the management of expenditure relating to the food chain, animal health and animal welfare, and relating to plant health and plant reproductive material (OJ L 350, 29.12.2017, p. 15). EN 6 EN (3) Regulation (EU) No 1307/2013 of the European Parliament and of the Council4 is the current legal framework for direct payments. While most of its provisions can apply as long as that Regulation remains in force, other provisions explicitly refer to calendar years 2015 to 2019 covered by the Multiannual Financial Framework 2014-2020. For some other provisions, their applicability beyond calendar year 2019 was not explicitly envisaged. In June 2018, the Commission has submitted a proposal for a new Regulation aiming to replace Regulation (EU) No 1307/2013, but only from 1 January 2021. Therefore, it is appropriate to proceed to some technical adjustments of Regulation (EU) No 1307/2013 so that it can be ***smoothly*** applied in calendar year 2020. (4) The obligation set out in Article 11 of Regulation (EU) No 1307/2013 to reduce the part of the amount of direct payments to be granted to a farmer for a given calendar year exceeding EUR 150 000 continues to apply as long as that Regulation is in force. However, currently, that Article only provides a notification obligation for Member States as regards their decisions and the estimated product of this reduction for years 2015 to 2019. With a view to ensuring a continuation of the existing system, it should be set out that Member States are also to notify their decisions concerning year 2020 and the estimated product of reduction for that year. (5) Flexibility between pillars is an optional transfer of ***funds*** between direct payments and rural development. Under current Article 14 of Regulation (EU) No 1307/2013, Member States may make use of this flexibility as regards calendar years 2014 to 2019. In order to ensure that Member States may keep their own strategy, the flexibility between pillars should be made available also for calendar year 2020, corresponding to financial year 2021. (6) As a consequence of the amendment of Article 14 of Regulation (EU) No 1307/2013 in respect of calendar year 2020, it is appropriate to adjust the references to that Article in the context of the obligation of the Member States to linearly reduce or increase the value of the payment entitlements due to fluctuations in the annual national ceiling resulting from their notifications of the application of flexibility between pillars. (7) Regulations (EU) No 1305/2013 and (EU) No 1307/2013 should therefore be amended accordingly. (8) In order to promptly provide the necessary flexibility to the Member States and to ensure the ***continuity*** of the rural development policy in the final years of the 2014-2020 programming ***period***, this Regulation should apply from 1 March 2019, HAVE ADOPTED THIS REGULATION: Article 1 Amendments to Regulation (EU) No 1305/2013 Regulation (EU) No 1305/2013 is amended as follows: (1) in Article 31(5), the following second subparagraph is inserted: 4 Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common ***agricultural*** policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009 (OJ L 347, 20.12.2013, p. 608). EN 7 EN ‘By way of derogation from the first subparagraph, where degressive payments start only in the year 2019, those payments shall start at no more than 80% of the average payment fixed in the 2014-2020 programming ***period***. The payment level shall be established in such a way that the end level in 2020 is half of the starting level.’; (2) in Article 51(1), the following second subparagraph is inserted: ‘The EAFRD may finance activities preparing the implementation of the CAP in the subsequent programming ***period***.’. Article 2 Amendments to Regulation (EU) No 1307/2013 Regulation (EU) No 1307/2013 is amended as follows: (1) in Article 7, paragraph 2 is replaced by the following: ‘2. For each Member State and for each calendar year, the estimated product of the reduction of payments referred to in Article 11 (which is reflected by the difference between the national ceiling set out in Annex II, to which is added the amount available in accordance with Article 58, and the net ceiling set out in Annex III) shall be made available as Union support financed under the European ***Agricultural*** ***Fund*** for Rural Development (EAFRD).’; (2) in Article 11(6), the following third subparagraph is added: ‘For the year 2020, Member States shall notify the Commission of the decisions taken in accordance with this Article and of any estimated product of reductions by 31 December 2019.’; (3) Article 14 is amended as follows: (a) in paragraph 1, the following sixth subparagraph is added: ‘By 31 December 2019, Member States may decide to make available, as additional support financed under the EAFRD in financial year 2021, up to 15 % of their annual national ceilings for calendar year 2020 set out in Annex II to this Regulation. As a result, the corresponding amount shall no longer be available for granting direct payments. This decision shall be notified to the Commission by 31 December 2019 and shall set out the percentage chosen.’; (b) in paragraph 2, the following sixth subparagraph is added: ‘By 31 December 2019, Member States may decide to make available as direct payments up to 15 % or, in the case of Bulgaria, Estonia, Spain, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia, Finland and Sweden up to 25 % of the amount allocated to support financed under the EAFRD in financial year 2021 by Union legislation adopted following the Regulation adopted by the Council pursuant to EN 8 EN Article 312(2) of the Treaty on the Functioning of the European Union. As a result, the corresponding amount shall no longer be available for support financed under the EAFRD. This decision shall be notified to the Commission by 31 December 2019 and shall set out the percentage chosen.’; (4) in Article 22, paragraph 5 is replaced by the following: ‘5. If the ceiling for a Member State set by the Commission pursuant to paragraph 1 is different from that of the previous year as a result of any decision taken by that Member State in accordance with paragraph 3 of this Article, Article 14(1) or(2), Article 42(1), the second subparagraph of Article 49(1), the second subparagraph of Article 51(1), or Article 53, that Member State shall linearly reduce or increase the value of all payment entitlements in order to ensure compliance with paragraph 4 of this Article.’. Article 3 Entry into force and application This Regulation shall enter into force on the third day following that of its publication in the Official Journal of the European Union. It shall apply from 1 March 2019. 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 EN 9 EN LEGISLATIVE FINANCIAL STATEMENT FINANCIAL STATEMENT FS/18/CS/pl 5249450 6.15.2018.1 DATE: 13/09/2018 1. BUDGET HEADING: current MFF: Heading 2, proposal for the MFF 2021 – 2027: heading 3 Draft Budget 2019: 05 03 Direct payments after financial discipline: 05 04 60 European ***Agricultural*** ***Fund*** for Rural development (EAFRD) (2014 – 2020) APPROPRIATIONS: in EUR million 40 981.6 14 673.6 2. TITLE: Proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) No 1305/2013 and (EU) No 1307/2013 as regards the application of direct payments and support for rural development in respect of the years 2019 and 2020 3. LEGAL BASIS: Article 42 and 43(2) of the Treaty on the Functioning of the European Union 4. AIMS: This proposal aims at providing ***continuity*** in the granting of support to European farmers in the years 2019 and 2020 by adapting two legislative acts of the Common ***Agricultural*** Policy (CAP): rural development under Regulation (EU) No 1305/2013 and direct payments under Regulation (EU) No 1307/2013. 5. FINANCIAL IMPLICATIONS 12 MONTH ***PERIOD*** (EUR million) CURRENT FINANCIAL YEAR 2018 (EUR million) FOLLOWING FINANCIAL YEAR 2019 (EUR million) 5.0 EXPENDITURE - CHARGED TO THE EU BUDGET (REFUNDS/INTERVENTIONS) - NATIONAL AUTHORITIES - OTHER n.a n.a 5.1 REVENUE - OWN RESOURCES OF THE EU (LEVIES/CUSTOMS DUTIES) - NATIONAL 2017 2018 2019 2020 5.0.1 ESTIMATED EXPENDITURE 5.1.1 ESTIMATED REVENUE 5.2 METHOD OF CALCULATION: See observations 6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET? n.a 6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET? n.a 6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY? NO 6.3 WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS? YES (see observations) OBSERVATIONS: EN 10 EN As regards support for rural development under Regulation (EU) No 1305/2013 (EAFRD), the proposal relates to financial years 2019 – 2021, whereas the proposed modifications for direct payments under Regulation (EU) No 1307/2013 relate to calendar year 2020/financial year 2021. The proposal does not have any financial implications in terms of increased expenditure. The effect of the proposed provisions giving Member States an option to transfer amounts between direct payments allocations in calendar year 2020/financial year 2021 and EAFRD in financial year 2021 as well as the transfer of the estimated product of reduction from direct payments in calendar year 2020 to EAFRD in financial year 2021 will depend on Member States’ implementation and can therefore not be quantified at present. Such transfers will in any case remain neutral with regard to overall commitment appropriations in the way that any deductions from the direct payments allocations will be off-set by a corresponding increase in the EAFRD allocations and vice versa. With regard to payment appropriations, if Member States’ implementation of these provisions would lead to a net transfer to EAFRD, it could lead to a slight postponement of payments from financial year 2021 to the following years, compared to the situation where Member States’ implementation would imply a net transfer towards direct payments allocations or no re-allocation at all. This effect can however not be quantified at this stage and is in any case expected to remain minimal. As an example, without prejudging Member States’ choices for calendar year 2020/financial year 2021, the flexibility in financial years 2018 and 2019 implies net transfers to EAFRD of respectively EUR 612 million and EUR 920 million. The transfer to EAFRD of the estimated product of reduction in the same financial years is respectively EUR 110 million and EUR 111 million. Given the past experience and the budgetary envelopes proposed for 2021-2027, a net transfer to the EAGF seems unlikely; however, it cannot be fully excluded at this stage. In such a case, in order to comply with the applicable ceilings, differentiated expenditure, such as the payments under the EAFRD, may need to be given a lower priority.

**Load-Date:** December 8, 2018

**End of Document**



[***Council of the European Union: Proposal for a Council Regulation on measures concerning the implementation and financing of the general budget of the Union in 2020 in relation to the withdrawal of the United Kingdom from the Union PDF document ST 11921 2019 INIT06-09-2019***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5X1M-M6R1-JDG9-Y202-00000-00&context=1516831)

Impact News Service

September 11, 2019 Wednesday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 7930 words

**Body**

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

11921/19 KB/abECOMP.2.A ENCouncil of theEuropean UnionBrussels, 6 September 2019(OR. en)11921/19FIN 558CADREFIN 312PREP-BXT 145RESPR 44Interinstitutional File:2019/0186(APP)PROPOSALFrom: Secretary-General of the European Commission,signed by Mr Jordi AYET PUIGARNAU, Directordate of receipt: 6 September 2019To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council ofthe European UnionNo. Cion doc.: COM(2019) 461 finalSubject: Proposal for a Council Regulation on measures concerning theimplementation and financing of the general budget of the Union in 2020 inrelation to the withdrawal of the United Kingdom from the UnionDelegations will find attached document COM(2019) 461 final.Encl.: COM(2019) 461 finalEN ENEUROPEANCOMMISSIONBrussels, 4.9.2019COM(2019) 461 final2019/0186 (APP)Proposal for aCOUNCIL REGULATIONon measures concerning the implementation and financing of the general budget of theUnion in 2020 in relation to the withdrawal of the United Kingdom from the UnionEN 1 ENEXPLANATORY MEMORANDUM1. CONTEXT OF THE PROPOSAL• Reasons for and objectives of the proposalThe United Kingdom has decided to leave the European Union, invoking the procedure in Article 50 of the Treaty on European Union (TEU). Following a request by the United Kingdom, the European Council (Article 50) agreed on 11 April 20191 to extend further2 the ***period*** provided for in Article 50(3) TEU until 31 October 2019. Unless the United Kingdom ratifies the Withdrawal Agreement by 31 October 2019 or requests a third extension, to which the European Council (Article 50) agrees by unanimity, the ***period*** under Article 50(3) TEU will end then. The United Kingdom will then be a third country as of 1 November 2019 without an agreement to ensure an orderly withdrawal.The Commission continues to consider that an orderly withdrawal of the United Kingdom from the Union on the basis of the Withdrawal Agreement is the best outcome.The Communication of 12 June 2019 on the ‘State of play of preparations of contingency measures for the withdrawal of the United Kingdom from the European Union’3 recalled that, in line with the approach which the European Council (Article 50) has emphasised throughout the process, all actors must continue to prepare for all possible outcomes, including a withdrawal without an agreement. It concluded that the Commission would continue to monitor political developments and assess if any extension of the adopted measures would be needed. This proposal is an extension to 2020 of the contingency framework for the Union budget laid down in Council Regulation (EU, Euratom) 2019/1197 of 9 July 2019 on measures concerning the implementation and financing of the general budget of the Union in 2019 in relation to the withdrawal of the United Kingdom from the Union4. The proposal lays down rules on the relations between the Union, on the one hand, and the United Kingdom and its beneficiaries, on the other, as regards the financing and implementation of the budget in 2020.Since the notification by the United Kingdom of its withdrawal intention, the European Union has consistently stated that the Union and the United Kingdom are bound to honour their respective obligations resulting from the whole ***period*** of the United Kingdom’s membership in the Union. This principle was recalled in the European Council's conclusions of 29 April 2017, and reflected in the introduction to the Withdrawal Agreement5. The absence of a withdrawal agreement at the withdrawal date would not affect that guiding principle.A withdrawal without an agreement would leave the budgetary relations between the Union and the UK without agreed legal arrangements. Such a legal vacuum would create considerable uncertainty and difficulties for the implementation of the Union’s budgets for 2019 and 2020, for all UK beneficiaries and in some cases also for beneficiaries of the other1 European Council Decision (EU) 2019/584, OJ L 101, 11.4.2019, p. 1.2 Following a request by the United Kingdom, the European Council decided a first extension on 22 March 2019 (European Council Decision (EU) 2019/476, OJ L 80I, 22.3.2019, p. 1).3 COM/2019/276 final.4 OJ L 189, 15.7.2019, p. 1.5 Agreement on the withdrawal of the United Kingdom of great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, OJ, C 144I, 25.4.2019, p.1EN 2 ENMember States. In line with the Commission’s overall approach, this proposal is a contingency measure in response to this situation.After withdrawal, the Treaties and the secondary legislation will not be applicable to the United Kingdom. The United Kingdom or entities established in the United Kingdom will cease to be eligible to receive ***funding*** under those Union programmes, unless relevant provisions for participation of third countries are included in the legal acts of EU spending programmes.The purpose of this proposal is to extend to 2020 the contingency framework under Regulation (EU, Euratom) 2019/1197 and, consequently, to avoid, or at least minimise, the most significant disruptions for beneficiaries of EU spending programmes and other actions at the time of withdrawal and until the end of 2020, also with the expectation that this will facilitate a financial settlement between the Union and the United Kingdom.The proposed contingency framework provides for the possibility to maintain throughout 2020 the eligibility to benefit from Union financing for the United Kingdom and United Kingdom entities under legal commitments entered into before the withdrawal date or between the withdrawal date and the end of 2019, in application of Regulation (EU, Euratom) 2019/1197. This is subject to the condition that the United Kingdom makes a written commitment to contribute to the financing of the budget for 2020 under the terms set in this proposal. In addition, the United Kingdom should commit in writing to accept the controls and audits which cover the entire implementation ***period*** of the programmes or the actions. Under these conditions, the financial interests of the Union will be protected.The United Kingdom and United Kingdom entities, as well as entities from the other Member States whose eligibility is affected by the UK withdrawal, would continue benefiting from the Union financing under the conditions of this proposal. This would mitigate the most significant disruptions of the withdrawal on existing agreements and decisions. It would allow for an orderly budget implementation of legal commitments with the United Kingdom and United Kingdom entities signed or adopted before the date of withdrawal or between the withdrawal date and the end of 2019, in application of Regulation (EU, Euratom) 2019/1197.Furthermore, as the United Kingdom would finance its share of the budget 2020, and in line with the objective of implementing fully the multiannual financial framework 2014-2020 decided while the United Kingdom was a member of the Union, the United Kingdom and United Kingdom entities would be eligible in 2020 for the purposes of conditions set in any calls, tenders, contests or any other procedure which may lead to financing from the Union's budget. This would not apply in case there are restrictions in relation to security or to actions involving the European Investment Bank or the European Investment ***Fund***. Such Union ***funding*** would be limited to eligible expenditure incurred in 2020, except for public procurement contracts signed before the end of 2020 in application of Title VII of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council (‘the Financial Regulation’), which would continue to be implemented in accordance with their terms, and except for the United Kingdom ***agricultural*** direct payment scheme for the claim year 2020, which will be excluded from eligibility.The proposed contingency framework would also allow financing of actions in which Member States and Member States' entities are beneficiaries where the eligibility depends on the United Kingdom being a Member State or results from Regulation (EU, Euratom) 2019/1197, provided that these specific actions are implemented under legal commitmentsEN 3 ENsigned or adopted before the date of withdrawal or in 2019 in application of Regulation (EU, Euratom) 2019/1197.This eligibility of the United Kingdom and United Kingdom entities would only start applying after the conditions laid down in this proposal have been fulfilled, including that the United Kingdom has made its first payment to the EU budget for 2020. The contingency framework providing for the eligibility of United Kingdom and United Kingdom entities would cease to apply if the United Kingdom discontinues the payments or where significant deficiencies have been observed in the execution of the controls and audits.The contribution from the United Kingdom is based on the draft budget for 2020 as proposed on 5 July 2019 for 28 Member States6 and would be adjusted to take into account the level of payment appropriations under the adopted budget. It is reasonable that no Member State is in a less favourable position as regards their contribution than laid down in the budget for 2020 as proposed, following the adoption of this Regulation. Therefore, to ensure the beneficial effect of this Regulation for all Member States, a specific amount would be deducted before that contribution is entered in the Union budget. Such specific amount would benefit the Member States which would otherwise be at a disadvantage following the adoption of this Regulation, as further specified in dedicated practical arrangements setting out the distribution of the payments due and entrusting the Commission with the disbursement of the specific amount.The proposal is without prejudice to negotiating an agreement with the United Kingdom on a financial settlement covering the entirety of mutual obligations. If no agreement is reached in 2019 or 2020, the situation at the beginning of 2021 will be equivalent to the one at the withdrawal date for the mutual commitments undertaken by the Union and the United Kingdom. In any event the Union and the United Kingdom would need to honour their respective obligations resulting from the whole ***period*** of the United Kingdom membership in the Union.• Consistency with existing policy provisions in the policy areaThis proposal aims at minimising the negative impact of the withdrawal of the United Kingdom for the Union budget and for the implementation of the policies of the Union.• Consistency with other Union policiesThis proposal is is part of the Union preparedness and contingency plan to mitigate the most significant disruptions of a withdrawal of the United Kingdom from the Union without a withdrawal agreement and fully consistent with the Council mandate for the negotiations with the United Kingdom on its withdrawal from the Union.2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY• Legal basisArticle 352 TFEU and Article 203 of the Euratom Treaty allow the Union to adopt appropriate measures if actions by the Union should prove necessary, within the framework of the policies, to attain one of the objectives set out in the Treaties, and the Treaties have not provided the necessary powers. The proposed Regulation constitutes a measure allowing6 COM/2019/400 final of 5.7.2019 EN 4 ENtransition following the withdrawal of a Member State with regard to financing and implementation of actions from the Union budget in a situation in which no agreement has been concluded with that State. Such measure is necessary in order to implement the Union’s budget for 2020, which was proposed on 5 July 2019 for 28 Member States, allow to receive the payments from the withdrawing Member State, as well as provide a solution for the ongoing actions financed from the Union’s budget for the United Kingdom and United Kingdom’s beneficiaries and for new actions justified by the contribution of the United Kingdom to the budget 2020. The Treaties do not provide for the necessary powers for the Union to adopt such transitory measures and therefore Article 352 TFEU and Article 203 of the Euratom Treaty are the appropriate legal basis.• Subsidiarity (for non-exclusive competence)The Union’s budget 2020, which was proposed on 5 July 2019 for 28 Member States, will finance the actions and spending programmes under the multiannual financial framework 2014-2020 as they were adopted by the Union legislator. The objectives of the proposed action can thus only be achieved by a measure at Union level.• ProportionalityThe proposal does not exceed what is necessary to achieve the objectives of the measure, as it is limited to determining the conditions required for the establishment of eligibility of the United Kingdom and United Kingdom's entities. It is limited in time.• Choice of the instrumentGiven the need for a binding act which would be directly applicable proposing a regulation is the only adequate form.3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS• Ex-post evaluations/fitness checks of existing legislation• Stakeholder consultationsIt was not to possible to carry out a stakeholder consultation due to the urgency for preparing the proposal so that it can be adopted in time by the Council after obtaining the consent of the European Parliament in order to minimise the ***period*** of uncertainty for the beneficiaries and for the financing of the budget for 2020.• Impact assessmentDue to the nature of the proposed measure, no impact assessment was carried out, in line with the Better Regulation Guidelines. The envisaged contingency framework would facilitate the ***smooth*** implementation of the budget 2020 and a possible future agreement with the United Kingdom on the respective obligations resulting from the whole ***period*** of the United Kingdom’s membership in the Union.EN 5 EN4. BUDGETARY IMPLICATIONSIn case of a withdrawal without an agreement, this proposal would restore the eligibility of the United Kingdom and United Kingdom beneficiaries as long as the United Kingdom contributes to the budget for 2020. It would also allow receiving the United Kingdom’s contributions as laid down in the draft budget for 2020, which was proposed on 5 July 2019 for 28 Member States, after adjusting those contributions to take into account the level of payment appropriations under the adopted budget.The United Kingdom’s acceptance of the conditions for the 2019 contingency framework and its written commitment to accept the necessary controls and audits would be conditions for the application of this contingency framework for 2020.EN 6 EN2019/0186 (APP)Proposal for aCOUNCIL REGULATIONon measures concerning the implementation and financing of the general budget of the Union in 2020 in relation to the withdrawal of the United Kingdom from the UnionTHE COUNCIL OF THE EUROPEAN UNION,Having regard to the Treaty on the Functioning of the European Union, and in particular Article 352 thereof,Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 203 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 consent of the European Parliament7,Acting in accordance with a special legislative procedure,Whereas:(1) On 29 March 2017, the United Kingdom submitted the notification of its intention to withdraw from the Union pursuant to Article 50 of the Treaty on European Union (TEU). The Treaties will cease to apply to the United Kingdom from the date of entry into force of the withdrawal agreement or, failing that, two years after that notification that is from 30 March 2019, unless the European Council, in agreement with the United Kingdom, unanimously decides to extend that ***period***. The ***period*** has been extended twice, last time by European Council Decision (EU) 2019/5848, which extended it until 31 October 2019. In the absence of a withdrawal agreement with the United Kingdom and of a further extension of the ***period*** referred to in Article 50(3) TEU a financial settlement with regard to the financial obligations following from the United Kingdom’s membership in the Union needs to be agreed in a future international agreement between the United Kingdom and the Union.(2) This Regulation is without prejudice to the respective obligations of the Union and the United Kingdom resulting from the whole ***period*** of the United Kingdom’s membership in the Union.7 Consent of […].8 European Council Decision (EU) 2019/584 taken in agreement with the United Kingdom of 11 April 2019 extending the ***period*** under Article 50(3)TEU, (OJ L 101, 11.04.2019, p.1).EN 7 EN(3) Council Regulation (EU, Euratom) 2019/11979 has laid down rules on the relations between the Union, on the one hand, and the United Kingdom and its beneficiaries, on the other, as regards the financing and implementation of the general budget of the Union (‘the budget’) in 2019. It is necessary to lay down rules on the relations between the Union, on the one hand, and the United Kingdom and its beneficiaries, on the other, also as regards the financing and implementation of the budget in 2020.(4) The Treaties do not provide powers other than those under Article 352 of the Treaty on the Functioning of the European Union (TFEU) and Article 203 of the Treaty establishing the European Atomic Energy Community for the adoption of the measures concerning the implementation and financing of the budget in 2020 in relation to the withdrawal of the United Kingdom from the Union without a withdrawal agreement.(5) The United Kingdom and persons and entities established in the United Kingdom are participating in a number of Union programmes or actions on the basis of the United Kingdom’s membership in the Union. The participation takes place on the basis of agreements with the United Kingdom or persons or entities established in the United Kingdom or decisions in favour of the United Kingdom or persons or entities established in the United Kingdom which constitute legal commitments.(6) For many of those agreements and decisions, the rules governing the eligibility require the beneficiary to be a Member State or a person or entity established in a Member State. The eligibility of the United Kingdom or persons or entities established in the United Kingdom is in such cases linked to the United Kingdom being a Member State. The withdrawal of the United Kingdom from the Union without a withdrawal agreement therefore entails the loss of eligibility of such recipients of Union financing under the agreements and decisions. However, this does not concern cases where persons or entities established in the United Kingdom would participate in an action under, and subject to the conditions applicable under, the respective Union rules for persons and entities established in a third country.(7) In case of a withdrawal without a withdrawal agreement, it would be beneficial both for the Union and its Member States and for the United Kingdom and persons and entities established in the United Kingdom to provide for the eligibility in 2020 of the United Kingdom and beneficiaries established in the United Kingdom to receive Union ***funds*** and for the participation of the United Kingdom in the financing of the budget for 2020. It would also be beneficial if the legal commitments signed and adopted before the date of withdrawal or in 2019 in application of Article 4 of Regulation (EU, Euratom) 2019/1197, could continue to be executed throughout 2020.(8) It is therefore appropriate to lay down conditions under which the United Kingdom and persons and entities established in the United Kingdom could continue to be eligible in 2020 with regard to the agreements signed with them and the decisions adopted with regard to them until the date on which the Treaties cease to apply to and in the United Kingdom (‘date of withdrawal’) or in 2019 in application of Article 4 of Regulation (EU, Euratom) 2019/1197. The following conditions are required for the application of this Regulation: i) the United Kingdom has confirmed the commitment9 Council Regulation (EU, Euratom) 2019/1197 of 9 July 2019 on measures concerning the implementation and financing of the general budget of the Union in 2019 in relation to the withdrawal of the United Kingdom from the Union, (OJ L 189, 15.7.2019, p. 1).EN 8 ENin writing to the Commission to continue to pay a contribution calculated on the basis of the estimated own resources from the United Kingdom as set out in the draft budget for 2020, as proposed on 5 July 2019, and adjusted to take into account the total amount of payment appropriations set out in the adopted budget for 2020; ii) that a first instalment has been paid by the United Kingdom; iii) that the United Kingdom has confirmed the commitment in writing to the Commission to allow audits and controls in full by the Union in compliance with the applicable rules; iv) and that the Commission has adopted the decision pursuant to Article 2(2) of Council Regulation (EU, Euratom) 2019/1197 and has not adopted a decision pursuant to Article 3(2) of that Regulation. In view of the need for certainty, it is appropriate to limit the time for the fulfilment of the conditions. The Commission should adopt a decision on the fulfilment of the conditions.(9) The condition as regards the contribution from the United Kingdom should be based on the draft budget for 2020 as proposed for 28 Member States and should be adjusted to take into account the total amount of payment appropriations under the adopted budget. It is reasonable that no Member State should be in a less favourable position as regards their contribution than laid down in the budget for 2020 as proposed, following the adoption of this Regulation. Therefore, to ensure the beneficial effect of this Regulation for all Member States, it is appropriate to deduct a specific amount from the amount of the contribution by the United Kingdom to be entered in the general budget of the Union. Such specific amount should benefit the Member States which would otherwise be at a disadvantage following the adoption of this Regulation, as further specified in dedicated practical arrangements setting out the distribution of the payments due and entrusting the Commission with the disbursement of the specific amount.(10) As long as the conditions for eligibility of the United Kingdom and persons and entities established in the United Kingdom under this Regulation continue to be fulfilled, it is also appropriate to provide for their eligibility, in 2020, for the purposes of conditions set in calls, tenders, contests or any other procedure which may lead to financing from the Union’s budget, with the exception of specific cases related to security and to the loss of membership of the United Kingdom in the European Investment Bank, and to provide Union ***funding*** to them. Such Union ***funding*** should be limited to eligible expenditure incurred in 2020, except for public procurement contracts signed before the end of 2020 in application of Title VII of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council10 (‘the Financial Regulation’), which continue to be implemented in accordance with their terms, and except for the United Kingdom ***agricultural*** direct payment scheme for the claim year 2020, which should be excluded from eligibility. In line with the Financial Regulation, calls, tenders, contests or other procedures, as well as any ensuing agreements with, or decisions in favour of, the United Kingdom or persons or entities established in the United Kingdom, are to stipulate the conditions for eligibility and for continuation thereof by reference to this Regulation.10 Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).EN 9 EN(11) It is also appropriate to provide that the eligibility of the United Kingdom and persons and entities established in the United Kingdom would continue under the conditions that the United Kingdom continues to pay the contribution for 2020 and that controls and audits can be carried out effectively. Where these conditions are no longer fulfilled, the Commission should take a decision establishing such failure. In such a case, the United Kingdom and persons and entities established in the United Kingdom should cease to be eligible for Union financing.(12) It is also appropriate to provide for the continuation, in 2020, of eligibility of actions in which Member States or persons or entities established in the Member States receive Union ***funds*** and which are related to the United Kingdom. However, the potential non-acceptance by the United Kingdom of controls and audits should constitute an element to be taken into account for the purposes of sound financial management when assessing the implementation of such actions.(13) The actions should continue to be implemented in compliance with the relevant rules governing such actions, including the Financial Regulation. It is therefore, necessary to treat the United Kingdom as a Member State for the purpose of the application of such rules.(14) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States but can rather, as they concern the Union budget and programmes and actions implemented by the Union, 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 TEU. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.(15) In order to allow for a limited flexibility, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in respect of a possible extension of the deadlines set out in points (a), (b) and (c) of the first subparagraph of Article 2(1), and amendments to the payment schedule. It is of particular importance that the Commission carry 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 Interinstitutional Agreement of 13 April 2016 on Better Law-Making11. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States’ experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts. Where, in the case of a risk of a serious disruption of the implementation and financing of the Union budget in 2020, imperative grounds of urgency so require, the delegated act should enter into force without delay and should apply as long as no objection is expressed by the European Parliament or the Council,(16) To avoid most significant disruptions for beneficiaries of Union spending programmes and other actions at the date of the withdrawal of the United Kingdom from the Union, this Regulation should enter into force as a matter of urgency on the day following that of its publication in the Official Journal of the European Union and should apply from the day following that on which the Treaties cease to apply to and in the United11 OJ L 123, 12.5.2016, p. 1.EN 10 ENKingdom, unless a withdrawal agreement concluded with the United Kingdom has entered into force by that date. Given that this Regulation lays down measures concerning the implementation and financing of the budget of the Union for 2020, it should only apply to the eligibility for the year 2020,HAS ADOPTED THIS REGULATION:Article 1 Subject matter and scopeThis Regulation lays down rules on the implementation and the financing of the general budget of the Union (‘the budget’) in 2020 in relation to the withdrawal of the United Kingdom from the Union without a withdrawal agreement and on actions under direct, indirect and shared management for which the eligibility is fulfilled through the membership of the United Kingdom in the Union at the date on which the Treaties cease to apply to and in the United Kingdom (‘date of withdrawal’).This Regulation applies without prejudice to the territorial cooperation programmes covered by Regulation (EU) 2019/491 of the European Parliament and of the Council12 and to the learning mobility activities under the Erasmus+ programme covered by Regulation (EU) 2019/499 of the European Parliament and of the Council13.Article 2 Conditions for eligibility1. Where the United Kingdom or a person or entity established in the United Kingdom receive Union ***funds*** under an action carried out in direct, indirect or shared management pursuant to legal commitments signed or adopted before the date of withdrawal or in 2019 in application of Article 4 of Regulation (EU, Euratom) 2019/1197 and eligibility under that action depends on the membership of the United Kingdom in the Union, they shall continue to be eligible for Union ***funding*** for eligible expenditure incurred in 2020 following the date of withdrawal, if the following conditions are met, and as long as no decision as referred to in Article 3(2) has entered into force:(a) the United Kingdom, on 1 January 2020 or within [7] calendar days after the entry into force of this Regulation or after the date of its application, whichever is the later, has confirmed in writing to the Commission that it will contribute in euros, in accordance with the payment schedule laid down in this Regulation, the amount resulting from the following formula: UK OR DB2020 + UK GNI key DB2020 x (PA B2020 – PA DB2020);12 Regulation (EU) 2019/491 of the European Parliament and of the Council of 25 March 2019 in order to allow for the continuation of the territorial cooperation programmes PEACE IV (Ireland-United Kingdom) and United Kingdom-Ireland (Ireland-Northern Ireland-Scotland) in the context of the withdrawal of the United Kingdom from the Union (OJ L 85I , 27.3.2019, p. 1).13 Regulation (EU) 2019/499 of the European Parliament and of the Council of 25 March 2019 laying down provisions for the continuation of ongoing learning mobility activities under the Erasmus+ programme established by Regulation (EU) No 1288/2013, in the context of the withdrawal of the United Kingdom from the Union (OJ L 85I , 27.3.2019, p. 32).EN 11 EN(b) the United Kingdom, on 20 January 2020 or within [20] calendar days after the entry into force of this Regulation or after the date of its application, whichever is the later, has paid on the account determined by the Commission the first payment which corresponds to [3.5] twelfths of the amount referred to in point (a);(c) the United Kingdom, on 1 January 2020 or within [7] calendar days after the entry into force of this Regulation or after the date of its application, whichever is the later, has confirmed the commitment in writing to the Commission that it will continue to accept the controls and audits which cover the entire ***period*** of the programmes and actions in accordance with the applicable rules;(d) the Commission has adopted the decision pursuant to Article 2(2) of Regulation (EU, Euratom) 2019/1197 and has not adopted a decision pursuant to Article 3(2) of Regulation (EU, Euratom) 2019/1197; and(e) the Commission has adopted the decision referred to in paragraph 4 confirming that the conditions referred to in points (a), (b) and (c) of this subparagraph have been fulfilled.2. For the purposes of the formula set out in point (a) of paragraph 1 the following shall apply:(a) “UK OR DB2020” shall be the amount displayed in the line ‘United Kingdom’ and the column ‘Total own resources’ of table 7 of the part ‘A. Introduction and financing of the general budget’ of the revenue part of the budget for 2020 set out in the draft budget of the European Union for the financial year 2020, as proposed on 5 July 201914;(b) “UK GNI key DB2020” shall be the amount displayed in the line ‘United Kingdom’ and the column ‘GNI-based own resources’ of table 7 of the part ‘A. Introduction and financing of the general budget’ of the revenue part of the budget for 2020 set out in the draft budget of the European Union for the financial year 2020, as proposed on 5 July 2019, divided by the amount displayed in the line ‘Total’ of the same column;(c) “PA B2020 - PA DB2020” shall be the difference between the amount displayed in the line ‘Total expenditure’ and the column ‘Budget 2020’ of the table ‘Expenditure’ of the part ‘A. Introduction and financing of the general budget’ of the revenue part of the budget of the European Union for the financial year 2020 as adopted, and the amount displayed in the same line and the same column of the same table of the same part of the draft budget of the European Union for the financial year 2020, as proposed on 5 July 2019;(d) However, if the budget 2020 is not definitively adopted by the date of entry into force of this regulation or by the date of its application, whichever is the later, the “PA B2020 - PA DB2020” shall be zero.3. The amount referred to in point (a) of paragraph 1, after deduction of the amount of the first payment referred to in point (b) of paragraph 1, shall be broken down into14 COM (2019) 400 final of 5 July 2019.EN 12 ENequal instalments. The number of instalments shall correspond to the number of full months between the date of the first payment referred to in point (b) of paragraph 1 and the end of the year 2020.The amount referred to in point (a) of paragraph 1 shall be entered in the general budget of the Union as other revenue after deduction of a specific amount aiming at ensuring the budgetary distribution as provided in the column ‘Total own resources’ of the table referred to in point (a) of paragraph 1 and subject to dedicated practical arrangements to that effect.The commitment referred to in point (c) of the paragraph 1 shall include in particular the cooperation in the protection of the financial interests of the Union and the acceptance of the rights of the Commission, the Court of Auditors and the European Anti Fraud Office to access data and documents relating to Union contributions, and perform controls and audits.4. The Commission shall adopt a decision on whether the conditions laid down in points (a), (b) and (c) of paragraph 1 have been fulfilled.5. The Commission is empowered to adopt delegated acts in accordance with Article 7 concerning the extension of the deadlines set in points (a), (b) and (c) of paragraph 1 of this Article.Where, in the case of a risk of serious disruption of the implementation and financing of the Union budget in 2020, imperative grounds of urgency so require, the procedure provided for in Article 8 shall apply to delegated acts adopted pursuant to this paragraph.Article 3 Continuation of eligibility of United Kingdom and of persons and entities established in the United Kingdom1. The eligibility of the United Kingdom and persons and entities established in the United Kingdom established in accordance with Article 2 shall continue in the year 2020 as long as the following conditions are fulfilled:(a) the United Kingdom has, following the first payment made in accordance with Article 2(1)(b), paid on the account determined by the Commission the monthly instalment referred to in Article 2(3) on the first working day of each month until August 2020;(b) the United Kingdom has paid on the account determined by the Commission on the first working day of September 2020 the remaining monthly instalments referred to in Article 2(3), unless the Commission communicates to the United Kingdom a different payment schedule for this payment by 31 August 2020; and(c) no significant deficiencies have been observed in the execution of the controls and audits referred to in Article 2(1)(c).EN 13 EN2. Where one or more of the conditions referred to in paragraph 1 are not fulfilled, the Commission shall adopt a decision to that effect. That decision shall be published in the Official Journal of the European Union.As of the date of entry into force of the decision referred to in the first subparagraph of this paragraph, the United Kingdom and persons and entities established in the United Kingdom shall cease to be eligible under paragraph 1 of this Article, and under Articles 2 and 4, actions shall cease to be eligible under Article 6(2), and Article 5 shall cease to apply.3. The Commission is empowered to adopt delegated acts in accordance with Article 7 concerning a different payment schedule for the payments referred to in points (a) and (b) of paragraph 1 of this Article.Where, in the case of a risk of a serious disruption of the implementation and financing of the Union budget in 2020, imperative grounds of urgency so require, the procedure provided for in Article 8 shall apply to delegated acts adopted pursuant to this paragraph.Article 4 Participation in calls and eligibility of resulting expenditures1. As of the date of entry into force of the decision referred to in Article 2(1)(e), and as long as no decision as referred to in Article 3(2) has entered into force, the United Kingdom or persons and entities established in the United Kingdom shall be eligible in 2020 for the purposes of conditions set in any calls, tenders, contests or any other procedure which may lead to financing from the Union’s budget to the same extent as Member States and persons or entities established in the Member States, and be eligible for Union ***funding*** for eligible expenditure incurred in 2020.Notwithstanding the first subparagraph:(a) contracts signed in application of Title VII of the Regulation (EU, Euratom) 2018/1046 (‘the Financial Regulation’) until the end of 2020 shall be implemented in accordance with their terms and until their end date;(b) expenditure in respect of the United Kingdom direct payments scheme for the claim year 2020 pursuant to Regulation (EU) No 1307/2013 of the European Parliament and of the Council15 shall not be eligible for Union ***funding***.2. Notwithstanding paragraph 1, the United Kingdom or persons or entities established in the United Kingdom shall not be eligible under Regulation (EU) No 1309/2013 of the European Parliament and of the Council16, as amended by Regulation XXX, for actions covering workers made redundant and self-employed persons whose activity15 Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common ***agricultural*** policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009 (OJ L 347, 20.12.2013, p. 608).16 Regulation (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment ***Fund*** (2014-2020) and repealing Regulation (EC) No 1927/2006 (OJ L 347, 20.12.2013, p. 855).EN 14 ENhas ceased as a consequence of a withdrawal without an agreement and under Council Regulation (EC) No 2012/200217 establishing the European Union Solidarity ***Fund***, as amended by Regulation XXX, for actions covering serious financial burden inflicted on Member States directly imputable to a withdrawal without a withdrawal agreement.3. The first subparagraph of paragraph 1 shall not apply:(a) where the participation is limited to the Member States and persons or entities established in the Member States for security reasons;(b) to financial operations carried out within financial instruments managed directly or indirectly under Title X of the Financial Regulation or to financial operations guaranteed by the Union budget under the European ***Fund*** for Strategic Investments (EFSI) established by Regulation (EU) 2015/1017 of the European Parliament and of the Council18 or under the European ***Fund*** for Sustainable Development (EFSD) established by Regulation (EU) 2017/1601 of the European Parliament and of the Council19.Article 5 Other necessary adaptationsIf the conditions laid down in Article 2(1) are fulfilled, and as long as no decision as referred to in Article 3(2) has entered into force, for the purpose of the application of any rules governing the actions carried out under the legal commitments referred to in Article 2(1), the calls referred to in Article 4 and the actions carried out under the legal commitments signed or adopted following the calls referred to in Article 4, which are necessary to give effect to Articles 2(1) and 4(1), the United Kingdom shall be treated as a Member State, subject to the provisions of this Regulation.However, the United Kingdom or United Kingdom representatives shall not be allowed to participate in any committee assisting in the management under the rules of the relevant basic act, or expert groups or other bodies advising on the programmes or on the actions, with the exception of monitoring or similar committees specific for the particular operational, national or similar programmes in shared management.17 Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity ***Fund*** (OJ L 311, 14.11.2002, p. 3).18 Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European ***Fund*** for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 — the European ***Fund*** for Strategic Investments (OJ L 169, 1.7.2015, p. 1).19 Regulation (EU) 2017/1601 of the European Parliament and of the Council of 26 September 2017 establishing the European ***Fund*** for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee ***Fund*** (OJ L 249, 27.9.2017, p. 1).EN 15 ENArticle 6 Eligibility of actions that relate to the United Kingdom, where the Member States or persons or entities established in the Member States receive the Union funds1. Actions under direct, indirect and shared management for which the Member States or persons or entities established in the Member States receive Union ***funds*** under legal commitments signed or adopted before the date of withdrawal or in 2019 in application of Article 4 of Regulation (EU, Euratom) 2019/1197 and for which the eligibility is fulfilled through the membership of the United Kingdom in the Union at the date of withdrawal or through the eligibility of the United Kingdom in application of Article 4 of Regulation (EU, Euratom) 2019/1197, shall be eligible for Union ***funding*** for eligible expenditure incurred in 2020 as of the date of withdrawal.2. Actions for which the eligibility condition of a minimum number of participants from different Member States in a consortium is fulfilled at the date of withdrawal through a member of the consortium which is a person or entity established in the United Kingdom, shall be eligible for Union ***funding*** for eligible expenditure incurred in 2020 where the conditions of Article 2(1) are fulfilled and as long as no decision as referred to in Article 3(2) has entered into force.3. The non-fulfilment of the condition referred to in Article 2(1)(c) or a Commission decision as referred to in Article 3(2) concerning the non-fulfilment of conditions referred to in point (c) of Article 3(1), shall be taken into account by the responsible authorising officer for the purposes of assessment of a possible serious deficiency in complying with the main obligations in the implementation of the legal commitment referred to in paragraph 1 of this Article.EN 16 ENArticle 7 Exercise of the delegation1. 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 2 and 3 shall be conferred on the Commission for an indeterminate ***period*** of time from the date of entry into force of this Regulation.3. The delegation of power referred to in Articles 2 and 3 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 of 13 April 2016 on Better Law-Making.5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.6. A delegated act adopted pursuant to Articles 2 and 3 shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a ***period*** of one month 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 one month at the initiative of the European Parliament or of the Council.Article 8 Urgency procedure1. Delegated acts adopted under this Article shall enter into force without delay and shall apply as long as no objection is expressed in accordance with paragraph 2. The notification of a delegated act to the European Parliament and to the Council shall state the reasons for the use of the urgency procedure.2. Either the European Parliament or the Council may object to a delegated act in accordance with the procedure referred to in Article 7(6). In such a case, the Commission shall repeal the act immediately following the notification of the decision to object by the European Parliament or by the Council.EN 17 ENArticle 9 ***Transitional*** provisionBy derogation from point (b) of the second subparagraph of Article 4(1) of Regulation (EU, Euratom) 2019/1197, expenditure in respect of the United Kingdom direct payment scheme for the claim year 2019 pursuant to Regulation (EU) No 1307/2013 shall be eligible for Union ***funding***, after the Commission adopted the decision referred to in Article 2(4) of this Regulation, unless it adopts a decision referred to in Article 3(2) of this Regulation.Article 10 Entry into force and applicationThis Regulation shall enter into force on the day following that of its publication in the Official Journal of the European Union.It shall apply from the date following that on which the Treaties cease to apply to and in the United Kingdom pursuant to Article 50(3) of the TEU.However, this Regulation shall not apply if a withdrawal agreement concluded with the United Kingdom in accordance with Article 50(2) of the TEU has entered into force by the date referred to in the second paragraph of this Article.This Regulation shall be binding in its entirety and directly applicable in all Member States.Done at Brussels,For the CouncilThe President

**Load-Date:** September 12, 2019

**End of Document**



[***BRIEF NEWS BULLETIN NO.10674***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5V6F-FS61-JDKJ-12WH-00000-00&context=1516831)

HINA Digest

January 15, 2019 Tuesday

Copyright 2019 Croatian News Agency - Hina All Rights Reserved



**Length:** 6613 words

**Body**

Zagreb, 15 January 2019 (Hina) -

**Gov't annuls decision on procurement of fighter jets**

ZAGREB, Jan 14 (Hina) - The government on Monday unanimously put out of force a decision on the procurement of Israeli F-16 multipurpose fighter jets.

The cabinet meeting was preceded by a session of the Defence Council, where a report on the procurement of the aircraft was presented and the government was recommended to define a new model for the procurement of multipurpose fighter jets for the Armed Forces.

Prime Minister Andrej Plenkovic said today that a thorough analysis of all reasons that caused the suspension of the implementation of the deal with Israel would be conducted.

The notification provided by Israel that it could not obtain the approval from the USA for the Third Party Transfer was the main reason why Croatia decided to nullify its previous decision on the acquisition of the planes from Israel, according to Plenkovic's explanation.

The deal was halted due to disagreement between Israel and the USA following the US objection to the sale of modified F-16 fighter jets to Croatia. The Israeli-US dispute has to do with who owns the technology and intellectual property rights.

Defence Minister Damir Krsticevic underscored the political will to maintain the combat capabilities of the Air Force developed during the Homeland War.

At the cabinet meeting, Prime Minister Plenkovic also extended condolences to the families of three HEP power company workers recently killed in a fire at the Dubrovnik Hydro-electric Power Plant.

He said an investigation into the accident was under way, and thanked all the services that put out the fire and searched for missing workers.

**Defence Council recommends repealing aircraft procurement decision**

The Defence Council, which was provided with relevant reports on the process of procurement of military aircraft, on Monday recommended that the government's decision to choose the Israeli offer for multipurpose combat aircraft as the most favourable offer be declared null and void.

The Council recommended that the government should define a new model of acquisition of multipurpose combat planes.

Defence Minister Damir Krsticevic and the armed forces' chief of staff, General Mirko Sundov, informed the Council about the process of the purchase of the fighter jets for Croatia.

This past Thursday, Israel officially informed the Croatian Defence Ministry that it could not obtain the approval of the United States for the delivery of F-16 Barak jets to Croatia. As a result, the Croatian-Israeli deal on F-16 fighter jets' purchase fell through.

Prime Minister Andrej Plenkovic said on Saturday the government would cancel the tender for the purchase of combat aircraft on Monday and then analyse the lessons learned, but added that it remains resolute about Croatia's maintaining its combat aircraft capabilities.

**Minister: US F-16s one of likeliest options, we expect US to make best offer**

ZAGREB, Jan 14 (Hina) - Defence Minister Damir Krsticevic said on Monday Croatia would procure new fighter jets and that the purchase of US F-16s was one of the likeliest options, adding that he expected the US to make its strategic partner the best offer "which the Croats certainly won't be able to refuse."

"Personally, I'd like the F-16 platform. I'd like them to be new planes, fewer ones and that, taking into account the ***funds*** we have, it is realistic for Croatia," he told the press after a cabinet meeting at which a decision on the procurement of Israeli multipurpose F-16 Baraks was put out of force.

Krsticevic said he would systematically examine every option. "I believe our partner, the US, will do everything to make Croatia the best offer. We are responsible for the security of Croatia, the security of the air space. We believe we will get aircraft which is good for Croatia and which citizens can afford."

"This with the Americans, it's one of the options we are closest to, but we expect the US to make its strategic partner, the Croats, the best offer which the Croats certainly won't be able to refuse."

He said Croatia was interested in the F-16 Block 70/72. "A smaller number, step by step, expecting the prices to be good for Croatia."

He said no one must be eliminated, though. "The whole state leadership should consider everything and choose what's most realistic for Croatia."

Krsticevic said he was talking to the defence ministers whose countries recently bought US aircraft but would not speculate how much the new jets could cost Croatia. "We must be responsible about our money, so that we get the best price-quality ratio."

Asked if there had been hidden offers in the previous tender and if something had been offered under the table, Krsticevic said he did not allow that. "Everything I and my associates did was extremely transparent, systematic, in the best faith and in the function of national interests."

He said Croatia had embarked on the procurement of fighter jets ambitiously because the state of Croatia's MiG aircraft "forced us to define the process as soon as possible."

The minister said Croatia's security was not in danger and that Croatia was a secure country. He reiterated that there was no damage to the national budget after the procurement of F-16s from Israel had fallen through, saying the expenses of going to meetings had served to strengthen cooperation with Israel. "They are very small for us."

**Croatia to launch new tender for acquisition of military aircraft**

Croatia will suspend the existing tender for the procurement of military aircraft and launch a new process to acquire multipurpose combat aircraft it needs for airspace surveillance, Krsticevic said.

Answering questions from the press after meeting his Polish counterpart Mariusz Blaszczak, Krsticevic reiterated that during their visit to Zagreb last week Israeli officials had confirmed that they had failed to obtain final approval from the United States for the sale of upgraded F-16 Barak aircraft to Croatia, even though they had preliminary approval for the deal. "It is solely their responsibility," he said.

"The Israelis reiterated once again that the entire process was highly professional and open on the Croatian part and that the people in Croatia showed a high level of responsibility, that we asked all the necessary questions and received all the necessary guarantees in this process," Krsticevic said.

"The United States, our strategic partner in defence, emphasised from the outset, including in its latest statement, that it gave full support for the Croatian acquisition of F-16 aircraft from Israel," he added.

Krsticevic said that Croatia would launch a new process to procure military aircraft.

"We will close this process transparently and, with all this experience and knowledge, we will start a new process which will be the best, so that Croatia will get quality multipurpose aircraft it needs for the surveillance of its airspace. This government will certainly do all it can for this to happen," the defence minister said.

**Croatia, Poland ink defence cooperation agreement**

ZAGREB, Jan 14 (Hina) - Croatia's Defence Minister Damir Krsticevic and his visiting Polish counterpart Mariusz Blaszczak on Monday signed a new bilateral agreement on cooperation in the defence sector.

The framework agreement will reinforce the existing legal framework for cooperation between Croatia and Poland and replace the defence cooperation agreement signed in 1998.

"We are continuing to reinforce the Croatian army. There is no strong army without friends and allies, and Poland is an important strategic partner and close ally to Croatia. I am happy that today I have signed the defence cooperation agreement between Croatia and Poland, after 20 years," Krsticevic said.

The aim of the agreement is to enhance military cooperation so that we can together address security challenges in the whole of Europe, the Croatian minister said.

The agreement is also important proof of the intensification of our cooperation with Poland with which we share similar interests and foreign policy objectives in various fields, and our common goal is to make NATO and the European Union stronger, he said

He recalled that Croatian troops are cooperating with their Polish colleagues in Poland within NATO's Enhanced Forward Presence, as a sign of Croatia's friendship with Poland.

In addition, Polish troops will take part in a military exercise, dubbed "Immediate Response",  in Croatia in June and in another one in September.

Krsticevic expressed hope that Poland would join the signatories of a Memorandum of Understanding to create a Multinational Special Aviation Program and so far the memo has been signed by the defence ministers of Bulgaria, Croatia, Hungary and Slovenia.

Under the MSAP programme, a new training centre will be established in Zemunik Donji near Zadar, to train air crews. The centre is likely to start operating this year.

The Polish minister supported this initiative and thanked his Croatian counterpart for the fruitful cooperation to date, and in this context he underscored Croatia's participation in NATO's Enhanced Forward Presence.

Minister Blaszack said that Poland and Croatia were very similar countries sharing similar values and showed solidarity to each other and also within NATO and the EU.

**Croatia, Canada speakers hail partnership in CETA, NATO**

ZAGREB, Jan 14 (Hina) - Croatian Parliament Speaker Gordan Jandrokovic and his Canadian counterpart Geoff Regan on Monday hailed the benefits of the trade agreement between Canada and the European Union, underscoring that the Comprehensive Economic and Trade Agreement (CETA) and NATO membership reinforce overall cooperation between Croatia and Canada.

Economic cooperation, notably tourism, and NATO membership are pillars of bilateral cooperation, Jandrokovic told the press after receiving Regan in Zagreb on Monday morning.

Their talks focused on the Croatia-Canada cooperation and efforts to increase Canadian investments in Croatia and Croatia's exports to Canada.

In this context CETA is of exceptional importance, Jandrokovic said.

Croatia was the third country to ratify CETA. As a result, bilateral trade increased by more than 100% in the first nine months of 2018, the speaker of the Croatian parliament said.

We are happy to see that the Republic of Croatia supported CETA, said Regan, who was on a return official visit to Zagreb. We believe that CETA is very important for the future and for job creation as well as for connections between our two countries, he added.

Jandrokovic and Regan described the 300,000-strong Croat community in Canada as a strong bridge connecting the two countries that have been developing their partnership for more than 25 years.

The two countries are also connected by their membership in the Western military alliance and Canadian tourists visiting Croatia, Jandrokovic said, citing direct flight services from Zagreb and Split to Toronto.

 Regan will wrap up his visit on Tuesday.

**Croatian PM sees CETA as opportunity for Croatian businesses to enter Canadian market**

ZAGREB, Jan 15 (Hina) - Croatian Prime Minister Andrej Plenkovic, who on Monday received Canadian Parliament Speaker Geoff Regan, said after the talks that  the Comprehensive Economic and Trade Agreement (CETA) offered an opportunity for Croatian businesses to deliver their goods and services on the Canadian market.

Plenkovic underscored the importance of strengthening of bilateral economic cooperation and spoke about the common values which Croatia and Canada, members of NATO and other international associations, share, the government's public relations office reported.

On Tuesday, Regan and his hosts in Zagreb will hold a press conference on the occasion of the first anniversary of CETA coming into force.

**79% of total EU *funds* allocation made available by end of 2018, minister says**

ZAGREB, Jan 14 (Hina) - Regional Development and EU ***Funds*** Minister Gabrijela Zalac said on Monday that EUR 2.9 billion was made available in 2018 through 152 tenders for the allocation of European Union ***funds***, whereby 79% of the total EUR 10.7 billion has been made available.

Speaking at a press conference, Zalac said the total amount of the tenders advertised had risen to EUR 8.5 billion. She added that in the 2014-18 ***period*** tenders were advertised for EUR 5.6 billion, 52% of the available allocation.

Zalac said project contracting had risen in this government's term, from EUR 975 million at the end of 2016, the beginning of the term, to EUR 6.6 billion. She added that 62% of the EU ***funds*** allocated had been contracted, a surge of 572%.

At the end of 2018, EUR 1.98 billion in EU ***funds*** had been disbursed, of which 1.05 billion last year alone. At the end of October 2016, EUR 291 million had been paid out, accounting for a surge of 578% until the end of last year.

Zalac said a statement of expenditure worth EUR 1.03 billion was forwarded on the last day of 2018 and that EUR 1.83 billion had been verified to date. In line with that statement, Zalac expects the European Commission to appropriate the approved ***funds*** to the Croatian budget by the end of this month.

As for the N+3 rule, under which a member state has an additional three years to absorb ***funds*** after the year in a project was approved, Zalac said all the ***funds*** allocated to Croatia for 2015 had been submitted to the European Commission.

She said the contracting rate had increased more than five times and that the goal was to reach at least 85% of the EUR 10.7 billion by the end of this year.

Zalac underlined the Slavonia, Baranja and Srijem Project, as part of which grants worth HRK 8.7 billion were contracted last year, 47% of the total HRK 18.75 billion.

**Statistical regions to be changed "to redress injustice"**

She announced changes to statistical regions, saying the aim was to redress the injustice made in 2012 when the City of Zagreb was added to the Continental Croatia region, whereby GDP in undeveloped areas jumped from 39% to 64% overnight.

The minister said the Competitiveness and Cohesion Operational Programme would be amended this year, with a view to transferring ***funds*** to finished projects. She said "major underperformance" was recorded in the programme's information and communication technologies and environment and resource efficiency thematic priorities, and that "we are surprisingly poor" in climate change and risk prevention.

Zalac said those ***funds*** did not go to waste but would be redirected to the economy and enterprises, adding that Croatia was most successful in the SMEs competitiveness priority.

Asked which beneficiaries had the biggest contracting problems, she said big infrastructure projects in water agglomeration. She added that poor project documentation also affected implementation.

The minister said the EU's draft multiannual framework for 2012-27 envisaged EUR 9.9 billion for Croatia, 5.6% less than the current framework for the cohesion policy and 6% less for the common ***agricultural*** policy. She said the draft also envisaged increasing national co-financing from 15 to 30% as well as doubling the current pre-financing. She said was this was unacceptable for Croatia and that negotiations at EU level were yet to begin.

**Interior minister, businesses sign 22 contracts worth HRK 135M**

ZAGREB, Jan 14 (Hina) - Following public procurement tenders in the Ministry of the Interior, Minister Davor Bozinovic on Monday signed 22 contracts with Croatian business people pertaining to police equipment, speed surveillance and mine removal, worth more than HRK 135 million.

"My wish is to send out the message that the system must be modernised, which means stepping up investments in all segments of police work. These efforts should contribute to the strengthening of the Croatian economy ... and of course, everything we do must be transparent for the public to see," Bozinovic said.

The minister also recalled that, regarding new mine removal jobs that were given to the ministry, his department was faced with a demanding and complex issue of integrating several institutions with the Ministry in the last quarter in 2018.

Assistant Minister Cvjetko Obradovic said that last year 99.9% of the Interior Ministry's financial plan was met.

"The financial plan for 2019 amounts to HRK 5.3 billion and although the number of ministry employees has gone up, expenses have decreased to 68% of the total share in the budget, owing to the public administration reform," Bozinovic said presenting the financial plan for 2019.

"I am exceptionally happy that we are able to show what we did in 2018 and compare it to what we promised at the start of 2018," the minister said.

**Veterans' ministry, university to cooperate to improve exhumation of war remains**

ZAGREB, Jan 14 (Hina) - The Ministry of Veterans' Affairs and the University of Zagreb on Monday signed a cooperation agreement to improve the quality of scientific, research, educational and professional work in exhuming and processing remains of victims from World War II and the 1991-1995 Homeland War.

A total of 1,911 people are still unaccounted-for from the Homeland War, and there are 998 sites possibly containing remains of people from WWII and its aftermath whose examination requires the cooperation of all relevant institutions, Medved said.

"This agreement is an important step for the Ministry because creating effective frameworks for work will contribute to the success of search processes," the minister said.

"We have agreed cooperation so that our students can participate in raising the quality of scientific, research, educational and professional work in the exhumation and processing of mortal remains," said the head of the University of Zagreb, Damir Boras. "Our cooperation will result in a sufficient number of specialists who will be able to help resolve all cases," he added.

**Plenkovic: Penava isn't responsible for HDZ party policies**

ZAGREB, Jan 15 (Hina) - Prime Minister and Croatian Democratic Union (HDZ) leader Andrej Plenkovic said on Monday that he was going to talk with Vukovar Mayor Ivan Penava of the HDZ, explaining that HDZ policy creation was not within Mayor Penava's remit.

"The HDZ party policies are not within the remit of Penava. Activities concerning the City of Vukovar are within his remit," Plenkovic said after a meeting of the HDZ leadership in Zagreb on Monday evening.

Plenkovic's comment ensued after the press cited Penava as saying that there was a ***continuity*** of the Great Serbia policy in Croatia. Penava also accused Croatian Serb leader Milorad Pupovac of the Independent Democratic Serb Party (SDSS) of pursuing that Great Serbia policy.

Asked by the press to comment on Penava's remarks, Plenkovic said that the HDZ policies were within the responsibility of the party leadership including the party president, presidency and other officials.

The HDZ polices are based on all the achievements of peaceful reintegration of the Croatian region in the Danube basin, Plenkovic said and underscored that those values should be cherished and could help enhance coexistence in that part of Croatia.

Plenkovic answered in the negative when asked by reporters if he saw Penava's press conference in Vukovar earlier in the day as a blow against him and the HDZ leadership.

Plenkovic expressed satisfaction with the HDZ's 29% of approval ratings and with the fact that it is , he says, the strongest political party that is dealing with numerous challenges in the country and is committed to the well-being of Croatia.

**Speaker says Great Serbia regime responsible for crimes, historical truth important**

ZAGREB, Jan 14 (Hina) - Parliament Speaker Gordan Jandrokovic said on Monday it was known that the Great Serbia regime was responsible for crimes committed in Croatia and Vukovar, and that historical truth was extremely important for improving relations with Serbia.

Asked by Croatian Television to comment on Vukovar mayor Ivan Penava's statement about the ***continuity*** of the Great Serbia policy in Croatia, Jandrokovic said he had not heard it.

"It's a notorious fact that Slobodan Milosevic's Great Serbia regime was responsible for the crimes, including those committed in Vukovar, and knowing what is historical truth is extremely important also for the process of improving relations with the Republic of Serbia," he said.

"But I'd like us all to focus on economic growth now, Project Slavonia, where big money is coming from EU ***funds*** and where we are building 500 kindergartens, entering Schengen, protecting borders from illegal migration. There are many new challenges and I'd like us all to concentrate on that together."

Speaker hopes for fewer insults and low blows in parliament

Jandrokovic also talked about a new parliament session starting this week, voicing hope that there would be fewer insults and low blows. "I expect constructive work, that MPs acknowledge each other, that they tolerate and respect different opinions."

The session begins on January 16 and lasts until April 12. "We'll work seven weeks, followed by a break, and then five more weeks. We have 140 items on the agenda. Most are government-sponsored bills, many reports and strategies we must adopt. We also have many bills from the opposition."

**HDZ whip says perpetrators of war crimes in Vukovar must answer**

ZAGREB, Jan 14 (Hina) - The ruling HDZ party's whip, Branko Bacic, said on Monday the HDZ and the government had spoken "many times" about relations in Vukovar and that the perpetrators of the war crimes committed in the eastern town's area should be held to account.

At the request of the press, he was commenting on Vukovar mayor Ivan Penava's statement that Serb MP Milorad Pupovac's statements and moves caused additional tensions in the public sphere and that no one was reacting.

Speaking ahead of an HDZ Presidency meeting, Bacic said the fact that Pupovac's SDSS party was part of the ruling majority did not mean the government or any state institution in any way obstructed investigations that might lead to war crimes perpetrators.

Responding to a question, he said the HDZ cooperated well with the SDSS and was not thinking about dissolving the coalition with it. He said it was good that ethnic minority MPs were part of the majority so that projects for the protection of their rights and projects in the areas populated by members of ethnic minorities could be implemented.

HDZ president Andrej Plenkovic would not say what he meant when he said that an analysis would be made of all the reasons why a purchase of fighter jets from Israel had fallen through.

Asked if Defence Minister Damir Krsticevic had jumped the gun when he said that six planes would be directly bought from the US, Bacic said the minister stated his opinion. "That is being considered, but we know who adopts decisions. The minister can propose, but the decision is made by the government."

Asked if he saw in Plenkovic's announcement of an analysis the possibility to find Krsticevic responsible for the failed aircraft purchase, Bacic said he did not "at all."

"What's important is the government's decision to keep the air force and advertise a new tender or procure new aircraft under a different model," he said, reiterating that it had been Israel's responsibility to obtain permission from the US to deliver the aircraft to Croatia.

**Vukovar starts marking 21st anniversary of peaceful reintegration**

ZAGREB, Jan 14 (Hina) - Vukovar mayor Ivan Penava said Monday, ahead of the 21st anniversary of the peaceful reintegration of Croatia's Danube region, that there was a ***continuity*** of the Great Serbia policy in Croatia, adding that Vukovar was "the epicentre of the creeping Great Serbia aggression."

He said an example of this was the fact that Independent Democratic Serb Party president and MP Milorad Pupovac had, in 2013,  supported war crimes arrestees.

"What should one say when that same person visited war criminals in jail in 2016 after their verdict became final and after they were given a combined sentence of 138 years?" Penava asked, adding that "this cannot be a coincidence."

Numerous delegations laid wreaths and lit candles at the memorial grave of Homeland War victims in Vukovar on Monday on the occasion of the 21st anniversary of the peaceful reintegration of the Danube region, which was completed during the term of the United Nations ***Transitional*** Administration of Eastern Slavonia (UNTAES) on 15 January 1998.

Croatia is observing the 21st anniversary of the peaceful reintegration tomorrow.

**Croatia observing 27th anniversary of int'l recognition, 21th anniversary of peaceful reintegration**

ZAGREB, Jan 15 (Hina) - Croatia is observing today the 27th anniversary of its international recognition and the 21th anniversary of peaceful reintegration of its Danube region.

On 15 January 1992, Croatia's independence was recognised by the then member states of the European Union, while 15 January 1998 saw the completion of the peaceful reintegration of the until then occupied Danube River Region into Croatia's constitutional and legal order.

On 15 January 1992, Croatia was in the midst of the Homeland War and nearly one third of the country was occupied by the former Yugoslav army and Serb insurgents. Croatia's then president Franjo Tudjman told his associates that evening: "We have created the internationally recognised Croatia. Let's celebrate tonight and then roll up our sleeves and build a new democratic state."

Croatia's international recognition followed after it declared independence from Yugoslavia on 25 June 1991. On the same day, Slovenia too declared its independence from Yugoslavia and the next day the two newly- created states recognised each other.

At that time, the Soviet Union was disintegrating too and although they were not internationally recognised yet, several of its former countries recognised Croatia during 1991 - Lithuania on July 30, Ukraine on December 11, Latvia on December 14 and Estonia on December 31.

Iceland was the first internationally recognised state that recognised Croatia, on 15 December 1991, followed by Germany on the same day, although it decided that its recognition would go into force on 15 January 1992, together with the other EU member states.

On January 13, Croatia was recognised by the Holy See, which had announced that it would recognise Croatia and Slovenia the previous December 20. On January 14, Croatia was recognised by San Marino.

After being recognised by the EU on 15 January 1992, Croatia was recognised on the same day by Great Britain, Denmark, Malta, Austria, Switzerland, the Netherlands, Hungary, Norway, Bulgaria, Poland, Italy, Canada, France, Spain, Portugal, Ireland, Luxembourg and Greece. On January 16, Croatia was recognised by Argentina, Australia, the Czech Republic, Chile, Liechtenstein, New Zealand, Slovakia Sweden and Uruguay.

By the end of that January, Croatia was recognised by Finland, Romania, Albania, Bosnia and Herzegovina, Brazil, Paraguay and Bolivia.

Russia recognised Croatia on 17 February 1992, Japan did so on March 17, the US on April 7, Israel on April 16, although diplomatic relations were established five and a half years later, and China on April 27.

The first Asian country that recognised Croatia was Iran on 15 March 1992, while Egypt was the first African country on 16 April 1992.

On 22 May 1992, Croatia joined the UN.

**21th anniversary of peaceful reintegration**

Croatia is observing on Tuesday the 21th anniversary of the peaceful reintegration of its Danube region, which was completed during the term of the United Nations ***Transitional*** Administration of Eastern Slavonia (UNTAES) on 15 January 1998.

It was the Erdut Agreement, which was signed on 12 November 1995, that enabled the peaceful restoration of Croatian sovereignty over the Croatian Danube region which was under the control of Serb paramilitaries and rebels since the launch of the Great Serbian aggression against that part of Croatia in 1991.

The Erdut Agreement on eastern Slavonia, Baranja and western Srijem was signed on 12 November 1995 in Erdut and Zagreb  by the then presidential chief-of-staff, Hrvoje Sarinic, the head of the Serb negotiating team, Milan Milanovic, and by the then US Ambassador to Croatia, Peter Galbraith, and UN mediator Thorvald Stoltenberg as witnesses. The treaty marked the beginning of the UN's two-year ***transitional*** administration in the area during which Croatia restored its sovereignty over the temporarily occupied parts of Osijek-Baranja and Vukovar-Srijem counties, which enabled reconstruction in the area ravaged in the Great Serbian aggression on Croatia and the return of refugees.

The Erdut agreement was reached by Croatian President Franjo Tudjman and Serbian President Slobodan Milosevic at a peace conference in Dayton, Ohio. The 14-point document provided for a two-year ***transitional*** ***period*** under UN supervision, a ***transitional*** administration, formation of a multi-national police force, local elections, and demilitarisation 30 days after the deployment of international peacekeepers. Seven provisions of the agreement dealt with human rights, refugee return, and property restitution or compensation.

The UNTAES mission was created under UN Security Council Resolution 1037 of 15 January 1996 and ended on 15 January 1998 .

Two Croatian military operations in 1995 -- Operation Flash which was conducted in May that year in western Slavonia and Operation Storm that liberated the largest portion of the occupied territories -- paved the way for the Erdut agreement and subsequently for the UNTAES mission.

**Covic says hasn't talked to Plenkovic, incident was manipulation by Sarajevo**

ZAGREB, Jan 14 (Hina) - The president of the Croatian Democratic Union of Bosnia and Herzegovina (HDZ BiH), Dragan Covic, said Monday he had not spoken to Croatian Prime Minister Andrej Plenkovic who, according to Covic, has an excellent understanding of relations in Bosnia and Herzegovina, after he attended a ceremony marking Republika Srpska Day in Banja Luka, stressing that the alleged incident was in fact manipulation carried out by politicians in Sarajevo and media close to them.

"We haven't spoken about this, but I have exceptionally good relations with all office holders, including Mr Plenkovic in Croatia, and we have an understanding on all issues. They are aware, as are we, that Bosnia and Herzegovina cannot survive exclusively on the Dayton foundations until the Constitution is changed and things are organised differently," Covic said when asked if he had spoken to Plenkovic and how he felt about Plenkovic's comments.

He said he had received many calls and questions from Croatia regarding his presence at the celebration of Republika Srpska Day, adding that he did not wish to comment on it and "add fuel to the flames."

Croatian PM Plenkovic said Sunday he had not talked to Covic, adding that he was "leaving this topic to Mr Covic and the HDZ BiH to comment on," adding that Croatia had not been notified of the decision of Croatian Ambassador Ivan Del Vechio, who was replaced in the meantime, to attend the ceremony in Banja Luka.

Last Wednesday, the authorities of the Bosnian Serb entity organised a ceremony and a parade to mark Republika Srpska Day. The Constitutional Court's 2015 ruling declared the entity's holiday to be contrary to the Constitution and discriminatory against the Croats and the Bosniaks.

According to Covic, politicians in Sarajevo and media close to them made up a connection between war crimes and his presence at the ceremony in Banja Luka to serve Croatia with a thesis about Covic's negative role and, in doing so, they entirely covered up the truth about war crimes against Croats.

**Dzaferovic, Komsic determined to ensure Bosnia's NATO path, Serb entity against it**

ZAGREB, Jan 14 (Hina) - The Bosnian Presidency's Bosniak member, Sefik Dzaferovic, said on Monday it was clear the new Council of Ministers chairman would be a Serb and that he would be nominated by Presidency Chairman Milorad Dodik's SNSD party, but added that the new chairman must not halt Bosnia and Herzegovina's drawing closer to NATO membership because this was a previously defined foreign policy choice.

"It's not a new policy but a policy formulated long ago by adopting decisions. After NATO invited us, it's logical that Bosnia and Herzegovina should do it," Dzaferovic told media in Sarajevo.

He was rejoining a discussion on making the appointment of a prime minister designate conditional on his support for the adoption of the Annual National Programme, which is essential for the activation of BiH's NATO Membership Action Plan.

Dodik said earlier his nominee for that post would be Zoran Tegeltija, a former finance minister in the Bosnian Serb entity. He said Tegeltija, as all other Bosnian Serb officials, would have to respect the entity parliament's 2017 resolution on the entity's military neutrality, which represents an obstacle to BiH's NATO membership.

The Presidency's Croat member, Zeljko Komsic, said last week he would not vote for Tegeltija until he took a clear stance on the matter and confirmed that he would work on the activation of the MAP and BiH's NATO membership.

Otherwise, the incumbent caretaker Council of Ministers could remain in office until the next elections in four years' time, said Komsic. Dzaferovic said today he supported Komsic's stance.

Given that at least two of the Presidency's three members must vote for a PM designate, Dodik's candidate stands no chance.

Dodik said he would insist on Tegetlija's appointment and that he would not convene meetings of the state leadership or discuss anything else until a new Council of Ministers chairman was appointed.

**Former ISIL fighter Munib Ahmetspahic accused of terrorism**

ZAGREB, Jan 14 (Hina) - The prosecutorial authorities of Bosnia and Herzegovina have issued an indictment against Munib Ahmetspahic on suspicion of terrorism, the prosecution authorities said in Sarajevo on Monday.

Ahmetspahic was arrested in November 2018 at Sarajevo Airport after returning from Syria and Iraq where, according to security services, he was fighting for Islamist forces.

According to a press release issued by the Bosnia and Herzegovina Prosecutor's Office, Ahmetspashic (28) is suspected of organising a terrorist group.

Police sources said Ahmetspahic had spent a long time in the village of Maoca in northeast Bosnia, a known hub for members of the hardline Muslim Wahhabi community.

Ahmetspahic is allegedly connected also with an attack on the US Embassy in Sarajevo on October 28, 2011, for which the gunman, Mevlid Jasarevic, was earlier found guilty. Ahmetspasic was acquitted.

Ahmetspahic is suspected of staying in Syrian and Iraqi territories as a member of the terrorist organizations Al-Nusra Front and ISIL ... in 2013," said Bosnia's State Investigation and Protection Agency (SIPA).

**In other news:**

**Six Albanians arrested after attack on police at migrants' centre near Zagreb**

ZAGREB, Jan 14 (Hina) - Six migrants who were accommodated in the Jezevo registration centre for refugees and migrants near Zagreb were placed in investigative custody on Monday after causing a brawl in the centre and assaulting the police, Zagreb County Court stated on Monday.

They were remanded in custody after being declared a flight risk.

The incident happened at 8 am this past Wednesday, after one of the those six migrants who are Albanian citizens assaulted a policeman on duty. The attacker was supported by one of his compatriots. However, the two attackers were overpowered by the police officers on duty. A half an hour later, another four Albanians in the accommodation centre caused another scuffle, attacking two police officers. The other policemen arrived at the scene and overpowered the assailants, according to the information provided by the court.

 Three police offices sustained light injuries in the incidents.

**"Prehistory Adventure" project about virtual tour of prehistory heritage presented**

ZAGREB, Jan 14 (Hina) - An EU-***funded*** project on an experiential tour of prehistoric heritage in Croatian and Slovenian border areas was presented in Zagreb's Archaeological Museum on Monday.

The total amount set aside for the "Prehistory Adventure" project within the Croatia-Slovenia cross-border cooperation programme Interreg V-A 2014-2020 is EUR 720,290.

The project will be conducted by the Croatian municipality of Donja Voca and the neighbouring Slovenian municipalities of Zrece and Radenci, as well as by several museums in Croatia and Slovenia.

The two-year project was launched in November 2018. It focuses on five different sectors, and will be conducted with the assistance of applications and smart boards and through a series of events, including workshops and exhibitions.

The prehistoric heritage will be given tourist-friendly and comprehensive promotion. The project will seek to present the everyday life of prehistoric people in an interesting way.

**Croatia's Dec industrial producer prices up 0.2% y-o-y**

ZAGREB, Jan 14 (Hina) - Industrial producer prices in Croatia increased by 0.2 percent in December 2018 year on year and by 2.3 percent in the whole of 2018, according to figures from the National Bureau of Statistics (DZS).

Compared with November 2018, industrial producer prices fell by 1.1 percent, with prices on both the domestic and foreign markets declining by 1.1 percent. Compared with December 2017, prices increased by 0.5 percent on the domestic market and dropped by 0.2 percent of the foreign market.

Producer prices on the domestic market have been increasing continually since January 2017, analysts at Raiffeisenbank Austria (RBA) said in their analysis of the DZS report on Monday.

Excluding energy prices, industrial producer prices in December remained stable from November and fell by 0.3 percent compared with December 2017.

Broken down by the main industrial groupings, in December 2018, compared with the previous month, prices of intermediate goods rose by 0.1 percent, while those of non-durable consumer goods remained unchanged. Energy prices fell by 4.7 percent, prices of capital goods dropped by 0.3 percent and those of durable consumer goods declined by 0.2 percent.

Year on year, energy prices rose by 2.2 percent, prices of intermediate goods increased by 0.6 percent while those of capital goods remained unchanged. On the other hand, prices of consumer non-durables fell by 1.2 percent and those of consumer durables shrank by 1.1 percent.

For the whole of 2018, the annual growth rate of producer prices picked up slightly on the domestic market, reaching 2.3 percent from 2.1 percent in 2017, RBA said.

Excluding energy prices, producer prices increased by a mere 0.1 percent year on year. A considerable contribution to the price increase in 2018 came from higher energy prices, which increased by 7.2 percent year on year, the bank said. Prices of intermediate and capital goods increased, while those of durable and non-durable consumer goods fell.

**ZSE main indices dip**

ZAGREB, Jan 14 (Hina) - The main Zagreb Stock Exchange indices fell on Monday, the Crobex by 0.01% to 1,734.34 points and the Crobex10 by 0.07% to 1,006.16 points.

Regular turnover was HRK 3.26 million, about half a million more than last Friday. No stock crossed the million kuna mark.

The most traded stock was the HT telecom, turning over HRK 626,800. It closed at HRK 149.50 per share, the same as last Friday.

(EUR 1 = HRK 7.4)

**THIS BULLETIN INCLUDES ITEMS RELEASED BY 0830 HRS TUESDAY.**

(Hina) its ha

Masthead Brief News Bulletin is published by the Croatian News Agency HINA

Marulicev trg 16

10 000 Zagreb

Croatia

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 Valentic, Director

Editor in Chief: Serdo Obratov

Bulletin Editor: Marija Sestan

**Load-Date:** January 15, 2019

**End of Document**



[***Register of Commission documents: common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009, Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 Document date: 2019-09-27 COM\_COM(2019)0433 COM documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5X5N-2DM1-F0YC-N1R9-00000-00&context=1516831)

Impact News Service

September 28, 2019 Saturday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 22663 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

EN ENEUROPEANCOMMISSIONBrussels, 27.9.2019COM(2019) 433 finalREPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT ANDTHE COUNCILOn the exercise of the power to adopt delegated acts conferred on the Commissionpursuant to Regulation (EU) No 1305/2013 of the European Parliament and of theCouncil of 17 December 2013 on support for rural development by the EuropeanAgricultural ***Fund*** for Rural Development (EAFRD) and repealing Council Regulation(EC) No 1698/2005, Regulation (EU) No 1306/2013 of the European Parliament and ofthe Council of 17 December 2013 on the financing, management and monitoring of thecommon ***agricultural*** policy and repealing Council Regulations (EEC) No 352/78, (EC)No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No485/2008, Regulation (EU) No 1307/2013 of the European Parliament and of the Councilof 17 December 2013 establishing rules for direct payments to farmers under supportschemes within the framework of the common ***agricultural*** policy and repealing CouncilRegulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009, Regulation (EU)No 1308/2013 of the European Parliament and of the Council of 17 December 2013establishing a common organisation of the markets in ***agricultural*** products andrepealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001and (EC) No 1234/20071Contents1. REGULATION (EU) NO 1305/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 17 DECEMBER 2013 ON SUPPORT FOR RURAL DEVELOPMENT BY THE EUROPEAN ***AGRICULTURAL*** ***FUND*** FOR RURAL DEVELOPMENT (EAFRD) AND REPEALING COUNCIL REGULATION (EC) NO 1698/2005 . 21.1 Introduction ................................................................................................................................. 21.2 Legal Basis.................................................................................................................................... 31.3 Exercise of Delegation ................................................................................................................. 41.4 Conclusions .................................................................................................................................. 62. REGULATION (EU) NO 1306/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 17 DECEMBER 2013 ON THE FINANCING, MANAGEMENT AND MONITORING OF THE COMMON ***AGRICULTURAL*** POLICY AND REPEALING COUNCIL REGULATIONS (EEC) NO 352/78, (EC) NO 165/94, (EC) NO 2799/98, (EC) NO 814/2000, (EC) NO 1290/2005 AND (EC) NO 485/2008 ................................. 62.1 Introduction ................................................................................................................................. 72.2 Legal Basis.................................................................................................................................. 112.3 Exercise of Delegation ............................................................................................................... 122.4 Conclusions ................................................................................................................................ 173. REGULATION (EU) NO 1307/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 17 DECEMBER 2013 ESTABLISHING RULES FOR DIRECT PAYMENTS TO FARMERS UNDER SUPPORT SCHEMES WITHIN THE FRAMEWORK OF THE COMMON ***AGRICULTURAL*** POLICY AND REPEALING COUNCIL REGULATION (EC) NO 637/2008 AND COUNCIL REGULATION (EC) NO 73/2009 ................. 183.1 Introduction ............................................................................................................................... 183.2 Legal Basis.................................................................................................................................. 223.3 Exercise of Delegation ............................................................................................................... 223.4 Conclusions ................................................................................................................................ 274. REGULATION (EU) NO 1308/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 17 DECEMBER 2013 ESTABLISHING A COMMON ORGANISATION OF THE MARKETS IN ***AGRICULTURAL*** PRODUCTS AND REPEALING COUNCIL REGULATIONS (EEC) NO 922/72, (EEC) NO 234/79, (EC) NO 1037/2001 AND (EC) NO 1234/2007 ........................................................................................................... 274.1 Introduction ............................................................................................................................... 274.2 Legal Basis.................................................................................................................................. 294.3 Exercise of Delegation ............................................................................................................... 294.4 Conclusions ................................................................................................................................ 4221. REGULATION (EU) NO 1305/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 17 DECEMBER 2013 ON SUPPORT FOR RURAL DEVELOPMENT BY THE EUROPEAN ***AGRICULTURAL*** ***FUND*** FOR RURAL DEVELOPMENT (EAFRD) AND REPEALING COUNCIL REGULATION (EC) NO 1698/20051.1 IntroductionRegulation (EU) No 1305/2013 of the European Parliament and of the Council1 lays down rules governing Union support for rural development, financed by the European ***Agricultural*** ***Fund*** for Rural Development ('the EAFRD') and established by Regulation (EU) No 1306/2013 and complements Regulation (EU) No 1303/20132 of the European Parliament and the Council in this regard.Article 2(3) empowers the Commission to adopt delegated acts concerning the conditions under which a legal person may be considered to be a 'young farmer', and the setting of a grace ***period*** for the acquisition of occupational skills.Article 14(5) empowers the Commission to adopt delegated acts concerning the duration and content of farm and forest exchange schemes and farm and forest visits in order to ensure that they are clearly demarcated in relation to similar actions under other Union schemes.Article 16(5) empowers the Commission to adopt delegated acts concerning the specific Union quality schemes and the characteristics of groups of producers and the types of actions that may receive support under paragraph 2, the setting of conditions to prevent discrimination against certain products; and the setting of conditions on the basis of which commercial brands are to be excluded from support.Article 19(8) empowers the Commission to adopt delegated acts laying down the minimum content of business plans and the criteria to be used by Member states for setting the thresholds referred to in paragraph 4.Article 22(3) empowers the Commission to adopt delegated acts concerning the definition of the minimum environmental requirements referred to in paragraph 2 of this Article.Article 28(10) empowers the Commission to adopt delegated acts concerning the following:(a) the conditions applicable to commitments to extensify livestock farming;1 Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European ***Agricultural*** ***Fund*** for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005, OJ L 347, 20.12.2013, p. 4872 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 1083/2006, OJ L 347, 20.12.2013, p. 3203(b) the conditions applicable to commitments to rear local breeds that are in danger of being lost to farming or to preserve plant genetic resources that are under threat of genetic erosion, and(c) the definition of eligible operations under paragraph 9.Articles 28(11), 29(6) and 30 (8) empower the Commission to adopt delegated acts as regards agri-environment-climate, organic farming and Natura 2000 and Water Framework Directive payments laying down the calculation method to be used in order to exclude double ***funding*** of the practices referred to in Article 43 of Regulation (EU) No 1307/2013.Article 33(4) empowers the Commission to adopt delegated acts concerning the definition of the areas in which animal welfare commitments are to provide upgraded standards of production methods in order to ensure that animal welfare commitments are in accordance with the overall Union policy in this field.Article 34(5) empowers the Commission to adopt delegated acts concerning the types of operations eligible for support provided to public and private entities for the conservation and promotion of forest genetic resources for operations not covered under paragraphs 1, 2 and 3 of Article 34.Article 35(10) empowers the Commission to adopt delegated acts concerning the further specification of the characteristics of pilot projects, clusters, networks, short supply chains and local markets that will be eligible for support, as well as concerning the conditions for granting aid to cooperation operations.Article 36(5) empowers the Commission to adopt delegated acts concerning the minimum and maximum duration of the commercial loans to mutual ***funds*** referred to in point (b) of Article 38(3) and Article 39(4).Article 45(6) empowers the Commission to adopt delegated acts laying down the conditions under which other costs connected with leasing contracts, second hand equipment may be considered to be eligible expenditure and specifying the types of renewable energy infrastructure that are to be eligible for support.Article 47(6) empowers the Commission to adopt delegated acts laying down conditions applicable to conversion or adjustment of commitments under the measures referred to in Articles 28, 29, 33 and 34 and, specifying other situations in which reimbursement of the aid shall not be required.Article 58(7) empowers the Commission to adopt delegated acts to review the ceilings set out in Annex I in order to take account of the developments relating to the annual breakdown and to make technical adjustments without changing the overall allocations; or to take account of any other change provided for by a legislative act after the adoption of this Regulation.Article 89 empowers the Commission to adopt delegated acts laying down the conditions under which support approved by the Commission under Regulation (EC) No 1698/2005 may be integrated into support provided for under Regulation (EU) No 1305/2013, including for technical assistance and for the ex-post evaluations, as well as conditions for the transition from rural development support for Croatia under Regulation (EC) No 1085/2006 to support provided for under Regulation (EU) No 1305/2013.41.2 Legal BasisThe report is required under Article 83(2). Pursuant to this provision, the power to adopt delegated acts referred to in in Articles 2(3), Article 14(5), Article 16(5), Article 19(8), Article 22(3), Article 28(10) and (11), Article 29(6), Article 30(8), Article 33(4), Article 34(5), Article 35(10), Article 36(5), Article 45(6), Article 47(6), Article 58(7) and Article 89 shall be conferred on the Commission for a ***period*** of seven 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 seven-year ***period***. The delegation of power is 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***.1.3 Exercise of DelegationAt this stage, the Commission has adopted nine delegated acts under Regulation (EU) No 1305/2013.(A) The Commission adopted six delegated acts amending Annex I to review the ceilings set out in Annex I on the basis of Article 58(7): Commission Delegated Regulation (EU) No 994/20143, Commission Delegated Regulation (EU) No 1378/20144, Commission Delegated Regulation (EU) 2015/7915, Commission Delegated Regulation (EU) 2016/1426, Commission Delegated Regulation (EU) 2018/1627 and Commission Delegated Regulation (EU) 2019/718. These delegated acts, except Delegated Regulation (EU) 2015/791, reviewed the breakdown of Union support for rural development for Member States and years based on Member States’ use of the possibility of financial flexibility between pillars provided for in Regulation (EC) No 73/20099 and Regulation3 Commission Delegated Regulation (EU) No 994/2014 of 13 May 2014 amending Annexes VIII and VIIIc to Council Regulation (EC) No 73/2009, Annex I to Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Annexes II, III and VI to Regulation (EU) No 1307/2013 of the European Parliament and of the Council, OJ L 280, 24.9.2014, p. 14 Commission Delegated Regulation (EU) No 1378/2014 of 17 October 2014 amending Annex I to Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Annexes II and III to Regulation (EU) No 1307/2013 of the European Parliament and of the Council, OJ L 367, 23.12.2014, p. 165 Commission Delegated Regulation (EU) 2015/791 of 27 April 2015 amending Annex I to Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European ***Agricultural*** ***Fund*** for Rural Development, OJ L 127, 22.5.2015, p. 16 Commission Delegated Regulation (EU) 2016/142 of 2 December 2015 amending Annex I to Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Annex III to Regulation (EU) No 1307/2013 of the European Parliament and of the Council, OJ L 28, 4.2.2016, p. 87 Commission Delegated Regulation (EU) 2018/162 of 23 November 2017 amending Annex I to Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Annexes II and III to Regulation (EU) No 1307/2013 of the European Parliament and of the Council, OJ L 30, 2.2.2018, p. 68 Commission Delegated Regulation (EU) 2019/71 of 9 November 2018 amending Annex I to Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Annex III to Regulation (EU) No 1307/2013 of the European Parliament and of the Council, OJ L 16, 18.1.2019, p. 19 Council Regulation (EC) No 73/2009 of 19 January 2009 establishing common rules for direct support schemes for farmers under the common ***agricultural*** policy and establishing certain support schemes for farmers, amending Regulations (EC) No 1290/2005, (EC) No 247/2006, (EC) No 378/2007 and repealing Regulation (EC) No 1782/2003, OJ L 30, 31.1.2009, p. 165(EU) No 1307/201310 (See in this respect point 3.3). Delegated Regulation (EU) 2015/791 reviewed Annex I following the revision of Council Regulation (EU, Euratom) No 1311/201311 by Council Regulation (EU, Euratom) 2015/62312 transferring, for the European ***Agricultural*** ***Fund*** for Rural Development, the corresponding unused 2014 allocations into 2015 and 2016 expenditure ceilings.In line with the common understanding on delegated acts13, Member States’ experts were consulted in the Expert Group for Direct Payments and the Expert Group for Rural Development on all these Delegated Acts. The Regulations were notified to the European Parliament and the Council. Neither the European Parliament nor the Council issued any objection to any of the Delegated Regulations.(B) Further to these six delegated acts based on Article 58(7), the Commission adopted one delegated act supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European ***Agricultural*** ***Fund*** for Rural Development (EAFRD) and introducing ***transitional*** provisions on the basis of Articles 2(3), Article 14(5), Article 16(5), Article 19(8), Article 22(3), Article 28(10) and (11), Article 29(6), Article 30(8), Article 33(4), Article 34(5), Article 35(10), Article 36(5), Article 45(6), Article 47(6), and Article 89: Commission Delegated Regulation (EU) No 807/201414.This delegated act provided for the conditions under which a legal person may be considered to be a ‘young farmer’ and the setting of a grace ***period*** for the acquisition of occupational skills, provisions concerning the duration and content of farm and forest exchange schemes and farm and forest visits, provisions on the specific Union quality schemes, characteristics of groups of producers, and types of actions that may receive support, rules on the content of business plans and criteria to be used by Member States for granting support for farm and business development, minimum environmental requirements in the context of the afforestation and creation of woodland measure, conditions for local breeds and plant varieties in danger of being lost to farming and conservation of genetic resources under threat of genetic erosion and the definition of eligible operations , the10 Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common ***agricultural*** policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009, OJ L 347, 20.12.2013, p. 60811 Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020, OJ L 347, 20.12.2013, p. 88412 Council Regulation (EU, Euratom) 2015/623 of 21 April 2015 amending Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020, OJ L 103, 22.4.2015, p. 113 Common Understanding on delegated acts from 2011(not published) and Common Understanding between the European Parliament, the Council and the Commission on Delegated Acts, annex to the Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making, OJ L 123, 12.5.2016, p. 1.14 Commission Delegated Regulation (EU) No 807/2014 of 11 March 2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European ***Agricultural*** ***Fund*** for Rural Development (EAFRD) and introducing ***transitional*** provisions, OJ L 227, 31.7.2014, p. 16calculation methods to be used to ensure that double ***funding*** is excluded when granting agri-environmental-climate, organic farming and Natura 2000 and Water Framework Directive payments, the definition of the areas in which animal welfare commitments are to provide upgraded standards of production methods, the types of operations eligible for support in the area of forest-environmental and climate services and forest conservations, the specification of the characteristics of pilot projects, clusters, networks, short supply chains, and local markets, eligible for support under the Co-operation measure, as well as conditions for granting support, the minimum and maximum duration of commercial loans to mutual ***funds***, conditions, under which costs connected with leasing contracts and second hand equipment can be considered eligible, specifications of the types of renewable energy infrastructure eligible for support, conditions applicable to the conversion or adjustments of commitments under measures defined in articles 28, 29, 33 and 34 as well as specifications of other situations in which reimbursement of the aid should not be required, as well as ***transitional*** provisions as regards support approved by the Commission under Regulation (EC) No 1698/2005 and under Regulation (EC) No 1085/2006.Since its adoption, this delegated act has been amended twice. The first time on the basis of Article 89 by Commission Delegated Regulation (EU) 2015/136715 as regards ***transitional*** provisions for the 2007-2013 rural development programmes. The second time on the basis of Articles 2(3), 36(5) and 45(6) by Commission Delegated Regulation (EU) 2019/9416 as regards the conditions under which a legal person may be considered to be a ‘young farmer’, the minimum and maximum duration of commercial loans to mutual ***funds*** and as regards a correction connected with leasing contracts and second hand equipment.In line with the common understanding on delegated acts17, Member States’ experts were consulted in the Expert Group for Rural Development on these three Delegated Acts. The Regulations were notified to the European Parliament and the Council. Neither the European Parliament nor the Council issued any objection to any of the Delegated Regulations.Through these delegated acts, the Commission has used all its delegated powers provided for in Regulation (EU) No 1305/2013.1.4 ConclusionsThe Commission has exercised its delegated powers correctly. It cannot be excluded that the empowerments will be needed in future.15 Commission Delegated Regulation (EU) 2015/1367 of 4 June 2015 amending Delegated Regulation (EU) No 807/2014 as regards ***transitional*** provisions for the 2007-2013 rural development programmes, OJ L 211, 8.8.2015, p. 716 Commission Delegated Regulation (EU) 2019/94 of 30 October 2018 amending Delegated Regulation (EU) No 807/2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European ***Agricultural*** ***Fund*** for Rural Development (EAFRD) and introducing ***transitional*** provisions, OJ L 19, 22.1.2019, p. 517 See Footnote 13.72. REGULATION (EU) NO 1306/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 17 DECEMBER 2013 ON THE FINANCING, MANAGEMENT AND MONITORING OF THE COMMON ***AGRICULTURAL*** POLICY AND REPEALING COUNCIL REGULATIONS (EEC) NO 352/78, (EC) NO 165/94, (EC) NO 2799/98, (EC) NO 814/2000, (EC) NO 1290/2005 AND (EC) NO 485/20082.1 IntroductionRegulation (EU) No 1306/2013 of the European Parliament and of the Council18 lays down rules on the financing, management and monitoring of the common ***agricultural*** policy. It therefore covers inter alia the financial and monitoring aspects of the fields covered by Regulations (EU) No 1305/2013, No 1307/2013 and No 1308/2013.As regards rules for paying agencies of Member States and other bodies:Article 8 empowers the Commission to adopt delegated acts concerning:(a) the minimum conditions for the accreditation of paying agencies and of the coordinating bodies referred to in Article 7(2) and in Article 7(4), respectively;(b) the obligations of the paying agencies as regards public intervention, as well as the rules on the content of their management and control responsibilities.As regards the financial management of the ***funds***:Article 20(2) empowers the Commission to adopt delegated acts concerning:(a)the type of measures eligible for Union financing and the reimbursement conditions;(b)the eligibility conditions and calculation methods based on the information actually observed by the paying agencies or based on flat-rates determined by the Commission, or based on flat-rate or non-flat-rate amounts provided for by the sectoral ***agricultural*** legislation.Article 20(3) empowers the Commission to adopt delegated acts laying down rules on the valuation of operations in connection with public intervention, the measures to be taken in the case of loss or deterioration of products under the public intervention, and on the determination of the amounts to be financed.Article 40 empowers the Commission to adopt delegated acts laying down rules to make expenditure effected before the earliest possible date of payment or after the latest possible date of payment in certain cases eligible for Union financing.Article 46(1) empowers the Commission to adopt delegated acts concerning the conditions under which certain types of expenditure and revenue under the ***Funds*** are to be compensated.18 Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common ***agricultural*** policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008, OJ L 347, 20.12.2013, p. 5498Article 46(2) empowers the Commission in case the Union's budget has not been adopted by the beginning of the financial year or if the total amount of the commitments scheduled exceeds the threshold laid down in Article 170(3) of Regulation (EU, Euratom) No 966/2012, to adopt delegated acts concerning the method applicable to the commitments and the payment of the amounts.Article 46(3) empowers the Commission in the case of non-compliance by Member States with the obligation to notify the Commission pursuant to Article 102, to adopt delegated acts on the deferral of monthly payments to Member States referred to in Article 42 with regard to expenditure under the EAGF and laying down the conditions under which it will reduce or suspend interim payments to Member States under the EAFRD referred to in that Article.Article 46(4) empowers the Commission as regards suspension of payments in the case of late submission to adopt delegated acts pertaining to rules on:(a) the list of measures which fall under Article 42;(b) the rate of suspension of payments referred to in that Article.Article 50(1) empowers the Commission to adopt delegated acts supplementing specific obligations to be complied with by the Member States under this Chapter IV on clearance of account to ensure the correct and efficient application of the provisions relating to on-the-spot checks and access to documents and information.Article 53(3) empowers the Commission to adopt delegated acts concerning the criteria and methodology for applying corrections.Article 57(1) empowers the Commission to adopt delegated acts concerning specific obligations to be complied with by the Member States to ensure correct and efficient application of the provisions relating to the conditions for the recovery of undue payments and interest thereon.As regards control systems and penalties:Article 62(1) empowers the Commission to adopt delegated acts laying down, where the proper management of the system so requires, additional requirements with respect to customs procedures, and in particular to those laid down in Regulation (EC) No 952/2013 of the European Parliament and of the Council to ensure that checks are carried out correctly and efficiently and that the eligibility conditions are verified in an efficient, coherent and non-discriminatory manner which protects the financial interest of the Union.Article 63(4) provides that the Commission shall adopt delegated acts laying down the conditions for the partial or total withdrawal of aid in case of non –compliance with the conditions of aid or support, as provided for in the sectoral ***agricultural*** legislation.Article 64(6) empowers the Commission to adopt delegated acts:(a) identifying, for each aid scheme or support measure and person concerned as referred to in paragraph 3, from the list set out in paragraph 4 and within the limits laid down in paragraph 5, the administrative penalty and determining the specific rate to be imposed by Member States including in cases of non-quantifiable non-compliance;(b) identifying the cases in which the administrative penalties are not to be imposed, as referred to in point (f) of paragraph 2.9Article 65(2) empowers the Commission to adopt delegated acts concerning the market measures falling under the suspension and the rate and ***period*** of suspension of payments referred to in paragraph 1 to ensure the respect of the proportionality principle when applying paragraph 1.Article 66(3) empowers the Commission to adopt delegated acts laying down rules which ensure a non-discriminatory treatment, equity and the respect of proportionality when lodging a security, and:(a) specifying the responsible party in the event that an obligation is not met;(b) laying down the specific situations in which the competent authority may waive the requirement of a security;(c) laying down the conditions applying to the security to be lodged and the guarantor and the conditions for lodging and releasing that security;(d) laying down the specific conditions related to the security lodged in connection with advance payments;(e) setting out the consequences of breaching the obligations for which a security has been lodged, as provided for in paragraph 1, including the forfeiting of securities, the rate of reduction to be applied on release of securities for refunds, licences, offers, tenders or specific applications and when an obligation covered by that security has not been met either wholly or in part, taking into account the nature of the obligation, the quantity for which the obligation has been breached, the ***period*** exceeding the time limit by which the obligation should have been met and the time by which evidence that the obligation has been met is produced.Article 72(5) empowers the Commission to adopt delegated acts concerning rules applicable to ***periods***, dates and time limits where the final date for submission of applications or amendments of an aid application, of a payment claim or of any supporting documents is a public holiday, a Saturday or a Sunday.Article 76(1) empowers the Commission to adopt delegated acts concerning:(a) specific definitions needed to ensure a harmonised implementation of the integrated system, in addition to those provided for in Regulation (EU) No 1307/2013 and Regulation (EU) No 1305/2013;(b) with regards to Articles 67 to 75, rules on further measures necessary to ensure the compliance with control requirements laid down in this Regulation or in sectoral ***agricultural*** legislation to be taken by the Member States in respect of producers, services, bodies, organisations or other operators, such as slaughterhouses or associations involved in the procedure for the granting of the aid, where this Regulation does not provide for relevant administrative penalties; such measures shall as far as possible, follow, mutatis mutandis, the provisions on penalties set out in paragraphs (1) to (5) of Article 77.Article 76(2) empowers the Commission to adopt delegated acts concerning(a) the basic features, technical rules, including, for the update of reference parcels, appropriate tolerance margins taking into account the outline and condition of the parcel, and including rules on the inclusion of landscape features located adjacent to a parcel, and quality requirements for the identification system for ***agricultural*** parcels provided for in Article 70 and for the identification of the beneficiaries as provided for in Article 73;10(b) the basic features, technical rules and quality requirements of the system for the identification and registration of payment entitlements provided for in Article 71;(c) the rules to establish the definition of the basis for the calculation of aid, including rules on how to deal with certain cases in which eligible areas contain landscape features or trees; such rules shall allow Member States for areas under permanent grassland to consider scattered landscape features and trees, the total area of which does not exceed a certain percentage of the reference parcel, to be automatically part of the eligible area without a requirement to map them for that purpose.Article 77(7) empowers the Commission to adopt delegated acts as regards administrative penalties:(a) identifying, for each aid scheme or support measure and person concerned as referred to in paragraph 3 from the list set out in paragraph 4 and within the limits laid down in paragraphs 5 and 6, the administrative penalty and determining the specific rate to be imposed by Member States, including in cases of non-quantifiable non-compliance;(b) identifying, the cases in which the administrative penalties are not to be imposed, as referred to in point (f) of paragraph 2.Article 79(2) empowers the Commission for measures not covered by the integrated system referred to in Chapter II of this Title to adopt delegated acts establishing a list of measures which, due to their design and control requirements, are unsuited for additional ex-post controls by way of scrutiny of commercial documents and, therefore, are not to be subject to such scrutiny under this Chapter.Article 84(6) empowers the Commission to adopt delegated acts modifying the threshold of EUR 40 000 under which undertakings are only scrutinised for specific reasons to be indicated by the Member States in their annual programme referred to in paragraph 1 or by the Commission in any proposed amendment to that programme.Article 89(5) empowers the Commission as regards checks and penalties concerning the identity, provenance and quality of Union wine, to adopt delegated acts relating to:(a) the establishment of an analytical databank of isotopic data to help detect fraud to be constructed on the basis of samples collected by Member States;(b) rules on control bodies and the mutual assistance between them;(c) rules on the common use of the findings of Member States.As regards cross-compliance:Article 93(4), first subparagraph empowers the Commission to adopt delegated acts laying down the rules on maintenance of permanent pasture, in particular in order to ensure that measures are taken to maintain the land under permanent pasture at the level of farmers, including individual obligations to be respected such as obligation to reconvert areas into permanent pasture where it is established that the ratio of land under permanent pasture is decreasing. As regards the maintenance of permanent pasture, Article 93(4), second subparagraph empowers the Commission to adopt delegated acts to establish the conditions and methods for the determination of the ratio of permanent pasture and ***agricultural*** land that has to be maintained.11Article 101(1) empowers the Commission to adopt delegated acts:(a) establishing a harmonised basis for calculation of administrative penalties due to cross-compliance referred to in Article 99, taking into account reductions due to financial discipline;(b) laying down the conditions for the application and calculation of the administrative penalties due to cross-compliance, including in the case of non-compliance directly attributable to the beneficiary concerned.As regards exchange rate and monetary practices:Article 106(5) empowers the Commission to adopt delegated acts containing rules on the specification on operative events for the exchange rate and the exchange rate to be used, taking into account certain criteria.Article 106(6) empowers the Commission to adopt delegated acts laying down rules on the exchange rate applicable when declarations of expenditure are drawn up and when public storage operations are recorded in the accounts of the paying agency.Article 107(2) empowers the Commission to adopt delegated acts, where exceptional monetary practices concerning a national currency are liable to jeopardise the application of Union law, derogating from this Section, in particular where a country uses abnormal exchange techniques such as multiple exchange rates or operates barter agreements or where countries have currencies which are not quoted on official foreign exchange markets or where the trend in such currencies is likely to create distortion in trade.As regards the monitoring of the Common ***Agricultural*** Policy:Article 110(1), third subparagraph empowers the Commission to adopt delegated acts regarding the content and construction of the common monitoring and evaluation framework measuring the performance of the CAP.As regards ***Transitional*** measures:Article 120 empowers the Commission to adopt delegated acts concerning the cases in which derogations from, and additions to, the rules provided for in this Regulation may apply in order to ensure the ***smooth*** transition from the arrangements provided for in the repealed Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 to those laid down in Regulation (EU) No 1306/2013.2.2 Legal BasisThe report is required under Article 115(2). Pursuant to this provision, the power to adopt delegated acts referred to in Articles 8, 20, 40, 46, 50, 53, 57, 62, 63, 64, 65, 66, 72, 76, 77, 79, 84, 89, 93, 101, 106, 107, 110 and 120 shall be conferred on the Commission for a ***period*** of seven 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 seven-year ***period***. The delegation of power is 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***.122.3 Exercise of DelegationAt this stage, the Commission has adopted twenty-one delegated acts under Regulation (EU) No 1306/2013.(A) Four of these delegated acts have been adopted in 2014 and 2015 and are supplementing the rules of Regulation (EU) No 1306/2013:a) The Commission adopted Commission Delegated Regulation (EU) No 907/201419 on the basis of Articles 8(1), 40, 46(1), 46(2), 46(3), 46(4), 53(3), 57(1), 66(3), 79(2), 106(5) and (6) and 120. It supplements Regulation (EU) No 1306/2013 with regard to paying agencies and other bodies, financial management, clearance of accounts, securities and the use of the euro.This delegated act lays down conditions for the accreditation of paying agencies and coordination bodies; obligations of paying agencies as regards public interventions; rules as regards non-compliance with the latest and the earliest payment deadline; rules on the compensation by paying agencies; rules in case of late adoption of the Union budget; the possibility for the Commission to defer monthly payments and to suspend payments in case of late submission; criteria and methodology for applying corrections in the framework of conformity clearance; the obligations of Member States following recovery procedures; rules for the security to be given to ensure payments; the exclusion of certain measures in the wine sector from the rules on scrutiny of transactions; the applicable exchange rate for drawing up declarations of expenditure; the determination of the operative events for the exchange rate in the field of export refunds and trade with third countries, for production refunds, for aid granted by quantity of marketed product or product to be used in a specific way, for private storage aid, for aid granted in the wine, milk and milk products and sugar sector, for aid granted in the field of School Fruit Scheme, for amounts linked to the authorisation to grant national financial assistance to producer organisations in the fruit and vegetables sector, for advances and securities as well as for other amounts or prices; the determination of the exchange rate to be used, provisions on the transition from old to new rules.The Commission amended this delegated act three times: In 2015 on the basis of Articles 40 and 53 through Commission Delegated Regulation (EU) 2015/16020 as regards payment deadlines and corrections in the framework of conformity clearance, in 2017 on the basis of Articles 64(6)(a) and 106(5) through Commission Delegated Regulation (EU) 2017/4021as regards the operative event for the exchange rate in the field of School Scheme (see also19 Commission Delegated Regulation (EU) No 907/2014 of 11 March 2014 supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to paying agencies and other bodies, financial management, clearance of accounts, securities and use of euro, OJ L 255, 28.8.2014, p. 1820 Commission Delegated Regulation (EU) 2015/160 of 28 November 2014 amending Delegated Regulation (EU) No 907/2014 supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to paying agencies and other bodies, financial management, clearance of accounts, securities and use of euro, OJ L 27, 3.2.2015, p.7 21 Commission Delegated Regulation (EU) 2017/40 of 3 November 2016 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council with regard to Union aid for the supply of fruit and vegetables, bananas and milk in educational establishments and amending Commission Delegated Regulation (EU) No 907/2014, OJ L 5, 10.1.2017, p. 1113point 4.3) and in 2018 on the basis of Article 40 and Article 106(6) through Commission Delegated Regulation (EU) 2018/96722 as regards non-compliance with payment deadlines and the applicable exchange rate for declarations of expenditure.In line with the common understanding on delegated acts23, Member States’ experts were consulted in the Expert Group for horizontal questions concerning the CAP – subgroup simplification. The Regulations were notified to the European Parliament and the Council. Neither the European Parliament nor the Council issued any objection to any of the Delegated Regulations.b) The Commission adopted Commission Delegated Regulation (EU) No 640/201424 on the basis of Articles 63(4), 64(6) 72(5), 76, Articles 77(7), 93(4) 101(1), and Article 120. It supplements Regulation (EU) No 1306/2013 with regard to the integrated administration and control system and conditions for refusal or withdrawal of payments and administrative penalties applicable to direct payments, rural development support and cross compliance.This delegated act lays down provisions on conditions for the partial or total refusal or withdrawal of the aid or support; provisions identifying the administrative penalty and determining the specific rate to be imposed; provisions identifying the cases in which the administrative penalty is not applied; rules applicable to ***periods***, dates and time limits where the final date for submission of applications or amendments is a public holiday, a Saturday or a Sunday; specific definitions needed to ensure a harmonised implementation of the integrated system; basic features and technical rules for the identification system for ***agricultural*** parcels and identification of beneficiaries; basic features, technical rules and quality requirements of the system for the identification and registration of payment entitlements; the basis for the calculation of aid, including rules on how to deal with certain cases in which eligible areas contain landscape features or trees; additional rules for intermediates such as services, bodies and organisations, which are involved in the procedure for granting the aid or support; the maintenance of permanent pasture in relation to cross compliance; a harmonised basis for the calculation of administrative penalties related to cross-compliance; conditions for the application and calculation of the administrative penalties related to cross compliance; an addition to the rules provided for in Regulation (EU) No 1306/2013 in order to ensure a ***smooth*** transition from repealed rules to the new rules.The Commission amended this delegated act two times: In 2016, on the basis of the same Articles on the basis of which the amended act was adopted, through Commission22 Commission Delegated Regulation (EU) 2018/967 of 26 April 2018 amending Delegated Regulation (EU) No 907/2014 as regards non-compliance with payment deadlines and as regards applicable exchange rate for drawing up declarations of expenditure, OJ L 174, 10.7.2018, p. 223 See footnote 13.24 Commission Delegated Regulation (EU) No 640/2014 of 11 March 2014 supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system and conditions for refusal or withdrawal of payments and administrative penalties applicable to direct payments, rural development support and cross compliance, OJ L 181, 20.6.2014, p. 4814Delegated Regulation (EU) 2016/139325 and in 2017 through Commission Delegated Regulation (EU) 2017/72326 on the basis of Article 77 (7).In line with the common understanding on delegated acts27, Member States’ experts were consulted in the in the Expert Group for Horizontal Questions concerning the CAP, subgroup Cross-compliance and FAS, the Expert Group for Direct Payments and the Expert Group for Rural Development. The Regulations were notified to the European Parliament and the Council. Neither the European Parliament nor the Council issued any objection to any of the Delegated Regulations.c) The Commission adopted Commission Delegated Regulation (EU) No 906/201428 on the basis of Article 20(2) and (3). It supplements Regulation (EU) No 1306/2013 with regard to public intervention expenditure.The delegated act lays down the conditions and rules applicable to the financing by the European ***Agricultural*** Guarantee ***Fund*** (EAGF) of expenditure on intervention measures related to public storage.In line with the common understanding on delegated acts29, Member States’ experts were consulted in the Expert Group for Horizontal Questions concerning the CAP. The Regulations was notified to the European Parliament and the Council. Neither the European Parliament nor the Council issued any objection to any of the Delegated Regulations.d) The Commission adopted Commission Delegated Regulation (EU) 2015/197130 on the basis of Article 50(1). It supplements Regulation (EU) No 1306/2013 with specific provisions on the reporting of irregularities concerning the European ***Agricultural*** Guarantee ***Fund*** and the European ***Agricultural*** ***Fund*** for Rural Development.The delegated act determines which irregularities are to be reported and establishes which data are to be provided by Member States to the Commission.25 Commission Delegated Regulation (EU) 2016/1393 of 4 May 2016 amending Delegated Regulation (EU) No 640/2014 supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system and conditions for refusal or withdrawal of payments and administrative penalties applicable to direct payments, rural development support and cross-compliance, OJ L 225, 19.8.2016, p. 4126 Commission Delegated Regulation (EU) 2017/723 of 16 February 2017 amending Delegated Regulation (EU) No 640/2014 supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the integrated administration and control system and conditions for refusal or withdrawal of payments and administrative penalties applicable to direct payments, rural development support and cross compliance, OJ L 107, 25.4.2017, p. 127 See footnote 13.28 Commission Delegated Regulation (EU) No 906/2014 of 11 March 2014 supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to public intervention expenditure, OJ L 255, 28.8.2014, p. 129 Common Understanding on delegated acts from 2011(not published).30 Commission Delegated Regulation (EU) 2015/1971 of 8 July 2015 supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with specific provisions on the reporting of irregularities concerning the European ***Agricultural*** Guarantee ***Fund*** and the European ***Agricultural*** ***Fund*** for Rural Development and repealing Commission Regulation (EC) No 1848/2006, OJ L 293, 10.11.2015, p. 615In line with the common understanding on delegated acts31, Member States’ experts were consulted in the Expert Group Reporting and Analysis of the COCOLAF (Advisory Committee for Fraud Prevention and in the Expert Group for Horizontal Questions concerning the CAP. The Regulations were notified to the European Parliament and the Council. Neither the European Parliament nor the Council issued any objection to any of the Delegated Regulations.(B) Since Regulation (EU) No 1306/2013 covers inter alia the financial and monitoring aspects of the fields covered by Regulations (EU) No 1305/2013, No 1307/2013 and No 1308/2013, some of the delegated acts adopted under Regulation (EU) No 1306/2013 are acts which are also adopted under Regulation No 1308/2013. These delegated acts are therefore based on different basic acts. Their main provisions are taken in relation to Regulation No 1308/2013 (see in this respect point 4.3). The financial and monitoring aspects are taken on the basis of Regulation (EU) No 1306/2013.These delegated acts are the following acts:1) Commission Delegated Regulation (EU) No 499/201432 adopted on the basis of Article 64(6) lays down the penalties for the non-respect of recognition criteria of producer organisations.2) Commission Delegated Regulation (EU) 2015/56033 adopted on the basis of Article 64(6) laid down the penalties and rules for the cost recovery for producers who do not comply with the obligation to grub up areas planted with vines without an authorisation. This Regulation is not in force anymore. It has been repealed and replaced by Regulation Commission Delegated Regulation (EU) 2018/273 (see below).3) Commission Delegated Regulation (EU) 2015/136634 adopted on the basis of Article 106(5) lays down the operative event for the exchange rate for the amounts paid as aid in the apiculture sector pursuant to Article 55 of Regulation (EU) No 1308/2013.4) Commission Delegated Regulation (EU) 2015/182935 adopted on the basis of Article 64(6)(a) and Article 66(3)(d) lays down the administrative penalties for organisations submitting a proposal for an information and promotion programme under Regulation (EU) No 1144/2014.31 Common Understanding on delegated acts from 2011(not published).32 Commission Delegated Regulation (EU) No 499/2014 of 11 March 2014 supplementing Regulations (EU) No 1308/2013 of the European Parliament and of the Council and Regulation (EU) No 1306/2013 of the European Parliament and of the Council by amending Commission Implementing Regulation (EU) No 543/2011 relating to the fruit and vegetables and processed fruit and vegetables sectors, OJ L 145, 16.5.2014, p. 533 Commission Delegated Regulation (EU) 2015/560 of 15 December 2014 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the scheme of authorisations for vine plantings, OJ L 93, 9.4.2015, p. 134 Commission Delegated Regulation (EU) 2015/1366 of 11 May 2015 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council with regard to aid in the apiculture sector, OJ L 211, 8.8.2015, p. 335 Commission Delegated Regulation (EU) 2015/1829 of 23 April 2015 supplementing Regulation (EU) No 1144/2014 of the European Parliament and of the Council on information provision and promotion measures concerning ***agricultural*** products implemented in the internal market and in third countries, OJ L 266, 13.10.2015, p. 3165) Commission Delegated Regulation (EU) 2016/114936 adopted on the basis of Article 63(4) lays down the conditions for the partial or total withdrawal of the aid in the wine sector.6) Commission Delegated Regulation (EU) 2016/123737 adopted on the basis of Article 66(3)(c) and (e) lays down the conditions for a security and its release and forfeiture related to import and export licences for ***agricultural*** products.7) Commission Delegated Regulation (EU) 2016/123838 adopted on the basis of Articles 64(6) and 66(3)(c) and (e) lays down the conditions for a security and its release and forfeiture related to public intervention and aid for private storage.8) Commission Delegated Regulation (EU) 2016/161239 adopted on the basis of Article 106(5) laid down the operative event for the exchange rate as regards the exceptional aid paid under this Regulation to eligible applicants reducing cow milk deliveries.9) Commission Delegated Regulation (EU) 2016/161340 adopted on the basis of Article 106(5) laid down the operative event for the exchange rate as regards the exceptional adjustment aid paid under this Regulation to milk producers and farmers in other livestock sectors.10) Commission Delegated Regulation (EU) 2016/24741 adopted on the basis of Article 64(6) laid down the penalties in case of irregular payments that are not due to obvious errors and in case of fraud or serious negligence for which the applicant is responsible as regards Union aid for the supply and distribution of fruit and vegetables, processed fruit and vegetables and banana products within the framework of the school fruit and vegetables scheme. This Regulation is not in force anymore. It has been repealed and replaced by Regulation Commission Delegated Regulation (EU) 2017/40 (see next point).11) Commission Delegated Regulation (EU) 2017/4042 adopted on the basis of Articles 64(6)(a) and 106(5) lays down the administrative penalties in cases of non-compliance36 Commission Delegated Regulation (EU) 2016/1149 of 15 April 2016 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the national support programmes in the wine sector and amending Commission Regulation (EC) No 555/2008, OJ L 190, 15.7.2016, p. 137 Commission Delegated Regulation (EU) 2016/1237 of 18 May 2016 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council with regard to the rules for applying the system of import and export licences and supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to the rules on the release and forfeit of securities lodged for such licences, amending Commission Regulations (EC) No 2535/2001, (EC) No 1342/2003, (EC) No 2336/2003, (EC) No 951/2006, (EC) No 341/2007 and (EC) No 382/2008 and repealing Commission Regulations (EC) No 2390/98, (EC) No 1345/2005, (EC) No 376/2008 and (EC) No 507/2008, OJ L 206, 30.7.2016, p. 138 Commission Delegated Regulation (EU) 2016/1238 of 18 May 2016 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council with regard to public intervention and aid for private storage, OJ L 206, 30.7.2016, p. 1539 Commission Delegated Regulation (EU) 2016/1612 of 8 September 2016 providing aid for milk production reduction, OJ L 242, 9.9.2016, p. 440 Commission Delegated Regulation (EU) 2016/1613 of 8 September 2016 providing for exceptional adjustment aid to milk producers and farmers in other livestock sectors, OJ L 242, 9.9.2016, p. 1041 Commission Delegated Regulation (EU) 2016/247 of 17 December 2015 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council with regard to Union aid for the supply and distribution of fruit and vegetables, processed fruit and vegetables and banana products within the framework of the school fruit and vegetables scheme, OJ L 46, 23.2.2016, p. 142 Commission Delegated Regulation (EU) 2017/40 of 3 November 2016 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council with regard to Union aid for the supply of fruit and17related to the implementation of the school scheme referred to in Section I of Chapter II of Title I of Part II of Regulation (EU) No 1308/2013. It also amends at the same time Commission Delegated Regulation (EU) No 907/2014 (see point 2.3 A))) as regards the operative event for the exchange rate for this aid.12) Commission Delegated Regulation (EU) 2017/89143 adopted on the basis of Articles 62(1) and 64(6)(a) supplements Regulation (EU) No 1306/2013 as regards penalties to be applied in the fruit and vegetables and processed fruit and vegetables sectors.13) Commission Delegated Regulation (EU) 2018/27344 adopted on the basis of Articles 64(6) and 89(5) lays down rules for identifying the proportionate and graduated specific rate for the administrative penalty to be imposed by Member States as regards the scheme of authorisation for vine planting, for identifying the cases in which the administrative penalties are not to be imposed. It also as establishes an analytical data bank of isotopic data to help detect fraud to be constructed on the basis of samples collected by Member States and provides for the rules on control bodies and rules on the common use of the findings of Member States.In line with the common understanding on delegated acts45, Member States’ experts were consulted in the Expert Group for Horizontal Questions concerning the CAP and in the Expert Group for ***Agricultural*** Markets, in particular concerning aspects falling under the single CMO Regulation. The Regulations were notified to the European Parliament and the Council. Neither the European Parliament nor the Council issued any objection to any of the Delegated Regulations.The Commission has not adopted any delegated act pursuant to Articles 65, 84, 107 and 110, because the Commission has not identified any need in this regard.2.4 ConclusionsThe Commission has exercised its delegated powers correctly. It cannot be excluded that the empowerments will be needed in future.vegetables, bananas and milk in educational establishments and amending Commission Delegated Regulation (EU) No 907/2014, OJ L 5, 10.1.2017, p. 143 Commission Delegated Regulation (EU) 2017/891 of 13 March 2017 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council with regard to the fruit and vegetables and processed fruit and vegetables sectors and supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to penalties to be applied in those sectors and amending Commission Implementing Regulation (EU) No 543/2011, OJ L 138, 25.5.2017, p. 444 Commission Delegated Regulation (EU) 2018/273 of 11 December 2017 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the scheme of authorisations for vine plantings, the vineyard register, accompanying documents and certification, the inward and outward register, compulsory declarations, notifications and publication of notified information, and supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council as regards the relevant checks and penalties, amending Commission Regulations (EC) No 555/2008, (EC) No 606/2009 and (EC) No 607/2009 and repealing Commission Regulation (EC) No 436/2009 and Commission Delegated Regulation (EU) 2015/560, OJ L 58, 28.2.2018, p. 145 See footnote 13.183. REGULATION (EU) NO 1307/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 17 DECEMBER 2013 ESTABLISHING RULES FOR DIRECT PAYMENTS TO FARMERS UNDER SUPPORT SCHEMES WITHIN THE FRAMEWORK OF THE COMMON ***AGRICULTURAL*** POLICY AND REPEALING COUNCIL REGULATION (EC) NO 637/2008 AND COUNCIL REGULATION (EC) NO 73/20093.1 IntroductionRegulation (EU) No 1307/201346 establishes rules on payments granted directly to farmers under the support schemes listed in Annex I ('direct payments').Article 2 empowers the Commission to adopt delegated acts amending the list of support schemes set out in Annex I to the extent necessary to take account of any new legislative acts on support schemes which may be adopted after the adoption of this Regulation.Article 4(3) empowers the Commission to adopt delegated acts establishing:(a) the framework within which Member States are to establish the criteria to be met by farmers in order to fulfil the obligation to maintain an ***agricultural*** area in a state suitable for grazing or cultivation, as referred to in point (c)(ii) of paragraph 1;(b) the framework within which Member States shall define the minimum activity to be carried out on ***agricultural*** areas naturally kept in a state suitable for grazing or cultivation, as referred to in point (c)(iii) of paragraph 1;(c) the criteria to determine the predominance of grasses and other herbaceous forage and the criteria to determine the established local practices referred to in point (h) of paragraph 1.Article 6(3) empowers the Commission to adopt delegated acts adapting the national ceilings set out in Annex II in order to take account of the developments relating to the total maximum amounts of direct payments that may be granted.Article 7(3) empowers the Commission to adopt delegated acts adapting the net ceilings set out in Annex III in order to take account of the developments relating to the total maximum amounts of direct payments that may be granted.Article 8(3) empowers the Commission to adopt delegated acts laying down rules on the basis for calculation of reductions to be applied by Member States to farmers pursuant to paragraph 1 of this Article in order to ensure the correct application of the adjustments of direct payments with respect to financial discipline.Article 9(5) empowers the Commission to adopt delegated acts laying down:(a) criteria for determining the cases where a farmer's ***agricultural*** area is to be considered to be mainly an area naturally kept in a state suitable for grazing or cultivation;(b) criteria for establishing the distinction between receipts resulting from ***agricultural*** and non-***agricultural*** activities;(c) criteria for establishing the amounts of direct payments referred to in paragraphs 2 and 4, especially concerning direct payments in the first year of allocation of payment46 For reference see footnote 10.19entitlements where the value of the payment entitlements is not yet definitively established, as well as concerning direct payments for new farmers;(d) criteria that farmers are to meet in order to prove for the purposes of paragraphs 2 and 3 that their ***agricultural*** activities are not insignificant and that their principal business or company objects consist of exercising an ***agricultural*** activity.Article 20(6) empowers the Commission to adopt delegated acts adapting the amounts set out in Annex VI in order to take account of the consequences of the return of de-mined land to use for ***agricultural*** activities as notified by Croatia.Article 35(1) empowers the Commission to adopt delegated acts concerning:(a) rules on eligibility and access in respect of the basic payment scheme of farmers in the case of inheritance and anticipated inheritance, inheritance under a lease, change of legal status or denomination, transfer of payment entitlements, merger or scission of the holding, and the application of the contract clause referred to in Article 24(8);(b) rules on the calculation of the value and number or on the increase or reduction in the value of payment entitlements in relation to the allocation of payment entitlements under any provision of this Title, including rules:(i) on the possibility of a provisional value and number or of a provisional increase of payment entitlements allocated on the basis of the application from the farmer,(ii) on the conditions for establishing the provisional and definitive value and number of the payment entitlements,(iii) on the cases where a sale or lease contract may affect the allocation of payment entitlements;(c) rules on the establishment and calculation of the value and number of payment entitlements received from the national reserve or regional reserves;(d) rules on the modification of the unit value of payment entitlements in the case of fractions of payment entitlements and in the case of transfer of payment entitlements referred to in Article 34(4);(e) criteria for applying options under points (a), (b) and (c) of the third subparagraph of Article 24(1);(f) criteria for applying limitations on the number of payment entitlements to be allocated in accordance with Article 24(4) to (7);(g) criteria for the allocation of payment entitlements pursuant to Article 30(6) and (7);(h) criteria for setting the reduction coefficient referred to in Article 32(5).Article 35(2) empowers the Commission to adopt delegated acts laying down rules on the content of the declaration and the requirements for the activation of payment entitlements.Article 35(3) empowers the Commission to adopt delegated acts laying down rules making the granting of payments conditional upon the use of certified seeds of certain hemp varieties and the procedure for the determination of hemp varieties and the verification of their tetrahydrocannabinol content referred to in Article 32(6).Article 36(6) empowers the Commission to adopt delegated acts concerning rules on eligibility and the access of farmers to the single area payment scheme.20Article 39(3) empowers the Commission to adopt delegated acts laying down further rules on the introduction of the basic payment scheme in Member States having applied the single area payment scheme.Article 43(12) empowers the Commission to adopt delegated acts:(a) adding equivalent practices to the list set out in Annex IX;(b) establishing appropriate requirements applicable to the national or regional certification schemes referred to in point (b) of paragraph 3 of this Article, including the level of assurance to be provided by those schemes;(c) establishing detailed rules for the calculation of the amount referred to in Article 28(6) of Regulation (EU) No 1305/2013 for the practices referred to in points 3 and 4 of Section I and point 7 of Section III of Annex IX to this Regulation, and any further equivalent practices added to that Annex pursuant to point (a) of this paragraph for which a specific calculation is needed in order to avoid double ***funding***.Article 44(5) empowers the Commission to adopt delegated acts:(a) recognising other types of genera and species than those referred to in paragraph 4 of this Article; and(b) laying down the rules concerning the application of the precise calculation of shares of different crops.Article 45(5) empowers the Commission to adopt delegated acts laying down detailed rules on maintenance of permanent grassland.Article 45(6) empowers the Commission to adopt delegated acts in accordance with Article 70:(a) laying down the framework for the designation of further sensitive areas referred to in the second subparagraph of paragraph 1 of this Article;(b) establishing detailed methods for the determination of the ratio of permanent grassland and of the total ***agricultural*** area that has to be maintained pursuant to paragraph 2 of this Article;(c) defining the ***period*** in the past referred to in the first subparagraph of paragraph 3 of this Article.Article 46(9) empowers the Commission to adopt delegated acts:(a) laying down further criteria for the types of areas referred to in paragraph 2 of this Article to qualify as ecological focus area;(b) adding other types of areas than those referred to in paragraph 2 that can be taken into account for the purpose of respecting the percentage referred to in paragraph 1;(c) adapting Annex X in order to establish the conversion and weighting factors referred to in paragraph 3 and in order to take into account the criteria and/or types of areas to be defined by the Commission under points (a) and (b) of this paragraph;(d) setting rules for the implementation referred to in paragraphs 5 and 6, including the minimum requirements on such implementation;(e) establishing the framework within which Member States are to define the criteria to be met by holdings in order to be considered to be in close proximity for the purposes of paragraph 6;21(f) establishing the methods for determination of the percentage of total land surface area covered by forest and the ratio of forest land to ***agricultural*** land referred to in paragraph 7.Article 50(11) empowers the Commission to adopt delegated acts concerning the conditions under which a legal person may be considered to be eligible to receive the payment for young farmers.Article 52(9) empowers the Commission to adopt delegated acts laying down:(a) the conditions for granting coupled support;(b) rules on consistency with other Union measures and on the cumulation of support.Article 52(10) empowers the Commission to adopt delegated acts supplementing this Regulation as regards voluntary coupled support measures in order to avoid beneficiaries of voluntary coupled support suffering from structural market imbalances in a sector.Article 57(3) empowers the Commission to adopt delegated acts concerning rules and conditions for the authorisation of land and varieties for the purposes of the crop-specific payment for cotton.Article 58(5) empowers the Commission to adopt delegated acts concerning rules on the conditions for the granting of that payment, on the eligibility requirements and on agronomic practices.Article 59(3) empowers the Commission to adopt delegated laying down:(a) criteria for the approval of interbranch organisations;(b) obligations for producers;(c) rules governing the situation where the approved interbranch organisation does not satisfy the criteria referred to in point (a).Article 64(5) empowers the Commission to adopt delegated acts setting out the conditions for participation in the small farmers scheme where the situation of the participating farmer has changed.Article 67(1) empowers the Commission to adopt delegated acts on the necessary measures regarding notifications to be made by Member States to the Commission for the purposes of this Regulation, for the purpose of checking, controlling, monitoring, evaluating and auditing direct payments or for the purpose of complying with requirements laid down in international agreements which have been concluded by a Council decision, including notification requirements under those agreements. In so doing, the Commission shall take into account the data needs and synergies between potential data sources.Article 67(2) empowers the Commission to adopt delegated acts in laying down further rules on:(a) the nature and type of the information to be notified;(b) the categories of data to be processed and maximum retention ***periods***;(c) access rights to the information or information systems made available;(d) the conditions of publication of the information.Article 73 empowers the Commission to adopt delegated acts concerning the necessary measures to protect any acquired rights and legitimate expectations of farmers in order to ensure a smooth22transition from the arrangements provided for in Regulation (EC) No 73/2009 to those laid down in Regulation (EU) No 1307/2013.3.2 Legal BasisThe report is required under Article 70(2). Pursuant to this provision, the power to adopt delegated acts referred to in Article 2, 4, 6, 7, 8, 9, 20, 35, 36, 39, 43, 44, 45, 46, Article 50, Article 52, 57, 58, 59, 64, 67 and Article 73 shall be conferred on the Commission for a ***period*** of seven years from 1 January 2014. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the seven-year ***period***. The delegation of power is 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***.3.3 Exercise of DelegationAt this stage, the Commission has adopted fifteen delegated acts under Regulation (EU) No 1307/2013.A) Commission Delegated Regulation (EU) No 502/201447 adopted on basis of Article 8(3) supplements Council Regulation (EC) No 73/2009 and Regulation (EU) No 1307/2013 and lays down the basis of calculation for reductions to be applied to farmers by Member States due to the linear reduction of payments in 2014 and financial discipline for calendar year 2014.In line with the common understanding on delegated acts48, Member States’ experts were consulted in the Expert Group for Direct Payments. The Regulations were notified to the European Parliament and the Council. Neither the European Parliament nor the Council issued any objection to any of the Delegated Regulations.B) Commission Delegated Regulation (EU) No 639/201449 adopted on the basis of Articles 4(3), 8(3), 9(5), 35(1), (2) and (3), 36(6), 39(3), 43(12), 44(5), 45(5) and (6), 46(9), 50(11), 52(9), 57(3), 58(5), 59(3), 67(1) and (2) supplements Regulation (EU) No 1307/2013. It defines the framework for criteria on maintaining the ***agricultural*** area in a state suitable for grazing or cultivation, the framework for minimum activities on ***agricultural*** areas naturally kept in a state suitable for grazing or cultivation, the predominance of grasses and other herbaceous forage in case of permanent grassland and the established local practices in case of permanent grassland. It lays down the basis of calculation for reductions to be applied to farmers by Member States due to financial discipline. It defines the cases where agricultural47 Commission Delegated Regulation (EU) No 502/2014 of 11 March 2014 supplementing Council Regulation (EC) No 73/2009 and Regulation (EU) No 1307/2013 of the European Parliament and of the Council as regards the basis of calculation for reductions to be applied to farmers by Member States due to the linear reduction of payments in 2014 and financial discipline for calendar year 2014, OJ L 145, 16.5.2014, p. 2048 Common Understanding on delegated acts from 2011(not published).49 Commission Delegated Regulation (EU) No 639/2014 of 11 March 2014 supplementing Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common ***agricultural*** policy and amending Annex X to that Regulation, OJ L 181, 20.6.2014, p. 123areas are mainly areas naturally kept in a state suitable for grazing or cultivation, receipts obtained from non-***agricultural*** activities, the amount of direct payments referred to in Article 9(2) and (4) of R1307/2013 and in Art. 13(2) of R 639/2014, the criteria for proving that ***agricultural*** activities are not insignificant and that the principal business or company objects consist of exercising an ***agricultural*** activity. It lays down rules for the application of the basic payment scheme provided for in Sections 1, 2, 3 and 5 of Chapter 1 of Title III of Regulation (EU) No 1307/2013 and of the Single area payment scheme provided for in Article 36 of Regulation (EU) No 1307/2013. It provides for rules for the payment for ***agricultural*** practices beneficial for the climate and the environment (“greening”), in particular related to equivalence, crop diversification, the maintenance of permanent grassland and the ratio of permanent grassland, criteria for qualification as ecological focus area and adapts Annex X of Regulation (EU) No 1307/2013 by setting out the conversion and weighing factors referred to in Article 46(3) of that Regulation for the different types of ecological focus areas. It lays down rules for the access of legal persons and group of natural persons to the payments of young farmers; detailed conditions for granting coupled support; the obligations and possibilities for Member States as regards the crop-specific payment for cotton and detailed rules on the notifications to be done by Member States.The Commission amended this delegated act five times:In 2015 through Commission Delegated Regulation (EU) 2015/138350 on the basis of Article 52(9) as regards the eligibility conditions in relation to the identification and registration requirements for animals for coupled support.In 2016 through Commission Delegated Regulation (EU) 2016/14151 on the basis of Article Articles 50(11) and 52(9) and Article 67(1) and (2) as regards certain provisions on the payment for young farmers and on voluntary coupled support and derogating from Article 53(6) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council.In 2017 through Commission Delegated Regulation (EU) 2017/115552 on the basis of Article 35(2) and (3), Articles 44(5)(b) and 46(9)(a) and (c), Article 50(11), Article 52(9)(a) and Article 67(1) and (2)(a) as regards the control measures relating to the cultivation of hemp, certain provisions relating to the greening (especially as regards the Ecological Focus50 Commission Delegated Regulation (EU) 2015/1383 of 28 May 2015 amending Delegated Regulation (EU) No 639/2014 as regards the eligibility conditions in relation to the identification and registration requirements for animals for coupled support under Regulation (EU) No 1307/2013 of the European Parliament and of the Council, OJ L 214, 13.8.2015, p. 151 Commission Delegated Regulation (EU) 2016/141 of 30 November 2015 amending Delegated Regulation (EU) No 639/2014 as regards certain provisions on the payment for young farmers and on voluntary coupled support and derogating from Article 53(6) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council, OJ L 28, 4.2.2016, p. 252 Commission Delegated Regulation (EU) 2017/1155 of 15 February 2017 amending Delegated Regulation (EU) No 639/2014 as regards the control measures relating to the cultivation of hemp, certain provisions on the greening payment, the payment for young farmers in control of a legal person, the calculation of the per unit amount in the framework of voluntary coupled support, the fractions of payment entitlements and certain notification requirements relating to the single area payment scheme and the voluntary coupled support, and amending Annex X to Regulation (EU) No 1307/2013 of the European Parliament and of the Council, OJ L 167, 30.6.2017, p. 124Area), reflecting the results of review of greening after one year of implementation, the payment for young farmers in control of a legal person, the calculation of the per unit amount in the framework of voluntary coupled support, the fractions of payment entitlements and certain notification requirements relating to the single area payment scheme and the voluntary coupled support, and amending Annex X to Regulation (EU) No 1307/2013 on conversion and weighting factors.In 2018 through Commission Delegated Regulation (EU) 2018/70753 on the basis of Articles 35(3), 52(9) and 67(1) and (2) as regards the eligibility criteria for support for hemp under the basic payment scheme and certain requirements in respect of voluntary coupled support and through Commission Delegated Regulation (EU) 2018/178454 on the basis of Articles 45(6)(b) and 46(9)(a) as regards certain provisions on the greening practices established by Regulation (EU) No 1307/2013 following the amendments brought by Regulation (EU) 2017/239355.In line with the common understanding on delegated acts56, Member States’ experts were consulted on all these delegated acts in the Expert Group for Direct Payments. The Regulations were notified to the European Parliament and the Council. Neither the European Parliament nor the Council issued any objection to any of the Delegated Regulations.C) In addition to Commission Delegated Regulation (EU) 2017/1155 (mentioned above under point B)) amending Annex X to Regulation (EU) No 1307/2013, the Commission adopted the following delegated acts in order to adapt the Annexes of Regulation (EU) No 1307/2013:1) Commission Delegated Regulation (EU) No 994/201457 amending on the basis of Articles 6(3), 7(3) and 20(6) Annexes II on national ceilings, III on net ceilings and VI on financial provisions applying to Croatia to Regulation (EU) No 1307/2013.2) Commission Delegated Regulation (EU) No 1001/201458 amending on the basis of Article 46(9)(c) Annex X on conversion and weighting factors to Regulation (EU) No53 Commission Delegated Regulation (EU) 2018/707 of 28 February 2018 amending Delegated Regulation (EU) No 639/2014 as regards the eligibility criteria for support for hemp under the basic payment scheme and certain requirements in respect of voluntary coupled support, OJ L 119, 15.5.2018, p. 154 Commission Delegated Regulation (EU) 2018/1784 of 9 July 2018 amending Delegated Regulation (EU) No 639/2014 as regards certain provisions on the greening practices established by Regulation (EU) No 1307/2013 of the European Parliament and of the Council, OJ L 293, 20.11.2018, p. 155 Regulation (EU) 2017/2393 of the European Parliament and of the Council of 13 December 2017 amending Regulations (EU) No 1305/2013 on support for rural development by the European ***Agricultural*** ***Fund*** for Rural Development (EAFRD), (EU) No 1306/2013 on the financing, management and monitoring of the common ***agricultural*** policy, (EU) No 1307/2013 establishing rules for direct payments to farmers under support schemes within the framework of the common ***agricultural*** policy, (EU) No 1308/2013 establishing a common organisation of the markets in ***agricultural*** products and (EU) No 652/2014 laying down provisions for the management of expenditure relating to the food chain, animal health and animal welfare, and relating to plant health and plant reproductive material, OJ L 350, 29.12.2017, p. 1556 See footnote 13.57 For reference see footnote 3.251307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common ***agricultural*** policy3) Commission Delegated Regulation (EU) No 1378/201459 amending on the basis of Articles 6(3) and 7(3) Annexes II on national ceilings and III on net ceilings to Regulation (EU) No 1307/2013.4) Commission Delegated Regulation (EU) 2015/85160 amending on the basis of Articles 6(3), 7(3) and 20(6) Annexes II on national ceilings, III on net ceilings and VI on financial provisions applying to Croatia to Regulation (EU) No 1307/2013.5) Commission Delegated Regulation (EU) 2016/14261 amending on the basis of Article 7(3) Annex III on net ceilings to Regulation (EU) No 1307/2013.6) Commission Delegated Regulation (EU) 2018/16262 amending on the basis of Articles 6(3) and 7(3) Annexes II on national ceilings and III on net ceilings to Regulation (EU) No 1307/2013.7) Commission Delegated Regulation (EU) 2019/7163 amending on the basis of Article 7(3) Annex III on net ceilings to Regulation (EU) No 1307/2013.Some of these delegated acts have at the same time amended Annex I to Regulation (EU) No 1305/2013. They are therefore also mentioned in point 1.3 of this report.In line with the common understanding on delegated acts64, Member States’ experts were consulted in the Expert Group for Direct Payments and the Expert Group for Rural Development when the act was also taken under Regulation (EU) 1305/2013). The Regulations were notified to the European Parliament and the Council. Neither the European Parliament nor the Council issued any objection to any of the Delegated Regulations.D) Commission Delegated Regulation (EU) 2017/118365 adopted on the basis of Article 67(2) supplements Regulations (EU) No 1307/2013 and (EU) No 1308/2013 (see in this respect also point 4.3) with regard to the notifications to the Commission of information and documents. It creates a legal framework that in particular requests Member States to designate a single liaison body responsible to carry out certain tasks.58 Commission Delegated Regulation (EU) No 1001/2014 of 18 July 2014 amending Annex X to Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common ***agricultural*** policy, OJ L 281, 25.9.2014, p. 159 For reference see footnote 4.60 Commission Delegated Regulation (EU) 2015/851 of 27 March 2015 amending Annexes II, III and VI to Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common ***agricultural*** policy, OJ L 135, 2.6.2015, p. 861 For reference see footnote 662 For reference see footnote 7.63 For reference see footnote 8.64 See footnote 13.65 Commission Delegated Regulation (EU) 2017/1183 of 20 April 2017 on supplementing Regulations (EU) No 1307/2013 and (EU) No 1308/2013 of the European Parliament and of the Council with regard to the notifications to the Commission of information and documents, OJ L 171, 4.7.2017, p. 10026In line with the common understanding on delegated acts66, Member States’ experts were consulted in the Expert Group for Direct Payments and in the Expert Group for Horizontal Questions concerning the CAP. The Regulations were notified to the European Parliament and the Council. Neither the European Parliament nor the Council issued any objection to any of the Delegated Regulations.The Commission has not adopted any delegated act pursuant to Articles 43(12)(a), 44(5)(a), 46(9)(b), 52 (10), 64(5) and 73.Article 43(12)(a) concerns the addition of practices equivalent to the ***agricultural*** practices beneficial for the climate and the environment. Based on the experience with ‘standard greening measures’ and the application of the equivalent practices based on the list in Annex IX of Regulation (EU) No 1307/2013 the Commission did not identify a need to extend the list by adding a new practice.44(5)(a) concerns the recognition of types of genera and species other than those defined in the regulation for the purpose of crop diversification obligation. The Commission’s experience with the implementation based on the existing crop breakdown showed that it offered sufficient leeway for farmers while further criteria would risk diluting the obligation.Article 46(9)(b) concerns the addition of types of Ecological focus areas (EFA) other than those set in the Regulation. The conclusion on the implementation of the EFA obligation both within the ‘Review of Greening after a year of implementation’ of 2016 and the dedicated EFA report of 2017 did not prove that such addition was necessary.Article 52(10) concerns voluntary coupled support in case of structural market imbalances. The condition of structural market imbalances has not been fulfilled since the existence of the empowerment67.Article 64(5) concerns the small farmers scheme and empowers the Commission to adopt delegated acts setting out the conditions for participation in the scheme where the situation of the participating farmer has changed. Given that farmers can enter the scheme only once in 2015 (the exception being only cases of inheritance) and considering that farmers can withdraw from the scheme at any year, the Commission did not identify a need for exercising this empowerment.Article 73 concerns ***transitional*** measures. Those have been adopted by Regulation (EU) No 1310/2013 of the European Parliament and of the Council68. The empowerment was therefore not used by the Commission.66 Common Understanding between the European Parliament, the Council and the Commission on Delegated Acts, annex to the Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making, OJ L 123, 12.5.2016, p. 1.67 The empowerment of Art. 52 (10) has been introduced by Regulation (EU) 2017/2393 (for full reference see footnote 55)68 Regulation (EU) No 1310/2013 of the European Parliament and of the Council of 17 December 2013 laying down certain ***transitional*** provisions on support for rural development by the European ***Agricultural*** ***Fund*** for Rural Development (EAFRD), amending Regulation (EU) No 1305/2013 of the European Parliament and of the Council as regards resources and their distribution in respect of the year 2014 and amending Council Regulation (EC) No 73/2009 and Regulations (EU) No 1307/2013, (EU) No 1306/2013 and (EU) No273.4 ConclusionsThe Commission has exercised its delegated powers correctly. It cannot be excluded that the empowerments will be needed in future.4. REGULATION (EU) NO 1308/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 17 DECEMBER 2013 ESTABLISHING A COMMON ORGANISATION OF THE MARKETS IN ***AGRICULTURAL*** PRODUCTS AND REPEALING COUNCIL REGULATIONS (EEC) NO 922/72, (EEC) NO 234/79, (EC) NO 1037/2001 AND (EC) NO 1234/20074.1 IntroductionRegulation (EU) No 1308/201369 establishes a common organisation of the markets in ***agricultural*** products. It lays down rules for different sectors of ***agricultural*** products.Article 3 (4) empowers the Commission to update the definitions concerning the rice sector set out in Part I of Annex II.Article 4 empowers the Commission to adjust the description of products and references in this Regulation to the headings or subheadings of the combined nomenclature.Article 18 empowers the Commission to lay down the conditions under which it may decide to grant private storage aid for the products listed in Article 17.Article 19 (1) empowers the Commission to provide for rules as regards the requirements and conditions to be met by products on public intervention.Article 19(2) empowers the Commission to provide for rules as regards the quality criteria for both buying-in and sales of common wheat, durum wheat, barley, maize and paddy rice.Article 19(3) empowers the Commission to provide for rules as regards appropriate storage capacity and the efficiency of the public intervention system in terms of cost-effectiveness, distribution and access for operator.Article 19(4) empowers the Commission to provide for certain conditions for private storage.Article 19 (5) empowers the Commission to provide for certain rules for the proper functioning of the public intervention and private storage systems.Article 19 (6) empowers the Commission as regards the classification of carcasses.Article 24 empowers the Commission to provide for different rules as regards Aid for the supply of fruit and vegetables and of milk and milk products in educational establishments1308/2013of the European Parliament and of the Council as regards their application in the year 2014, OJ L 347, 20.12.2013, p. 86569 Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in ***agricultural*** products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007, OJ L 347, 20.12.2013, p. 67128Article 30 empowers the Commission to provide for different rules as regards aid in the olive oil and table olives sectorArticle 37 empowers the Commission to provide for different rules as regards aid in the fruit and vegetables sector.Article 53 empowers the Commission to provide for different rules as regards the support programmes in the wine sector.Article 56 empowers the Commission to provide for different rules as regards aid in the apiculture sector.Article 59 empowers the Commission to provide for different rules as regards aid in the hops sector.Article 69 empowers the Commission to provide for different rules as regards the scheme of authorisation for vine planting.Article 75 (2) empowers the Commission to adopt rules on marketing standards by sectors or products, at all stages of the marketing, as well as derogations and exemptions from such standards in order to adapt to constantly changing market conditions, to evolving consumer demands, to developments in relevant international standards and to avoid creating obstacles to product innovation.Article 75 (6) empowers the Commission to modify the list of sectors in paragraph 1 for which marketing standards may apply.Article 76 (4) empowers the Commission to adopt specific derogations to additional requirements for marketing of products in the fruit and vegetable sector.Article 77 (5) empowers the Commission to laying down derogations to the obligation for certification for hops.Article 78 (3) and (4) empowers the Commission concerning the modifications, derogations or exemptions to the definitions and sales descriptions provided for in Annex VII, as well as concerning the rules on their specification and application.Article 78 (5) empowers the Commission to specify the milk products in respect of which the animal species from which the milk originates is to be stated, if it is not bovine, and to lay down the necessary rules.Article 79 empowers the Commission to lay down rules on tolerance for one or more specific standards in excess of which the entire batch of products shall be considered not to respect that standard.Article 80 (4) empowers the Commission concerning rules on the national procedures for unmarketable wine products, and derogations therefrom concerning the withdrawal or destruction of wine products that do not comply with the requirements.Article 83 (4) empowers the Commission setting out the conditions for national rules for spreadable fat and for wine products, as well as the conditions for the holding, circulation and use of the products obtained from the experimental practices.Articles 86, 87(2) and 88 (3) empower the Commission as regards optional reserved terms.29Article 89 empowers the Commission as regards Marketing standards related to import and export.Articles 100 (3) and 109 empower the Commission as regards certain rules related to the designation of origin and geographical indications in the wine sector.Article 114 empowers the Commission as regards certain rules related to traditional terms in the wine sector.Article 122 empowers the Commission as regards certain rules related to the labelling and presentation in the wine sector.Articles 125(4), 132, 140 (2) and 143 empower the Commission as regards certain rules for the Sugar sector.Article 145 (4) empowers the Commission as regards rules on the vineyard register and related obligations for operators in the wine sector.Article 166 empowers the Commission as regards rules on producer organisations and associations and interbranch organisations.Articles 177, 181 (2), 185, 186, 190 (3), 192 (4), 202 empower the Commission as regards trade with third countries.Article 219(1) empowers the Commission to adopt Measures against threats of market disturbance caused by significant price rises or falls on internal or external markets or other events and circumstances significantly disturbing or threatening to disturb the market, where that situation, or its effects on the market, is likely to continue or deteriorate. Where, in cases of threats of market disturbances, imperative grounds of urgency so require, the urgency procedure as provided for in Article 228 shall apply.Article 223 empowers the Commission to lay down rules as regards the necessary measures regarding communications to be made by undertakings, Member States and third countries.Article 231 empowers the Commission concerning ***transitional*** rules necessary to protect the acquired rights and legitimate expectations of undertakings.4.2 Legal BasisThe report is required under Article 227(2). Pursuant to this provision, the power to adopt delegated acts referred to in Regulation (EU) No 1308/2013 shall be conferred on the Commission for a ***period*** of seven years from 20 December 2013. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the seven-year ***period***. The delegation of power is 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***.4.3 Exercise of DelegationAt this stage, the Commission has adopted sixty-two delegated acts under Regulation (EU) No 1308/2013.30A) Delegated acts supplementing Regulation (EU) No 1308/201Forty delegated acts have been adopted to supplement Regulation (EU) No 1308/2013, in particular as regards the different sectors:As regards private storage:Commission Delegated Regulation (EU) No 501/201470 adopted on the basis of Article 19(1) and Article 19(4)(a) supplemented Regulation (EU) No 1308/2013 of the European Parliament and of the Council by amending Commission Regulation (EC) No 826/2008 as regards certain requirements related to the ***agricultural*** products benefiting from private storage aid. This delegated act has been repealed by Commission Delegated Regulation (EU) 2016/1238.Commission Delegated Regulation (EU) 2016/123871 adopted on the basis of Articles 19(1), (2), (3), (4)(a) and (5) and 223(2)(a) supplements Regulation (EU) No 1308/2013 with regard to public intervention and aid for private storage (see also point 2.3 B)).This delegated act has been amended through Commission Delegated Regulation (EU) 2018/14972 with regard to the compositional requirements and quality characteristics of milk and milk products eligible for public intervention and aid for private storage.As regards the classification of beef, pig and sheep carcasses:Commission Delegated Regulation (EU) 2017/118273 adopted on the basis of Article 19(6)(a) to (d), Article 223(1) and Article 223(2)(a) supplements Regulation (EU) No 1308/2013 as regards the Union scales for the classification of beef, pig and sheep carcasses and as regards the reporting of market prices of certain categories of carcasses and live animals.As regards aid for the supply of fruit and vegetables and of milk and milk products in educational establishments:Commission Delegated Regulation (EU) No 500/201474 adopted on the basis of Article 24 (1) (c) and (2) (b) supplemented Regulation (EU) No 1308/2013 by amending Commission70 Commission Delegated Regulation (EU) No 501/2014 of 11 March 2014 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council by amending Commission Regulation (EC) No 826/2008 as regards certain requirements related to the ***agricultural*** products benefiting from private storage aid, OJ L 145, 16.5.2014, p. 1471 For reference see footnote38.72 Commission Delegated Regulation (EU) 2018/149 of 15 November 2017 amending Delegated Regulation (EU) 2016/1238 with regard to the compositional requirements and quality characteristics of milk and milk products eligible for public intervention and aid for private storage, OJ L 26, 31.1.2018, p. 1173 Commission Delegated Regulation (EU) 2017/1182 of 20 April 2017 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the Union scales for the classification of beef, pig and sheep carcasses and as regards the reporting of market prices of certain categories of carcasses and live animals, OJ L 171, 4.7.2017, p. 7474 Commission Delegated Regulation (EU) No 500/2014 of 11 March 2014 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council by amending Commission Regulation (EC) No31Regulation (EC) No 288/2009 as regards the granting of aid for accompanying measures in the framework of a School Fruit and Vegetables Scheme. This delegated act has been repealed by Commission Delegated Regulation (EU) 2016/247 (see below).Commission Delegated Regulation (EU) No 1047/201475 adopted on the basis of Article 27(1)(b supplemented Regulation (EU) No 1308/2013 as regards the national or regional strategy to be drawn up by Member States for the purpose of the school milk scheme. This delegated act has been repealed by Commission Delegated Regulation (EU) 2017/40 (see below).Commission Delegated Regulation (EU) 2016/24776 adopted on the basis of Article 24 supplements Regulation (EU) No 1308/2013 with regard to Union aid for the supply and distribution of fruit and vegetables, processed fruit and vegetables and banana products within the framework of the school fruit and vegetables scheme (see also point 2.3 B)). This delegated act has been repealed by Commission Delegated Regulation (EU) 2017/40 (see below).Commission Delegated Regulation (EU) 2017/4077 adopted on the basis of Article 24 and Article 223(2) supplements Regulation (EU) No 1308/2013 with regard to Union aid for the supply of fruit and vegetables, bananas and milk in educational establishments and amends Commission Delegated Regulation (EU) No 907/2014 (see also point 2.3 A))As regards the support programmes in the Olive-oil and table-olives sector:Commission Delegated Regulation (EU) No 611/201478 adopted on the basis of Article 30 supplements Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the support programmes for the olive-oil and table-olives sectorThe Commission amended this delegated act through Commission Delegated Regulation (EU) 2017/196279 adopted on the basis of Article 30 to simplify and clarify the support programmes for the olive-oil and table-olives.288/2009 as regards the granting of aid for accompanying measures in the framework of a School Fruit and Vegetables Scheme, OJ L 145, 16.5.2014, p. 1275 Commission Delegated Regulation (EU) No 1047/2014 of 29 July 2014 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the national or regional strategy to be drawn up by Member States for the purpose of the school milk scheme, OJ L 291, 7.10.2014, p. 476 For reference see footnote 41.77 For reference see footnote 42.78 Commission Delegated Regulation (EU) No 611/2014 of 11 March 2014 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the support programmes for the olive-oil and table-olives sector, OJ L 168, 7.6.2014, p. 5579 Commission Delegated Regulation (EU) 2017/1962 of 9 August 2017 amending Delegated Regulation (EU) No 611/2014 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the support programmes for the olive-oil and table-olives sector, OJ L 279, 28.10.2017, p. 2832As regards support (and trade with third countries) in the fruit and vegetables and processed fruit and vegetables sector:Commission Delegated Regulation (EU) No 499/201480 adopted on the basis of Article 37(c)(iv) and (d)(xiii), Article 173(1)(b) and (c) and (f), Article 181(2) and Article 231(1) supplements Regulations (EU) No 1308/2013 and Regulation (EU) No 1306/2013 of the European Parliament and of the Council by amending Commission Implementing Regulation (EU) No 543/2011 relating to the fruit and vegetables and processed fruit and vegetables sectors.(see also point 2.3 B)).Commission Delegated Regulation (EU) 2017/89181 adopted on the basis of Article 37(a)(i), (ii), (iii) and (vi), (b), (c), (d)(i), (iii) to (vi), (viii), (x), (xi) and (xii) and (e)(i), Article 173(1)(b), (c), (d) and (f) to (j), Article 181(2), Article 223(2)(a) and Article 231(1) supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council with regard to the fruit and vegetables and processed fruit and vegetables sectors and supplementing Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to penalties to be applied in those sectors and amending Commission Implementing Regulation (EU) No 543/2011 (see also point 2.3 B)).This delegated act was amended on the basis of Article 37 through Commission Delegated Regulation (EU) 2018/114582 as regards producer organisations in the fruit and vegetables sector.As regards national support programmes in the wine sector:Commission Delegated Regulation (EU) No 612/201483 adopted on the basis of Article 53(b), (c), (e), (f) and (h) supplements Regulation (EU) No 1308/2013 by amending Commission Regulation (EC) No 555/2008 as regards new measures under the national support programmes in the wine sector.Commission Delegated Regulation (EU) 2016/114984 adopted on the basis of Article 53 supplements Regulation (EU) No 1308/2013 as regards the national support programmes in the wine sector and amending Commission Regulation (EC) No 555/2008 (see also point 2.3 B)).80 For reference see footnote 32.81 For reference see footnote 43.82 Commission Delegated Regulation (EU) 2018/1145 of 7 June 2018 amending Delegated Regulation (EU) 2017/891 as regards producer organisations in the fruit and vegetables sector, OJ L 208, 17.8.2018, p. 183 Commission Delegated Regulation (EU) No 612/2014 of 11 March 2014 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council by amending Commission Regulation (EC) No 555/2008 as regards new measures under the national support programmes in the wine sector, OJ L 168, 7.6.2014, p. 6284 For reference see footnote 36.33As regards the apiculture sector:Commission Delegated Regulation (EU) 2015/136685 adopted on the basis of Articles 56(1), 223(2) and 231(1) supplements Regulation (EU) No 1308/2013 with regard to aid in the apiculture sector (see also point 2.3 B)).As regards vine planting:Commission Delegated Regulation (EU) 2015/56086 adopted on the basis of Article 69 supplements Regulation (EU) No 1308/2013 as regards the scheme of authorisations for vine plantings (see also point 2.3 B)). This delegated act was repealed by Commission Delegated Regulation (EU) 2018/273 (see below).Commission Delegated Regulation (EU) 2018/27387 adopted on the basis of Articles 69, 89, 145(4), 147(3) and 223(2) and point 5 of Section D of Part II of Annex VIII of 11 December 2017 supplements Regulation (EU) No 1308/2013 as regards the scheme of authorisations for vine plantings, the vineyard register, accompanying documents and certification, the inward and outward register, compulsory declarations, notifications and publication of notified information and repeals Commission Delegated Regulation (EU) 2015/560 (see also point 2.3 B)).This delegated act was amended through Commission Delegated Regulation (EU) 2019/84088 adopted on the basis of Article 89(a) and Article 147(3)(d) to implement the Agreement concluded between the European Union and Canada concerning trade in wines and spirits and to exempt retailers from holding an inward and outward register.As regards oenological practices:Commission Delegated Regulation (EU) 2015/157689 adopted on the basis of Article 75(2) and (3)(g) and Article 147(3)(e) amended Regulation (EC) No 606/2009 as regards certain oenological practices and Regulation (EC) No 436/2009 as regards the registering of those practices in the wine sector registers.Commission Delegated Regulation (EU) 2016/76590 adopted on the basis of Article 75(2) and (3)(g) and Article 147(3)(e) amended Regulation (EC) No 606/2009 as regards certain oenological practices.85 For reference see footnote 34.86 For reference see footnote 33.87 For reference see footnote 44.88 Commission Delegated Regulation (EU) 2019/840 of 12 March 2019 amending Delegated Regulation (EU) 2018/273 as regards the importation of wine originating in Canada and exempting retailers from holding an inward and outward register, OJ L 138, 24.5.2019, p. 7489 Commission Delegated Regulation (EU) 2015/1576 of 6 July 2015 amending Regulation (EC) No 606/2009 as regards certain oenological practices and Regulation (EC) No 436/2009 as regards the registering of those practices in the wine sector registers, OJ L 246, 23.9.2015, p. 190 Commission Delegated Regulation (EU) 2016/765 of 11 March 2016 amending Regulation (EC) No 606/2009 as regards certain oenological practices, OJ L 127, 18.5.2016, p. 134Commission Delegated Regulation (EU) 2017/196191 adopted on the basis of Article 75(2) and (3)(g) amended Regulation (EC) No 606/2009 as regards certain oenological practices.Regulation (EC) No 606/2009 has been repealed by Commission Delegated Regulation (EU) 2019/934 (see below).Commission Delegated Regulation (EU) 2019/93492 adopted on the basis of Article 75(2) and Article 80(4) supplements Regulation (EU) No 1308/2013 as regards wine-growing areas where the alcoholic strength may be increased, authorised oenological practices and restrictions applicable to the production and conservation of grapevine products, the minimum percentage of alcohol for by-products and their disposal, and publication of OIV files. It also repeals Regulation (EC) 606/2009.As regards marketing standards for olive oil:Commission Delegated Regulation (EU) 2015/183093 adopted on the basis of Article 75(2) amends Regulation (EEC) No 2568/91 on the characteristics of olive oil and olive-residue oil and on the relevant methods of analysis.Commission Delegated Regulation (EU) 2016/122694 adopted on the basis of Article 86 amends Annex IX to Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the optional reserved terms for olive oil.Commission Delegated Regulation (EU) 2016/209595 adopted on the basis of Article 75 (2) amends Regulation (EEC) No 2568/91 on the characteristics of olive oil and olive-residue oil and on the relevant methods of analysis.Commission Delegated Regulation (EU) 2018/109696 adopted on the basis of Article 75(2) amends Implementing Regulation (EU) No 29/2012 as regards the requirements for certain indications on the labelling of olive oil.91 Commission Delegated Regulation (EU) 2017/1961 of 2 August 2017 amending Regulation (EC) No 606/2009 as regards certain oenological practices, OJ L 279, 28.10.2017, p. 2592 Commission Delegated Regulation (EU) 2019/934 of 12 March 2019 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards wine-growing areas where the alcoholic strength may be increased, authorised oenological practices and restrictions applicable to the production and conservation of grapevine products, the minimum percentage of alcohol for by-products and their disposal, and publication of OIV files, OJ L 149, 7.6.2019, p. 193 Commission Delegated Regulation (EU) 2015/1830 of 8 July 2015 amending Regulation (EEC) No 2568/91 on the characteristics of olive oil and olive-residue oil and on the relevant methods of analysis, OJ L 266, OJ L 266, 13.10.2015, p. 994 Commission Delegated Regulation (EU) 2016/1226 of 4 May 2016 amending Annex IX to Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards the optional reserved terms for olive oil, OJ L 202, 28.7.2016, p. 595 Commission Delegated Regulation (EU) 2016/2095 of 26 September 2016 amending Regulation (EEC) No 2568/91 on the characteristics of olive oil and olive-residue oil and on the relevant methods of analysis, OJ L 326, 1.12.2016, p. 196 Commission Delegated Regulation (EU) 2018/1096 of 22 May 2018 amending Implementing Regulation (EU) No 29/2012 as regards the requirements for certain indications on the labelling of olive oil, OJ L 197, 3.8.2018, p. 335As regards marketing standards for bananas:Commission Delegated Regulation (EU) 2017/122997 adopted on the basis of Article 75(2) corrects certain language versions of Implementing Regulation (EU) No 1333/2011 laying down marketing standards for bananas, rules on the verification of compliance with those marketing standards and requirements for notifications in the banana sector.As regards marketing standards for eggs:Commission Delegated Regulation (EU) 2017/216898 adopted on the basis of Article 75(2) amends Regulation (EC) No 589/2008 as regards marketing standards for free range eggs where hens' access to open air runs is restricted.As regards marketing standards for fruit and vegetables:Commission Delegated Regulation (EU) 2019/42899 adopted on the basis of Article 75(2) amends Implementing Regulation (EU) No 543/2011 as regards marketing standards in the fruit and vegetables sector.As regards the designations of origin and geographical indications and traditional terms in the wine sector:Commission Delegated Regulation (EU) 2017/1353100 adopted on the basis of Article 100(3) amended Regulation (EC) No 607/2009 as regards the wine grape varieties and their synonyms that may appear on wine labels.Commission Delegated Regulation (EU) 2019/33101 adopted on the basis of Article 109, Article 114 and Article 122 supplements Regulation (EU) No 1308/2013 as regards applications for protection of designations of origin, geographical indications and traditional terms in the wine sector, the objection procedure, restrictions of use, amendments to product specifications, cancellation of protection, and labelling and presentation. It also repeals Regulation (EC) No 607/2009.97 Commission Delegated Regulation (EU) 2017/1229 of 3 May 2017 correcting certain language versions of Implementing Regulation (EU) No 1333/2011 laying down marketing standards for bananas, rules on the verification of compliance with those marketing standards and requirements for notifications in the banana sector, OJ L 177, 8.7.2017, p. 698 Commission Delegated Regulation (EU) 2017/2168 of 20 September 2017 amending Regulation (EC) No 589/2008 as regards marketing standards for free range eggs where hens' access to open air runs is restricted, OJ L 306, 22.11.2017, p. 699 Commission Delegated Regulation (EU) 2019/428 of 12 July 2018 amending Implementing Regulation (EU) No 543/2011 as regards marketing standards in the fruit and vegetables sector, OJ L 75, 19.3.2019, p. 1100 Commission Delegated Regulation (EU) 2017/1353 of 19 May 2017 amending Regulation (EC) No 607/2009 as regards the wine grape varieties and their synonyms that may appear on wine labels, OJ L 190, 21.7.2017, p. 5101 Commission Delegated Regulation (EU) 2019/33 of 17 October 2018 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards applications for protection of designations of origin, geographical indications and traditional terms in the wine sector, the objection procedure, restrictions of use, amendments to product specifications, cancellation of protection, and labelling and presentation, OJ L 9, 11.1.2019, p. 236As regards the sugar sector:Commission Delegated Regulation (EU) 2016/1166102 adopted on the basis of Article 125(4)(b) amends Annex X to Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards purchase terms for beet in the sugar sector as from 1 October 2017.As regards producer organisations:Commission Delegated Regulation (EU) 2016/232103 adopted on the basis of Articles 173(1) and 223(2) supplements Regulation (EU) No 1308/2013 with regard to certain aspects of producer cooperation.As regards trade with third countries:Commission Delegated Regulation (EU) 2015/1538104 adopted on the basis of Article 177(1)(b), Article 177(2)(a), (b) and (e), and Article 192(4) supplements Regulation (EU) No 1308/2013 with regard to import licence applications, release for free circulation and proof of refining of sugar products of CN code 1701 under preferential agreements, for the marketing years 2015/16 and 2016/17 and amends Commission Regulations (EC) No 376/2008 and (EC) No 891/2009.Commission Delegated Regulation (EU) 2016/1237105 adopted on the basis of Article 177 supplements Regulation (EU) No 1308/2013 with regard to the rules for applying the system of import and export licences.Commission Delegated Regulation (EU) 2018/94106 adopted on the basis of Article 185 fixes a flat-rate reduction for the import duty for sorghum in Spain imported from third countries. This delegated acts expired on 28 February 2018.As regards communication requirements:Commission Delegated Regulation (EU) 2017/1183107 adopted on the basis of Article 223(2) supplements (EU) No 1308/2013 (and Regulations (EU) No 1307/2013) with regard to the notifications to the Commission of information and documents (see also point 3.3 D)).102 Commission Delegated Regulation (EU) 2016/1166 of 17 May 2016 amending Annex X to Regulation (EU) No 1308/2013 of the European Parliament and of the Council as regards purchase terms for beet in the sugar sector as from 1 October 2017, OJ L 193, 19.7.2016, p. 17103 Commission Delegated Regulation (EU) 2016/232 of 15 December 2015 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council with regard to certain aspects of producer cooperation, OJ L 44, 19.2.2016, p. 1104 Commission Delegated Regulation (EU) 2015/1538 of 23 June 2015 supplementing Regulation (EU) No 1308/2013 of the European Parliament and of the Council with regard to import licence applications, release for free circulation and proof of refining of sugar products of CN code 1701 under preferential agreements, for the marketing years 2015/16 and 2016/17 and amending Commission Regulations (EC) No 376/2008 and (EC) No 891/2009, OJ L 242, 18.9.2015, p. 1105 For reference see footnote 37.106 Commission Delegated Regulation (EU) 2018/94 of 16 November 2017 fixing a flat-rate reduction for the import duty for sorghum in Spain imported from third countries, OJ L 17, 23.1.2018, p. 7107 For reference see footnote 65.37Commission Delegated Regulation (EU) 2017/1965108 adopted on the basis of Article 223(2)(a) amends Delegated Regulation (EU) 2016/1237 as regards the nature and type of information to be notified for licences in the rice sectorB) Temporary exceptional support measuresTwenty-two delegated acts have been adopted to take temporary exceptional support measures to address or prevent market disturbances on the basis of Article 219 (1)109:1) Commission Delegated Regulation (EU) No 913/2014110 laying down temporary exceptional support measures for producers of peaches and nectarines.2) Commission Delegated Regulation (EU) No 932/2014111 laying down temporary exceptional support measures for producers of certain fruit and vegetables and amending Delegated Regulation (EU) No 913/2014.3) Commission Delegated Regulation (EU) No 950/2014112 opening a temporary exceptional private storage aid scheme for certain cheeses and fixing in advance the amount of aid.This delegated act has been repealed by Commission Delegated Regulation (EU) No 992/2014113, since the aid scheme did not seem adequate to react effectively and efficiently against the market disturbances that resulted from the ban on imports of dairy product from the Union to Russia.4) Commission Delegated Regulation (EU) No 949/2014114 laying down temporary exceptional measures for the milk and milk product sector in the form of extending the public intervention ***period*** for butter and skimmed milk powder in 2014.5) Commission Delegated Regulation (EU) No 1031/2014115 laying down further temporary exceptional support measures for producers of certain fruit and vegetables.108 Commission Delegated Regulation (EU) 2017/1965 of 17 August 2017 amending Delegated Regulation (EU) 2016/1237 as regards the nature and type of information to be notified for licences in the rice sector, OJ L 279, 28.10.2017, p. 36109 Except Commission Delegated Regulation (EU) 2017/1165, all temporary exception measures have been adopted on the basis of Article 219 (1) in conjunction with Article 228 (urgency procedure).110 Commission Delegated Regulation (EU) No 913/2014 of 21 August 2014 laying down temporary exceptional support measures for producers of peaches and nectarines, OJ L 248, 22.8.2014, p. 1111 Commission Delegated Regulation (EU) No 932/2014 of 29 August 2014 laying down temporary exceptional support measures for producers of certain fruit and vegetables and amending Delegated Regulation (EU) No 913/2014, OJ L 259, 30.8.2014, p. 2112 Commission Delegated Regulation (EU) No 950/2014 of 4 September 2014 opening a temporary exceptional private storage aid scheme for certain cheeses and fixing in advance the amount of aid, OJ L 265, 5.9.2014, p. 22113 Commission Delegated Regulation (EU) No 992/2014 of 22 September 2014 repealing Delegated Regulation (EU) No 950/2014, OJ L 279, 23.9.2014, p. 17114 Commission Delegated Regulation (EU) No 949/2014 of 4 September 2014 laying down temporary exceptional measures for the milk and milk product sector in the form of extending the public intervention ***period*** for butter and skimmed milk powder in 2014, OJ L 265, 5.9.2014, p. 21386) Commission Delegated Regulation (EU) No 1263/2014116 providing for temporary exceptional aid to milk producers in Estonia, Latvia and Lithuania.7) Commission Delegated Regulation (EU) No 1336/2014117 laying down temporary exceptional measures for the milk and milk product sector in the form of advancing the public intervention ***period*** for butter and skimmed milk powder in 2015.8) Commission Delegated Regulation (EU) No 1370/2014118 providing for temporary exceptional aid to milk producers in Finland.9) Commission Delegated Regulation (EU) 2015/1369119 amending Delegated Regulation (EU) No 1031/2014 laying down further temporary exceptional support measures for producers of certain fruit and vegetables.10) Commission Delegated Regulation (EU) 2015/1549120 laying down temporary exceptional measures for the milk and milk product sector in the form of extending the public intervention ***period*** for butter and skimmed milk powder in 2015 and advancing the public intervention ***period*** for butter and skimmed milk powder in 2016.11) Commission Delegated Regulation (EU) 2015/1852121 opening a temporary exceptional private storage aid scheme for certain cheeses and fixing in advance the amount of aid.12) Commission Delegated Regulation (EU) 2015/1853122 providing for temporary exceptional aid to farmers in the livestock sectors.13) Commission Delegated Regulation (EU) 2016/558123 authorising agreements and decisions of cooperatives and other forms of producer organisations in the milk and milk products sector on the planning of production.115 Commission Delegated Regulation (EU) No 1031/2014 of 29 September 2014 laying down further temporary exceptional support measures for producers of certain fruit and vegetables, OJ L 284, 30.9.2014, p. 22116 Commission Delegated Regulation (EU) No 1263/2014 of 26 November 2014 providing for temporary exceptional aid to milk producers in Estonia, Latvia and Lithuania, OJ L 341, 27.11.2014, p. 3117 Commission Delegated Regulation (EU) No 1336/2014 of 16 December 2014 laying down temporary exceptional measures for the milk and milk product sector in the form of advancing the public intervention ***period*** for butter and skimmed milk powder in 2015, OJ L 360, 17.12.2014, p. 13118 Commission Delegated Regulation (EU) No 1370/2014 of 19 December 2014 providing for temporary exceptional aid to milk producers in Finland, OJ L 366, 20.12.2014, p. 18119 Commission Delegated Regulation (EU) 2015/1369 of 7 August 2015 amending Delegated Regulation (EU) No 1031/2014 laying down further temporary exceptional support measures for producers of certain fruit and vegetables, OJ L 211, 8.8.2015, p. 17120 Commission Delegated Regulation (EU) 2015/1549 of 17 September 2015 laying down temporary exceptional measures for the milk and milk product sector in the form of extending the public intervention ***period*** for butter and skimmed milk powder in 2015 and advancing the public intervention ***period*** for butter and skimmed milk powder in 2016, OJ L 242, 18.9.2015, p. 28121 Commission Delegated Regulation (EU) 2015/1852 of 15 October 2015 opening a temporary exceptional private storage aid scheme for certain cheeses and fixing in advance the amount of aid, OJ L 271, 16.10.2015, p. 15122 Commission Delegated Regulation (EU) 2015/1853 of 15 October 2015 providing for temporary exceptional aid to farmers in the livestock sectors, OJ L 271, 16.10.2015, p. 253914) Commission Delegated Regulation (EU) 2016/921124 laying down further temporary exceptional support measures for producers of certain fruit and vegetables.This delegated act has been amended by Commission Delegated Regulation (EU) 2017/376125 to reallocate unused quantities notified pursuant to Article 2(4) of that Regulation.15) Commission Delegated Regulation (EU) 2016/1614126 laying down temporary exceptional measures for the milk and milk products sector in the form of extending the public intervention ***period*** for skimmed milk powder in 2016 and advancing the public intervention ***period*** for skimmed milk powder in 2017 and derogating from Delegated Regulation (EU) 2016/1238 as regards the continued application of Regulation (EC) No 826/2008 with respect to aid for private storage under Implementing Regulation (EU) No 948/2014 and of Regulation (EU) No 1272/2009 with respect to public intervention under this Regulation.16) Commission Delegated Regulation (EU) 2016/1612127 providing aid for milk production reduction (see also point 2.3 B)).17) Commission Delegated Regulation (EU) 2016/1613128 providing for exceptional adjustment aid to milk producers and farmers in other livestock sectors (see also point 2.3 B)).18) Commission Delegated Regulation (EU) 2017/286129 amending Delegated Regulation (EU) 2016/1613 as regards livestock farmers in earthquake-stricken regions of Italy.19) Commission Delegated Regulation (EU) 2017/1165130 laying down temporary exceptional support measures for producers of certain fruits.123 Commission Delegated Regulation (EU) 2016/558 of 11 April 2016 authorising agreements and decisions of cooperatives and other forms of producer organisations in the milk and milk products sector on the planning of production, OJ L 96, 12.4.2016, p. 18124 Commission Delegated Regulation (EU) 2016/921 of 10 June 2016 laying down further temporary exceptional support measures for producers of certain fruit and vegetables, OJ L 154, 11.6.2016, p. 3125 Commission Delegated Regulation (EU) 2017/376 of 3 March 2017 amending Delegated Regulation (EU) 2016/921 as regards reallocation of unused quantities notified pursuant to Article 2(4) of that Regulation, OJ L 58, 4.3.2017, p. 8126 Commission Delegated Regulation (EU) 2016/1614 of 8 September 2016 laying down temporary exceptional measures for the milk and milk products sector in the form of extending the public intervention ***period*** for skimmed milk powder in 2016 and advancing the public intervention ***period*** for skimmed milk powder in 2017 and derogating from Delegated Regulation (EU) 2016/1238 as regards the continued application of Regulation (EC) No 826/2008 with respect to aid for private storage under Implementing Regulation (EU) No 948/2014 and of Regulation (EU) No 1272/2009 with respect to public intervention under this Regulation, OJ L 242, 9.9.2016, p. 15127 For reference see footnote 39.128 For reference see footnote 40.129 Commission Delegated Regulation (EU) 2017/286 of 17 February 2017 amending Delegated Regulation (EU) 2016/1613 as regards livestock farmers in earthquake-stricken regions of Italy, OJ L 42, 18.2.2017, p. 7130 Commission Delegated Regulation (EU) 2017/1165 of 20 April 2017 laying down temporary exceptional support measures for producers of certain fruits, OJ L 170, 1.7.2017, p. 314020) Commission Delegated Regulation (EU) 2017/1533131 amending Delegated Regulation (EU) 2017/1165 as regards the temporary exceptional support measures for producers of peaches and nectarines in Greece, Spain and Italy.In line with the common understanding on delegated acts132, Member States’ experts were consulted in the Expert Group for ***Agricultural*** Markets, in particular concerning aspects falling under the single CMO Regulation on all these Regulations. The Regulations were notified to the European Parliament and the Council stating the reasons for the use of the urgency procedure, when this procedure was used133. Neither the European Parliament nor the Council issued any objection to any of these Delegated Regulations.On 20 February 2015, the Commission adopted a Delegated Regulation amending Regulation (EC) No 376/2008 as regards the obligation to present a licence for imports of ethyl alcohol of ***agricultural*** origin and repealing Regulation (EC) No 2336/2003 introducing certain detailed rules for applying Council Regulation (EC) No 670/2003 laying down specific measures concerning the market in ethyl alcohol of ***agricultural*** origin.The Delegated Act removed the obligation to present an import licence for the import of ethyl alcohol of ***agricultural*** origin into the EU, including the lodging of a security. It also removed the obligation for the EU to establish and publish an EU balance sheet for ethyl alcohol of ***agricultural*** origin and the quarterly obligation for Member States to provide information on production, disposal and stocks.On 20 May 2015, the European Parliament objected to the delegated act. In consequence, it has not entered into force.The Commission has not adopted any delegated act pursuant to Article 3 (4), 4, 18, 59, 75 (6), 76 (4), 77 (5), 78, 79, 83, 87, 88, 132, 140, 143, 166, 186, 190 and 202.Article 3 (4) concerns the definitions concerning the rice sector. The Commission did not identify until now any need to amend the definitions laid down.Article 4 concerns the adjustments to the Common Customs Tariff nomenclature used for ***agricultural*** products. So far the amendments Common Customs Tariff nomenclature did not require any amendment of Regulation (EU) No 1308/2013.Article 18 concerns the conditions for granting private storage aid for products listed in Article 17. With regard to dairy products and other eligible animal products, the Commission considered that it is preferable not to set in advance the conditions under which the Commission may decide to grant private storage aid. This may create expectations for operators in the relevant sector and therefore condition their business decisions. The Commission has proved to be effective when131 Commission Delegated Regulation (EU) 2017/1533 of 8 September 2017 amending Delegated Regulation (EU) 2017/1165 as regards the temporary exceptional support measures for producers of peaches and nectarines in Greece, Spain and Italy, OJ L 233, 9.9.2017, p. 1132 See footnote 13.133 See footnote 109.41making use of Private Storage Aid, and the decision to recur to this instrument has always been based on a sound market analysis. Generally, the three elements set by the basic act (reference thresholds, cost and need to provide swift answer) have been sufficient until now in order to launch private storage when the situation so required.Article 59 concerns aid in the hop sector. The Commission did not identify until now any need to regulate further the hops sector.Article 75 (6) concerns marketing standards for other sectors than those laid down in Article 75 (1). The Commission did not identify any specific need for extending the list contained in Article 75(1) so far. The Commission is currently evaluating the role of marketing standards in general.Article 76 concerns specific derogations for the marketing of products in the fruit and vegetable sector. The Commission did not identify until now any need to lay down such derogations.Article 77 (5) concerns derogations to the obligation for certification for hops. The Commission did not identify until now any need to lay down such derogations.Article 78 (2) and (4) concerns modifications, derogations or exemptions to the definitions and sales descriptions provided for in Annex VII and their specification and application. The Commission did not identify until now any need to amend or supplement Annex VII based on evolving consumer demand, technical progress or the need for product innovation. Moreover, there are no reports from Member States having difficulties in properly understanding the definitions and sales descriptions provided for in Annex VII.Article 78 (5) concerns rules on the indication of the animal species from which the milk in milk products originates. Annex VII currently requires that, as regards milk, the animal species from which the milk originates shall be stated, if it is not bovine. The Commission did not identify until now any the need for to extend such rules to other milk products.Article 79 concerns tolerance related to marketing standards. In the case of olive oil, fruit and vegetables and wine, the limits are embedded in the standard, which therefore already integrate the notion of uncertainty of the methods of analysis in the level set as limit for the various parameters. Therefore the use of tolerance in the methods to express results is not required. Generally, tolerance rules have not proved necessary for the sectors, as there is no “undue hardship” even in the absence of such tolerance rules.Article 83 concerns national rules for certain products and sectors. The Commission did not identify the need to set out further rules in this regard.Article 87 and 88 concerns rules for additional optional reserved terms. Currently there are no optional reserved terms for dairy products, but several specific optional reserved terms defined with respect to poultry meat and eggs, as provided for in Article 85. The Commission did not identify the need for reserving any additional optional reserved term, based on expectations of consumers, developments in scientific and technical knowledge, the situation in the market or developments in marketing standards and in international standards.Article 132 concerns the purchase terms and delivery contracts in in the sugar sector. Annex XI referred only to the ***transitional*** ***period*** until the end of the 2016/2017 marketing year. Between 2013 and 2017 it has not been necessary to amend it.42Article 140 concerns the use of industrial sugar, industrial isoglucose or industrial syrup. Between 2013 and 2017 it was not necessary to amend the conditions of use of industrial sugar.Article 143 concerns measures in the sugar sector. Until the end of the 2016/2017 marketing year it was not necessary to amend such rules.Article 166 concerns measures to facilitate the adjustment of supply to market requirements. No requests for such rules have been made by stakeholders.Article 186 concerns rules for tariff quota for the import of ***agricultural*** products. This empowerment has not yet been used, but the Commission services are working on a draft delegated regulation on a new administration system of ***agricultural*** tariff quota manages by licences.Article 190 concerns derogations to the obligations related to the attestation and labelling of hop products. The Commission did not identify until now any need for such rules.Article 202 concerns export refunds. In the context of the Nairobi WTO Ministerial Conference in 2015, the EU agreed to abolish farming export subsidies and hence, the empowerment has not been used.4.4 ConclusionsThe Commission has exercised its delegated powers correctly. With the exception of the empowerment of Article 202, it cannot be excluded that the empowerments will be needed in future.The Commission has decided to submit this Report some months before the ultimate legal deadline mentioned in points 1.2, 2.2 , 3.2 and 3.4 of this Report, because this will allow the European Parliament and the Council to have an overall picture of the use of the empowerments for delegated acts in the four main Regulations of the Common ***Agricultural*** Policy, when the co-legislators are discussing the proposals of the Commission for the Common ***Agricultural*** Policy post 2020134.The Commission invites the European Parliament and the Council to take note of this Report.134 Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing rules on support for strategic plans to be drawn up by Member States under the Common ***agricultural*** policy (CAP Strategic Plans) and financed by the European ***Agricultural*** Guarantee ***Fund*** (EAGF) and by the European ***Agricultural*** ***Fund*** for Rural Development (EAFRD) and repealing Regulation (EU) No 1305/2013 of the European Parliament and of the Council and Regulation (EU) No 1307/2013 of the European Parliament and of the Council, COM/2018/392 final - 2018/0216 (COD); Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the financing, management and monitoring of the common ***agricultural*** policy and repealing Regulation (EU) No 1306/2013, COM/2018/393 final - 2018/0217 (COD); Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in ***agricultural*** products, (EU) No 1151/2012 on quality schemes for ***agricultural*** products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products, (EU) No 228/2013 laying down specific measures for ***agriculture*** in the outermost regions of the Union and (EU) No 229/2013 laying down specific measures for ***agriculture*** in favour of the smaller Aegean islands, COM/2018/394 final/2

**Load-Date:** October 1, 2019

**End of Document**



[***Register of Commission documents: Annex to Commission Implementing Decision adopting an Annual Action Programme for Bosnia and Herzegovina for the year 2019, EUR 81 989 200 Document date: 2019-10-21 COM-AC\_DR(2019)D064477-01 Comitology - Right of scrutiny***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5XBK-3MD1-JDG9-Y03V-00000-00&context=1516831)

Impact News Service

October 23, 2019 Wednesday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 9747 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

ANNEX

TITLE OF THE ACTION PROGRAMME:

Annual Action Programme for Bosnia and Herzegovina for the year 2019

* Identification

|  |  |
| --- | --- |
| Beneficiary | Bosnia and Herzegovina |
| Basic act:CRIS/ABAC Commitment references and budget line(s):Total cost:EU Contribution: | Instrument for Pre-accession Assistance (IPA-II)2019/041-213 EUR 41 000 000 22.0201012019/041-214 EUR 40 898 200 22.020102EUR 85 490 154EUR 81 898 200 |
| Method of implementation | Direct management by the European CommissionandIndirect management by the entrusted entities listed below:- Action 6 Component 2 and 3: Entity to be selected in accordance with the criteria set out in section 2.2(3)(a)- Action 8:Result 1: Entity to be selected in accordance with the criteria set out in section 2.2(3)(a);Result 2: International Labour Organisation or entity to be selected in accordance with the criteria set out in section 2.2(3)(a) |
| Final date for concluding Financing Agreement(s) with the IPA II beneficiary | At the latest by 31 December 2020 |
| Final date for contracting, including the conclusion of contribution/delegation agreements | 3 years following the date of conclusion of the Financing Agreement |
| Indicative operational implementation ***period*** | 6 years following the date of conclusion of the Financing Agreement. |
| Final date for implementing the Financing Agreement(date by which this programme should be de-committed and closed) | 12 years following the conclusion of the Financing Agreement. |

* Description of the Action Programme
* Sectors selected under this Action Programme

1. Rationale for the selection of the specific sectors under this programme:

To address strategically the sectors, foster needed reforms and allow beneficiaries to focus on the preparatory work for IPA III as of Autumn 2019, the Commission decided to jointly program the Annual Action Programs for the year 2019 and 2020.

The priorities of the 2019 Action Programme for Bosnia and Herzegovina are in line with the revised Indicative Strategy Paper for Bosnia and Herzegovina. This document sets out the priorities for EU financial assistance for the ***period*** 2014-2020[1] to support Bosnia and Herzegovina on its path to EU accession based on two pillars: Democracy and Rule of Law, and Competitiveness and Growth.

The selection of the sectors to be financed was made by assessing the results of previous IPA assistance, absorption capacity, sustainability, maturity for additional projects, as well as assistance by other donors. The selected actions under this programme aim at consolidating the sector approach, contribute to country-wide sector strategies, address the recommendations of the Commission Reports and ultimately support the Country in the integration process.

The present programme has been prepared in close cooperation with Bosnia and Herzegovina's authorities, coordinated by the National IPA Coordinator (NIPAC), as well as in consultation with other donors including international financial institutions, and civil society organisations.

The following sectors were identified for this Action Programme:

Democracy and Governance, with three actions contributing to the implementation of public administration reform (PAR) and further development of an effective and professional public administration capable of providing better services to the citizens and businesses, assistance for capacity building to support accession negotiations and participation to EU programmes;

Rule of Law and Fundamental Rights with an action contributing to the alignment of Bosnia and Herzegovina's justice system with European standards and the acquis and enhance independence, effectiveness, accountability and efficiency in the justice sector; and an action to accelerate the ***transitional*** justice process by supporting the processing of the war crime cases and the accounting for missing persons from the conflict of 1992-1995 and the reconciliation process;

Environment, Climate Action and Energy, supporting energy for the first time under IPA II, to ensure access to affordable, reliable, sustainable and modern energy for citizens and contribute to the fulfilment of Bosnia and Herzegovina's obligations under international agreements;

Transport, following-up from assistance under the 2017 Action Programme, an action will contribute to the improvement of connectivity within the Country, the region and with the EU by increasing Bosnia and Herzegovina's readiness to implement priority transport projects;

Education, Employment and Social Policies aiming at contributing to the improvement of Bosnia and Herzegovina's socio-economic situation and living conditions by enhancing the responsiveness of education to labour market needs, improve internationalisation and mobility in higher education, contribute to the development of social inclusion policies in sport and pre-school at relevant levels, and better employability in local communities.

* Overview of past and on-going EU, other donors' and/or IPA II beneficiary's actions in the relevant sectors:

The EU has been supporting capacity building of the civil service since 2004, including the action 'EU support to an efficient and responsible public administration' (IPA 2017 Programme) and the IPA regional 'Young Civil Servants' programme. Bosnia and Herzegovina – as other Western Balkans countries - has received support to the design of its Economic Reform Programmes (ERPs), such as the IPA regional programme implemented by the Organisation for Economic Cooperation and Development (OECD). The EU will build-up on the assistance provided and will continue supporting the improvement on the ERP under IPA 2018, especially regarding capacity building of the institutions of all levels of government to prepare and implement the ERP

The EU has provided and will provide substantial support to Bosnia and Herzegovina authorities in the areas of justice, fight against corruption, war crime cases processing and other topics affecting these areas. The present action shall notably build upon the expected results of the phase 1 of the EU4Justice grant project for Bosnia and Herzegovina ***funded*** under IPA 2015 Programme and the phase 2 which is planned under IPA 2018 Programme. Earlier support in the home affairs sector has shown that the success of any intervention is directly proportionate to the extent to which the involved institutions cooperate, share and exchange information.

In the energy sector, a few projects were implemented under IPA I focusing primarily on the alignment of Bosnia and Herzegovina's legislative electricity framework with the Third Energy Package and the preparation of energy efficiency investments in selected local communities. As of 2012, the absence of a countrywide energy sector strategy prevented Bosnia and Herzegovina from benefiting from further IPA ***funds*** in the sector. A number of donors in the past years supported the Country's efforts to fulfil a number of obligations, particularly stemming from the Energy Community Treaty. The adoption of the Framework Energy Strategy of Bosnia and Herzegovina 2035 enables a first comprehensive EU programme in the sector, focusing on further institutional and legislative development, energy efficiency investments in public buildings, and other green investments in local communities. Bosnia and Herzegovina can now also benefit from EU support under the Western Balkans Investment Framework (WBIF), including for the implementation of energy infrastructure investments under the Connectivity Agenda in cooperation with International Financing Institutions (IFIs).

In the transport sector, previous programmes under IPA I focused on supporting preparation of studies for priority rail and road sections on the Core and Comprehensive SEETO networks as well institutional development and capacity building activities. As of 2012, the absence of a countrywide transport sector strategy limited or prevented Bosnia and Herzegovina from benefiting from further IPA ***funds*** in the sector. The adoption of the Framework Transport Strategy of Bosnia and Herzegovina 2016–2030 enabled support under IPA 2017 Programme for the preparation of future priority transport projects and to enhance the country's capacity to manage transport policies as well as plan and implement the selected investments. Bosnia and Herzegovina also benefits from EU support under the Connectivity Agenda for the implementation of transport investments under the Extended TEN-T Core Network to the Western Balkans through the Western Balkan Investment Framework (WBIF) in cooperation with International Financing Institutions and relevant beneficiaries.

Over the past years the sector of, employment, education and social policies has received support from EU and other bilateral and multilateral donors (the main ones being: World Bank, Swiss co-operation, SIDA, GIZ) on the development of the Vocational and Educational Training (VET) system, improvement of the public employment programmes and services and building social inclusion and social protection mechanisms. Results obtained in previous EU projects regarding the qualification framework in Bosnia and Herzegovina in the field of general and VET education and lifelong learning will be used as a starting point for future actions. In the last five years investments in pre-school education and infrastructure at all levels of education have been marginal. Since substantive evaluations were not carried out, an analysis of existing infrastructure will be carried out before starting the actions. Finally in the last three years, it was successfully implemented in the area of employment and labour, the project Local Employment Partnerships in Bosnia and Herzegovina. Local employment partners have shown that open dialogue between key players in the employment sector is a necessary prerequisite for generating new jobs at the local level. The results obtained with this project will be used as a starting point for future activities.

Bosnia and Herzegovina is part of two EU macro-regional strategies, namely the EU Strategy for the Danube Region (EUSDR) and the EU Strategy for the Adriatic and Ionian Region (EUSAIR). They are focusing on improved connectivity of transport and energy networks, better environmental protection, sustainable tourism actions, and socio-economic development measures in the geographically specific context, and they aim to improve the cooperation with EU Member States and to facilitate the preparation of candidate and potential candidate countries for EU integration. IPA support under this Programme will seek to align with the objectives of the EU macro-regional strategies and contribute to addressing some of their priorities in the relevant sectors, where relevant in coordination with other regional stakeholders.

List of Actions foreseen under the selected Sectors/Priorities:

|  |  |  |  |
| --- | --- | --- | --- |
| Sector/Action | Direct management | Indirect management |  |
| With entrusted entity | With IPA II beneficiary |  |  |
| Democracy and Governance |  |  |  |
| 1. EU4 Efficient Public Administration | EUR 13 000 000 |  |  |
| 2. EU Integration Facility | EUR 1 242 590 |  |  |
| 3. EU Support to Bosnia and Herzegovina participation in Union Programmes | EUR 1 757 410 |  |  |
| TOTAL | EUR 16 000 000 |  |  |
| Rule of Law and Fundamental Rights |  |  |  |
| 4. EU4 Justice | EUR 17 500 000 |  |  |
| 5. EU4 ***Transitional*** Justice | EUR 7 500 000 |  |  |
| TOTAL | EUR 25 000 000 |  |  |
| Environment, climate action and Energy |  |  |  |
| 6. EU4 Energy | EUR 4 998 200 | EUR 8 000 000 |  |
| TOTAL | EUR 4 998 200 | EUR 8 000 000 |  |
| Transport |  |  |  |
| 7. EU4 Transport | EUR 10 000 000 |  |  |
| TOTAL | EUR 10 000 000 |  |  |
| Education, Employment and Social Policies |  |  |  |
| 8. EU4 Employment and Education | EUR 12 900 000 | EUR 5 000 000 |  |
| TOTAL | EUR 12 900 000 | EUR 5 000 000 |  |
| PROGRAMME TOTAL | EUR 81 898 200 |  |  |

* Description and Implementation of the Actions

The envisaged assistance is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU[2].

|  |  |  |
| --- | --- | --- |
| SECTOR | Democracy and Governance | EUR 16 000 000 |
| Action 1 | EU4 Efficient Public Administration | EUR 13 000 000 |

(1) Description of the Action, objectives, expected results and key performance indicators

(1) Description of the Action, objectives, expected results and key performance indicators

Description of the action and objectives

This Action aims at contributing to the implementation of public administration reform and further development of the effective, accountable, professional public administration which provides better services to the citizens and business.

The objective is to improve quality and inclusiveness of policy making system, including robust statistics, greater accountability in public administration and ability to provide e-services in line with EU standards. Overall, it is expected that this Action will ensure better openness, greater accountability, higher quality policies and fully operational e-services.

Expected results

Result 1: The system of policy making and planning is improved through open and participatory processes, quality control, supervision and monitoring of the implementation of policies at all the levels of administrative authorities in Bosnia and Herzegovina.

Result 2: Improved overall organisation of public administration

Result 3: Strategic framework and capacities for management and coordination of public administration reform are further developed to ensure progress in fulfilment of requirements of the EU integration process in PAR area

Result 4: Statistics production in Bosnia and Herzegovina is expanded and further harmonised with the EU standards and the use of administrative sources is increased

Result 5: Increased availability of precise spatial data of high resolution

Result 6: Strengthened the Identification Documents, Registers and Data Exchange (IDDEEA) system for the improvement of the security, quality and availability of e services provided to citizens, business community and public institutions in area of Open Data

Key performance indicators

* Adequacy of the policy and regulatory framework to manage central government institutions (SIGMA indicator)

1. Strength of basic accountability mechanisms between ministries and subordinated bodies (SIGMA indicator)
2. Coverage and scope of PAR strategy (SIGMA indicator)
3. Volume of statistical data sent to EUROSTAT
4. % of surface measured by LiDAR (Light Detection and Ranging) technology

(2) Assumptions and conditions

Assumptions:

* Bosnia and Herzegovina remains committed to the process of EU integration and the process of public administration reform;

1. The beneficiary institutions have enough capacity to fully participate in the implementation of actions;
2. Achieved the necessary inter-institutional cooperation and coordination among the users;
3. Access to relevant statistical data available;
4. Agreed date for ***agriculture*** census in Bosnia and Herzegovina and financial sources provided.

Conditions:

Main condition for implementation of PAR related activities is existence of mid-term PAR strategy and appropriate structure for implementation of reform measures.

All necessary legal preconditions for the implementation of the proposed action to support the land administration sector are in place, since the direct coordinating authorities are responsible for INSPIRE[3] service provision and will be responsible for final acceptance and confirmation in accordance with already existing legislation and standards.

Failure to comply with the requirements set out above may lead to a recovery of ***funds*** under this programme and/or the re-allocation of future ***funding***.

(3) Implementation modalities:

(3)(b) Direct management (project approach)

Procurement:

The procurement will contribute to achieving all six expected results.

The global budgetary envelope reserved for procurement: EUR 11 200 000

Grants - Twinning:

* The twinning contracts envisaged under this action will contribute to achieving results 4 and 6. Type of applicants targeted:

Applicants must be EU Member State administrations or mandated bodies.

The global budgetary envelope reserved for grants: EUR 1 800 000.

(4) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

|  |  |  |
| --- | --- | --- |
| Action 2 | EU Integration Facility | EUR 1 242 590 |

(1) Description of the Action, objective, expected results and key performance indicators

Description of the action and objectives

The Action will provide flexible support to institutions at various levels in Bosnia and Herzegovina to address specific needs identified in the European integration process. These institutions will be provided a variety of technical assistance and other types of support to enable them to respond swiftly to challenges and requirements of the integration process and to better implement IPA programmes/Actions ***funded*** by the Instrument for Pre-accession Assistance 2014 –2020 (IPA II)

Expected results: Result 1: The authorities at all levels in Bosnia and Herzegovina areenabled to provide more effective and timely responses to priorities stemming from EU integration requirements.

Key performance indicators:

* Frequency of requests received by the EU Delegation for EU Integration Facility assistance from Bosnia and Herzegovina authorities to address specific EU integration requirements

1. % of tender procedures launched and finalised, % of IPA ***funds*** contracted and disbursed

(2) Assumptions and conditions

Assumptions

* Political support to institutions in Bosnia and Herzegovina to participate in the EU integration process;

1. Identification of priority areas for assistance in a timely manner;
2. Good cooperation with all relevant stakeholders established and maintained during implementation;
3. Adequate technical, financial and human resources allocated by the beneficiaries to the implementation of the activities.

(3) Implementation modalities

(3)(b) Direct management (project approach)

Procurement:

The procurement will contribute to achieving the sole expected result of this action.

The global budgetary envelope reserved for procurement: EUR 842 590

Grants - Twinning light:

The twinning light will contribute to achieving the sole result of this action.

b) Type of applicants targeted:

Applicants must be EU Member State administrations or mandated bodies.

The global budgetary envelope reserved for grants: EUR 400 000

(4) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

|  |  |  |  |
| --- | --- | --- | --- |
| Action 3 | EU Support to Bosnia and Herzegovina participation in Union Programmes | Direct management | EUR 1 757 410 |

(1) Description of the Action, objective, expected results and key performance indicators

Description of the action and objectives

The Action provides support to Bosnia and Herzegovina participation in EU Programmes, through co-financing the costs of the entry tickets for specific EU programmes. As a result, Bosnia and Herzegovina will actively participate in various EU programmes, such as Horizon 2020, Creative Europe, Erasmus+, Customs 2020, Fiscalis 2020, Europe for Citizens, COSME and Third Health Programme 2014-2020. This Action will further support the EU cooperation with Bosnia and Herzegovina and preparation for EU integration in the areas covered by the EU programmes.

The objective is to ensure participation of Bosnia and Herzegovina in European Union Programmes by co-financing the costs of the entry-tickets/participation fees in areas such as research and innovation, culture and audio-visual activities, education, customs and fiscal policies, competitiveness of enterprises and small and medium-sized enterprises (SMEs), health and civil society.

Expected results:

Result 1: Enhanced participation of Bosnia and Herzegovina in European Union Programmes, including increased exchanges with EU Member States

Result 2: Strengthened ownership and responsibility of Bosnia and Herzegovina (including in financial terms) for participation in European Union Programmes

Key performance indicators:

* Number of programmes for which an International Agreement has been concluded

1. Bosnia and Herzegovina’s participation rates in the respective European Union Programmes
2. Ratio of amount paid for entry tickets and amount of co-financing of projects that applicants in Bosnia and Herzegovina annually receive

(2) Assumptions and conditions

Assumptions:

* Each institution signatory to an agreement for participation to a Union Programme has earmarked sufficient budget allocation for its annual contributions;

1. Agreement signatories establish necessary support systems such as intermediary organisations or helpdesks and contact focal points per programme to support applicants and promote the EU programmes.

(3) Implementation modalities

(3)(b) Direct management (project approach)

Grants:

a) Purpose of the grants:

The grants will contribute to the achievement of the two expected results of this action.

The Action will support and facilitate Bosnia and Herzegovina’s participation in EU Programmes in targeted areas, through co-financing of entry tickets, and enable enhanced participation of Bosnia and Herzegovina and its actors in European Union programmes.

The amount of co-financing is reimbursed by the European Commission to Bosnia and Herzegovina on the basis of a reimbursement request, The contracting of the reimbursable amounts is done as soon as i) the bilateral Agreement ('Agreement') between Bosnia and Herzegovina and the Commission Directorate General in charge of each Programme is signed and ratified, by both parties, and, ii) the IPA Financing Agreement envisaging the contribution is signed by Bosnia and Herzegovina authorities.

b) Type of applicants targeted:

The Action will benefit a wide range of institutions at all levels of government in Bosnia and Herzegovina. The respective line ministries and institutions will undertake the coordination role for the programmes they are in charge of namely Ministry of Civil Affairs for EU Programmes Horizon 2020, Creative Europe, the 3rd Health Programme, Erasmus+, Ministry of Justice for EU Programme Europe for Citizens, Ministry of Foreign Trade and Economic Relations for EU Programme COSME, Indirect Taxation Administration for EU Programmes Fiscalis 2020, Customs 2020.

The global budgetary envelope reserved for grants: EUR 1 757 410.

(2) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

|  |  |  |
| --- | --- | --- |
| SECTOR | Rule of Law and Fundamental Rights | EUR 25 000 000 |
| Action 4 | EU4 Justice | EUR 17 500 000 |

(1) Description of the Action, objective, expected results and key performance indicators

Description of the action and objectives

This Action is set out to enhance the independence, efficiency and qualityof the justice system in Bosnia and Herzegovina, in particular by improving the mechanisms for alternative dispute resolution, increasing the technical security of the judiciary, developing judicial infrastructure and strengthening the rule of law through capacity building with EU Member State expertise and improving penitentiary infrastructure. This would contribute to reinforcing public trust in the Rule of Law and Bosnia and Herzegovina becoming a sustainable partner in this crucial field for EU Member States.

The objective is to align the justice system of Bosnia and Herzegovina with European standards and the EU acquis and enhance independence, accountability efficiency and quality of Bosnia and Herzegovina's justice system.

Expected results:

Result 1. Effectiveness of the justice system increased

Result 2. Independence, impartiality and accountability of the judiciary increased

Result 3. Increased technical security measures for court proceedings

Result 4. Court settlement and alternative dispute resolution are accessible and accepted by citizens

Result 5. Justice system further aligned with the EU pre-accession requirements

Result 6. Conditions for housing of prisoners and provision of judicial services improved

Key performance indicators:

* Length of unsolved solvable non-utility cases in all courts

1. Quality of Judicial Office Holders (JOHs) work measured by the new appraisal system
2. Percentage of positively reviewed reports on implementation of judicial institutions’ integrity plans
3. Percentage of JOH’s financial reports verified as correct
4. Level (%) of compliance of judicial institutions’ buildings with the mandatory Standards and Security Measures Guidelines issued by HJPC’s Working Group for Security of Judicial Office Holders and judicial institutions
5. Level (%) of compliance of court police means for transportation with the European Committee for Prevention of Torture and Inhuman or Degrading Treatment or Punishment (CPT) Standards
6. Number of court settlements
7. Number of fulfilled European Commission recommendations and benchmarks for the justice sector
8. Number of buildings for the executions of criminal sanctions (re)constructed

(2) Assumptions and conditions

Assumptions

* Bosnia and Herzegovina remains committed to the process of EU integration and the process of judicial reform

1. All courts apply available tools for completing cases exceeding the reasonable time requirement.
2. Commitment of all relevant stakeholders to enhance the use of alternative Ddispute Rresolution.
3. All relevant justice sector institutions partake in the implementation of the Justice Sector Reform Strategy (JSRS) and other sector-relevant strategic documents.

Conditions

For all infrastructure activities under this Action (Result 6), any property and legal activities shall be completed by the beneficiary institutions before the start of the tendering procedures.

Completion of IPA 2017 construction works is precondition for IPA 2019 construction works

In addition to this, the successful relocation of the Miljacka Penal and Correctional Facility will ensure the needed space to expand the existing Sarajevo Courthouse facilities. The above stands under the condition that the new Penal and Correctional Facility construction at the new location (first phase) financed from IPA 2017 is finished by the date of start of the implementation of IPA 2019.

Due to the specificities of the assistance required to achieve the other results of the Action, no other preconditions are to be met to start with the implementation of this Action.

Failure to comply with the requirements set out above may lead to a recovery of ***funds*** under this programme and/or the re-allocation of future ***funding***.

(3) Implementation modalities:

(3)(b) Direct management (project approach)

Procurement:

The procurement will contribute to achieving expected results 1, 3, and 6 of the action.

The global budgetary envelope reserved for procurement, including evaluation of the Action: EUR 7 400 000

Grants:

* Purpose of the grants:

The grants will contribute to achieving expected results 1,2,4, and 5 of the action through calls for proposals and direct grant award.

* Type of applicants targeted (calls for proposals):

Public institutions, authorities, or administrations of the Member States of the European Union entrusted with responsibilities related to the implementation of activities relevant to the grant.

* Direct grant award:

The direct grant will contribute to the achievement of expected results 1, 2 and 4 of the action.

Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to the HJPC.

With the HJPC being the key institution in administrating the judiciary throughout the country and given its institutional independence and capacity, this institution remains a unique partner of the European Union when it comes to judicial reform in Bosnia and Herzegovina. The direct grant to the HJPC represents the most efficient financial instrument to support a wide range of activities aiming to improve the operations of courts and prosecutors’ offices throughout the country.

The recourse to an award of a grant without a call for proposals is justified. The direct agreement with the HJPC will be concluded in accordance with Article 195 1 c, alt. 1 Financial Regulation since the HJPC is an institution with a de jure monopoly. The use of the exemption will be further substantiated in the award decision. The global budgetary envelope reserved for grants: EUR 10 100 000

(4) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

|  |  |  |  |
| --- | --- | --- | --- |
| Action 5 | EU4 ***Transitional*** Justice | Direct management | EUR 7 500 000 |

(1) Description of the action, objective, expected results and key performance indicators

Description of the action and objectives

This Action will contribute to implementation of ***transitional*** justice process in Bosnia and Herzegovina, the rule of law, reconciliation process, and stability. The target areas will be enhancing the effectiveness of war crime cases processing and addressing the issue of the missing persons. The assistance will build human and institutional capacities in Bosnia and Herzegovina's judiciary required for efficient processing of war crime cases and will further enhance the process of identification and accounting for missing persons.

The overall objective is to accelerate the ***transitional*** justice process by supporting processing of the war crime cases and accounting for missing persons from the conflict of 1992-1995. The specific objectives are to fully implement National War Crime Strategy (NWCS) objectives and measures and increase domestic ownership of the missing persons' processes and to ensure ***continuity*** in resolving missing persons’ issue.

Expected results:

Result 1: The efficiency of war crime cases processing in the judiciary of Bosnia and Herzegovina is further improved

Result 2: Established policy dialogue with domestic authorities and families of the missing on sustainability of the missing persons process

Result 3: Scientifically verifiable methods applied in search and identification of missing persons

Key performance indicators:

* Backlog of known criminal offence with known suspect (KTRZ) cases in all Prosecutor Offices in Bosnia and Herzegovina

1. Number of conclusions and recommendations resulting from the policy dialogue
2. Number of deoxyribonucleic acid (DNA) matching reports produced and submitted to domestic authorities

(2) Assumptions and conditions

Assumptions

* Efficient distribution of less complex KTRZ cases from the state to the entity and Brčko District judiciary

1. Adequate functioning of the regional cooperation mechanism in processing of war crimes.
2. Efficient and timely employment of additional staff
3. Domestic institutions and family associations support the increased domestic ownership of the missing persons process
4. Clandestine gravesites continue to be located and excavated, Court orders issued in timely manner, ***continuity*** in access to DNA testing secured
5. The judicial institutions throughout Bosnia and Herzegovina, including Prosecutors’ Offices and Courts, should be equipped with requisite staff and material resources to efficiently and effectively process war crimes cases
6. Bosnia and Herzegovina has set up institutional capacities to deal with missing persons issues and that are sufficiently ***funded*** to participate in this Action

Grants:

a) Purpose of the grants:

The direct grants will contribute to the achievement of the three expected results of the action.

* Direct grant award:

The grants will accelerate the processing and monitoring of war crime case and help to build human and institutional capacities within Bosnia and Herzegovina's judiciary to handle the most sensitive cases.

To meet the objectives set in the National War Crimes Strategy - processing the most complex war crimes cases within seven years and all other war crimes cases within 15 years - it is necessary to continue the support and to enhance the capacities of the prosecutors' offices and the courts to speed up the processing of war crime cases.

Under the responsibility of the Commission’s authorising officer responsible, the grant may be awarded without a call for proposals to the Ministry of Finance and Treasury of Bosnia and Herzegovina (MoFT).

The direct grant agreement with the Ministry of Finance and Treasury (MoFT) of Bosnia and Herzegovina will be concluded in accordance with article 195 1 c, alt. 1 Financial Regulation due to its 'de jure' monopoly. The use of the exemption will be further substantiated in the award decision.

Direct Grant to Organisation for Security and Cooperation in Europe (OSCE): The agreement with the OSCE is planned to be signed in accordance with article 195 1 f Financial Regulation due to its technical competence and high degree of specialisation with regard to war crimes case monitoring in Bosnia and Herzegovina. More specifically, the OSCE has many years of experience of war crimes case monitoring and has over 15 field offices throughout the country where staff is available to monitor case processing on a daily basis.

Direct Grant to the International Commission on Missing Persons (ICMP): The direct grant agreement with the ICMP shall be concluded in accordance with Article 195 1(c), alt. 2 of the Financial Regulation on account of ICMP monopoly in the sector covered.

The ICMP has a de facto monopoly on DNA identification of all victims in the country being the only organisation with the necessary equipment and skills to carry out this task. With the ICMP being the key competence and also the only international organization working exclusively on the issue of missing persons, and given its institutional independence and technical capacities, it represents a unique partner for the EU when it comes to search for missing persons and empowering domestic institutions to takeover those activities.

The global budgetary envelope reserved for grants: EUR 7 500 000

(4) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

|  |  |  |  |
| --- | --- | --- | --- |
| SECTOR | Environment, climate action and energy |  | EUR 12 998 200 |
| Action 6 | EU4 Energy | Direct management | EUR 4 998 200 |
| Indirect management | EUR 8 000 000 |  |  |

(1) Description of the Action, objective, expected results and key performance indicators

Description of the action and objectives

The Action will provide valuable support in harmonizing Bosnia and Herzegovina legislation with EU energy acquis and in continuing energy sector reforms, including energy and climate policies development. Institutions at all levels of government in Bosnia and Herzegovina will be strengthened to assume their role in the process of energy acquis transposition and implementation, meeting energy market requirements and energy policy planning and implementation. Support will be also provided to implement energy efficiency investments in the public sector and sustainable energy pilot projects at local level, including awareness raising activities that will promote the benefits of energy reforms and increase sustainable utilisation of energy.

The overall objective is to ensure access to affordable, reliable, sustainable, and modern energy for citizens in Bosnia and Herzegovina. The specific objective is to contribute to the fulfilment of the obligations of Bosnia and Herzegovina under the Energy Community Treaty, Paris Agreement and other international agreements.

Expected results:

Result 1.1: Regulations, policies and operational practices aligned with applicable EU energy-acquis package

Result 1.2: Effective country-wide system for EU energy acquis transposition established. Result 1.3: Institutional capacities of relevant stakeholders at all levels of government strengthened as to be able to cope with competitive energy market requirements

Result 2: Energy savings achieved through energy efficiency projects/programmes

Result 3.1: Emission of Green House Gases (GHG) reduced through sustainable energy pilot projects implemented at local level

Result 3.2: Benefits of sustainable energy concept promoted among the citizens and public institutions in Bosnia and Herzegovina

Key performance indicators:

* % of documents related to energy acquis transposition and monitoring drafted annually

1. Extent to which a functional countrywide communication system is in place (including procedures needed for implementation, monitoring and reporting)
2. Extent to which capacity building plans are implemented in line with gap assessment recommendations
3. % of energy savings achieved after implementation of the Activity
4. % of CO2 reduction after implementation of the Activity
5. Level of public awareness related to sustainable energy concept (measurement unit is % of respondents and their level of awareness before and after implementation of the promotional campaign).

(2) Assumptions and conditions

Assumptions

* Good co-operation and co-ordination among key stakeholders including local communities

1. Proactive involvement of all stakeholders involved in implementation of the Action
2. Technical and human resources required for Action implementation are allocated

Conditions

For all infrastructure related activities, a timely acquisition of necessary permits and other legally regulated obligations shall be completed by the beneficiary institutions before the start of the tendering procedure.

Failure to comply with the requirements set out above may lead to a recovery of ***funds*** under this programme and/or the re-allocation of future ***funding***.

(3)(a) Indirect management with international organisation

(i) A part of this action may be implemented in indirect management with an entity which will be selected by the Commission services using the following criteria:

* Demonstrated experience with the implementation of traditional or innovative financing instruments for energy efficiency measures in the public sector

1. Operational capacity to manage large scale interventions, preferably combining grants from different source with loans or contribution from the national budget
2. Proven records in the preparation and implementation of sustainable energy projects in the fields relevant to the Action: renewable energy, energy efficiency, reduction of greenhouse gas emissions, etc.

The implementation by this entity entails the establishment of an EU-financed energy efficiency programme in public sector under existing and new innovative, scalable financing mechanisms and the preparation and financing of selected sustainable pilot energy projects in local communities.

This modality will contribute to achieving expected results 2, and 3 of the action.

The global budgetary envelope reserved for indirect management is EUR 8 000 000

(3)(b) Direct management

Procurement:

The procurement will contribute to achieving expected results 1 of the action.

The global budgetary envelope reserved for procurement: EUR 4 998 200.

(4) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

|  |  |  |  |
| --- | --- | --- | --- |
| SECTOR | Transport |  | EUR 10 000 000 |
| Action 7 | EU4 Transport | Direct management | EUR 10 000 000 |

(1) Description of the action, objective, expected results and key performance indicators

Description of the action and objectives

This Action will provide support to all key transport sector stakeholders in Bosnia and Herzegovina related to strengthening the capacity of transport sector institutions and developing transport infrastructure. It will support the preparation of future infrastructure investments through the provision of still missing technical documentation for priority transport projects. The proposed action will contribute to improvement of connectivity within the country, region and with the EU, improvement of safety and efficiency of transport services, and contribute to a higher competitiveness of the economy in Bosnia and Herzegovina. Improved connectivity, being a key factor for economic growth and jobs creation, will also bring benefits for citizens in Bosnia and Herzegovina as aspiring EU Member State even before accession in terms of economic development and of facilitating citizens' access to jobs and to better living standards.

The objective is to increase the integration between Bosnia and Herzegovina and the EU in the transport sector, also contributing to the connectivity agenda priorities and increase Bosnia and Herzegovina government readiness to implement priority transport projects.

Expected results:

* Strengthened capacity of Bosnia and Herzegovina to implement priority transport projects

Key performance indicators:

* Number of tender dossiers completed and ready for launching of works procurement for specific infrastructure interventions

1. Extent to which institutional framework at all levels of government in transport sector is developed following EU acquis requirements

(2) Assumptions and conditions

Assumptions

* Approved IPA projects will be implemented in accordance with planned schedule

1. A functional sector coordination mechanism, including all relevant stakeholders, in place to ensure complementarity of activities and to avoid overlapping or double financing.

(3)(b) Direct management (project approach)

Procurement:

The procurement will contribute to the achievement of the sole expected result of the action.

The global budgetary envelope reserved for procurement: EUR 10 000 000

(4) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

|  |  |  |  |
| --- | --- | --- | --- |
| SECTOR | Education, Employment and Social Policies |  | EUR 17 900 000 |
| Action 8 | EU4 Employment and Education | Direct management | EUR 12 900 000 |
| Indirect management | EUR 5 000 000 |  |  |

(1) Description of the Action, objective, expected results and key performance indicators

Description of the action and objectives

This Action aims at contributing to improving the socio-economic situation and living conditions in Bosnia and Herzegovina. Specific objectives are: (i) to improve the responsiveness of education to labour market needs, (ii) to improve internationalisation and mobility in higher education, (iii) to contribute to development of social inclusion policies in sport and pre-school at relevant levels, and (iv) to contribute to better employability in local communities.

These objectives will be achieved through activities aimed at strengthening the VET education and training systems and labour market-education partnerships, targeting, inter alia, students and professors and vulnerable groups, as well as specific activities focused on improving pre-school infrastructure and sport infrastructure in schools throughout Bosnia and Herzegovina and creating new skills to enhance employability. With a solid education system in line with market needs, Bosnia and Herzegovina will be better equipped to meet the economic challenges it is facing.

Expected results:

Result 1: Improved quality of VET education in Bosnia and Herzegovina (Qualification framework for the levels 2-5)

Result 2: Fostered sustainable, partnership-driven labour market frameworks at the local level for an increased access to formal employment (LEP II)

Result 3: Increased mobility of students and academic staff in Bosnia and Herzegovina and abroad through joint research initiatives

Result 4: Increased - quality in preschool education

Result 5: Fostered positive social development through improvement of the sports infrastructure in schools

Key performance indicators:

* Number of VET institutions covered by infrastructure /equipment supplied out of total number of VET institutions in the country.

1. Number of final beneficiaries (number of people trained; number of jobs created/number of people employed; number of enterprises actively engaged)
2. Number of staff and students involved in mobility
3. Number of new and revised preschool programs based on learning outcomes
4. Number of developed new programs for initial and continuous training of teachers
5. Number of sport halls and playgrounds renovated and equipped

(2) Assumptions and conditions

Assumptions:

* Commitment of the authorities at all levels to fulfil their responsibilities in line with the EU integration process and defined priorities

1. Adequate institutional capacities at all levels of administration for the implementation of planned interventions in the sector

Conditions:

A number of preparatory activities will be carried out to ensure successful implementation. These activities are related to the analysis of needs for infrastructure, equipment and training related to current reform projects, namely VET, and sport halls in schools and preschool institutions.

Failure to comply with the requirements set out above may lead to a recovery of ***funds*** under this programme and/or the re-allocation of future ***funding***.

(3) Implementation modalities:

(3)(a) Indirect management

(i) Part of this action may be implemented in indirect management with an entity, which will be selected by the Commission services using the following criteria:

* The entrusted entity is to be selected following a call for expression of interest submitted either by an international organisation or a Member State organisation individually, or, by a partnership, in which an international organisation or a Member State organisation is a lead partner.

1. An entity to be entrusted with the implementation of an Action shall possess operational capacity for managing grants and to demonstrate transparency of the grant award and management procedures.
2. Technical competences shall be demonstrated by an entrusted entity (either individually or within a partnership) in the following fields relevant to the intervention: good knowledge of VET sector; experience in dual education; collaboration between government, schools, the private sector and professional associations; quality assurance in VET; qualifications and occupational standards; development of skills, knowledge and competences in VET and teacher training
3. In addition, the entrusted entity should demonstrate practical experience in implementing the relevant EU policies preferably gained in the region.

The entrusted entity must prove previous experience in procurement of grants and ensure transparent management and coordination for an overall Action.

The implementation by this entity entails the development and management of a grant scheme, which will contribute to achieving the expected result 1 of the action.

(ii) Indirect management with an international organisation:

Part of this Action may be implemented in indirect management with the International Labour Organisation (ILO). This implementation entails the development and management of a grant scheme for concrete employment measures and technical assistance to the local employment offices/bureaus to support institutional development of the LEPs and to design and implement active labour measures in line with specific local needs.

This modality will contribute to achieving the expected result 2 of the action.

The envisaged entity has been selected using the following criteria:

The International Labour Organization' (ILO) underlying objective is the cooperation between governments and employers and workers organisations in fostering social and economic progress, and its main aims are to promote rights at work, to encourage decent employment opportunities, to enhance social protection and to strengthen the dialogue on work-related issues. These objectives match with the objectives of the Result 2: Foster sustainable, partnership-driven active labour market frameworks at the local level in order to increase access to formal employment (LEP II) at all levels of authority, which will be addressed by this IPA 2019 Action. The selection of ILO as an entrusted entity for this Action is based on its track record of effective cooperation in Bosnia and Herzegovina and its expertise, which is well recognised by local communities and at the state, entity and Brčko District level. Its expertise in the sector and its experience in implementing employment projects in Bosnia and Herzegovina make it a unique partner for the implementation of the Action at hand, especially taking into account that they have successfully implemented the pilot LEPs project.

The global budgetary envelope reserved for indirect management is EUR 5 000 000.

(3)(b) Direct management

Procurement:

The procurement will contribute to the achievement of expected results 1, 4 and 5 of the action.

The global budgetary envelope reserved for procurement, including evaluation of the Action, is EUR 11 900 000.

Grants – call for proposals:

a) Purpose of the grants:

The grants will contribute to the achievement of the expected result 3 of the action.

b) Type of applicants targeted

The applicants shall be EU and Bosnia and Herzegovina's universities with possible partnership with ministries of education and/or science, research institutions and/or technological parks.

The global budgetary envelope reserved for grants: EUR 1 000 000.

(4) Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions:

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

* Budget
* Indicative budget table - Annual Action Programme for Bosnia and Herzegovina

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Indirect management | Direct management | Total EU contribution (EUR) | IPA-II beneficiary or other third party contribution (EUR) | Total (EUR) |  |
|  |  | with IPA-II beneficiary | with entrusted entity |  |  |  |  |
|  |  | EU contribution (EUR) | EU contribution (EUR) | EU contribution (EUR) |  |  |  |
| Objective 1 | 01: Democracy and Governance |  |  | 16 000 000 | 16 000 000 | 1 091 954 | 17 091 954 |
| Action 01: EU4 Efficient Public Administration |  |  | 13 000 000 | 13 000 000 |  | 13 000 000 |  |
| Action 02: EU Integration Facility |  |  | 1 242 590 | 1 242 590 |  | 1 242 590 |  |
| Action 03: EU Support to Bosnia and Herzegovina participation in Union Programmes |  |  | 1 757 410 | 1 757 410 | 1 091 954 | 2 849 364 |  |
| 02: Rule of Law and Fundamental Rights |  |  | 25 000 000 | 25 000 000 | 2 500 000 | 27 500 000 |  |
| Action 04:EU4 Justice [4] |  |  | 17 500 000 | 17 500 000 | 2 500 000 | 20 000 000 |  |
| Action 05: EU4 ***Transitional*** Justice |  |  | 7 500 000 | 7 500 000 |  | 7 500 000 |  |
| Total Objective 1 |  |  | 41 000 000 | 41 000 000 |  | 44 591 954 |  |
| Objective 2 | 04: Transport |  |  | 10 000 000 | 10 000 000 |  | 10 000 000 |
| Action 07: EU4 Transport |  |  | 10 000 000 | 10 000 000 |  | 10 000 000 |  |
| 05: Energy |  | 8 000 000 | 4 998 200 | 12 998 200 |  | 12 998 200 |  |
| Action 06: EU4 Energy |  | 8 000 000 | 4 998 200 | 12 998 200 |  | 12 998 200 |  |
| 07: Employment, Education and Social Policies |  | 5 000 000 | 12 900 000 | 17 900 000 |  | 17 900 000 |  |
| Action 08: EU4 Employment and Education[5] |  | 5 000 000 | 12 900 000 | 17 900 000 |  | 17 900 000 |  |
| Total Objective 2 |  | 13 000 000 | 27 898 200 | 40 898 200 |  | 40 898 200 |  |
|  | TOTAL |  | 13 000 000 | 68 898 200 | 81 898 200 | 3 591 954 | 85 490 154 |

* Performance monitoring arrangements

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this programme, as well as the Indicative Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, National IPA Co-ordinators (NIPACs) will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by the European Commission (DG NEAR) and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by Sectoral Monitoring committees, which will ensure a monitoring process at sector level.

* Evaluation

Having regard to the importance of the action, a final or ex-post evaluation(s) will be carried out for this action or its components via independent consultants contracted by the Commission or via an implementing partner.

For this purpose an amount of EUR 250 000 for Action 04 and Action 08 or some of their components is planned.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that it will allow the Commission to evaluate whether further assistance is required or provide recommendations to the implementing partner about specific needs for future development of the sector/s.

The Commission shall inform the implementing partner at least 90 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the IPA II beneficiary and other key stakeholders.

The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the IPA II beneficiary, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

[1] The Indicative Strategy Paper has been amended and extended until 2020 with the Commission Decision C(2018) 5021 of 3 August 2018.

[2] [*www.sanctionsmap.eu*](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

[3] The INSPIRE Directive of 2007 aims to create an EU spatial data infrastructure for the purposes of EU environmental policies and policies or activities, which may have an impact on the environment. Full implementation is required by 2021.

[4] Including an EUR 100 0000 allocation for the evaluation of the Action

[5] Including an EUR 150 000 allocation for the evaluation of the Action

**Load-Date:** October 24, 2019

**End of Document**



[***Council of the European Union: Draft amending budget No 4 to the general budget for 2019: Reduction of commitment and payment appropriations in line with updated needs of expenditure and update of revenue (own resources) PDF document ST 10874 2019 INIT02-07-2019***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WGH-5FN1-JDG9-Y2WW-00000-00&context=1516831)

Impact News Service

July 3, 2019 Wednesday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 7024 words

**Body**

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

10874/19 JPS/kgECOMP.2.A ENCouncil of theEuropean UnionBrussels, 2 July 2019(OR. en)10874/19FIN 464COVER NOTEFrom: Secretary-General of the European Commission,signed by Mr Jordi AYET PUIGARNAU, Directordate of receipt: 2 July 2019To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council ofthe European UnionNo. Cion doc.: COM(2019) 610 finalSubject: Draft amending budget No 4 to the general budget for 2019: Reduction ofcommitment and payment appropriations in line with updated needs ofexpenditure and update of revenue (own resources)Delegations will find attached document COM(2019) 610 final.Encl.: COM(2019) 610 finalEN ENEUROPEANCOMMISSIONBrussels, 2.7.2019COM(2019) 610 finalDRAFT AMENDING BUDGET No 4TO THE GENERAL BUDGET 2019Reduction of commitment and payment appropriations in line with updated needs ofexpenditure and update of revenue (own resources)2Having regard to:– the Treaty on the Functioning of the European Union, and in particular Article 314 thereof, in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof,– Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union (…)1, and in particular Article 44 thereof,– the general budget of the European Union for the financial year 2019, as adopted on 12 December 20182,– draft amending budget No°1/20193, adopted on 15 April 2019,– draft amending budget No°2/20194, adopted on 15 May 2019,– draft amending budget No°3/20195, adopted on 22 May 2019,The European Commission hereby presents to the European Parliament and to the Council Draft Amending Budget No 4 to the 2019 budget.CHANGES TO THE STATEMENT OF REVENUE AND EXPENDITURE BY SECTIONThe changes to the general statement of revenue and to the individual sections (I, III, V and X) are available on EUR-Lex ([*http://eur-lex.europa.eu/budget/www/index-en.htm).1*](http://eur-lex.europa.eu/budget/www/index-en.htm).1) OJ L 193, 30.7.2018, p. 1.2. OJ L 67, 7.3.2019 3 COM(2019) 300, 15.4.2019 4 COM(2019) 320, 15.5.2019 5 COM(2019) 205, 22.5.2019 3TABLE OF CONTENTS1. INTRODUCTION ....................................................................................................................................................... 42. UPDATE OF EXPENDITURE .................................................................................................................................. 42.1 DECREASES OF COMMITMENT AND PAYMENT APPROPRIATIONS ...................................................................... 42.1.1 FINANCIAL SUPERVISION AUTHORITIES (EBA, EIOPA AND ESMA) ......................................................................... 42.1.2 EUROPEAN BORDER AND COAST GUARD AGENCY (FRONTEX) ................................................................................. 52.1.3 RECAST DUBLIN III REGULATION ........................................................................................................................... 52.1.4 EUROPEAN PUBLIC PROSECUTOR’S OFFICE (EPPO) ............................................................................................. 62.1.5 EUROPEAN SOCIAL ***FUND*** – OPERATIONAL TECHNICAL ASSISTANCE ........................................................................ 62.1.6 EMERGENCY SUPPORT INSTRUMENT (ESI) .............................................................................................................. 62.1.7 UNION CIVIL PROTECTION MECHANISM (UCPM)................................................................................................... 72.1.8 EUROPEAN UNION SOLIDARITY ***FUND*** (EUSF) ....................................................................................................... 72.1.9 ADJUSTMENT OF THE MOBILISATION OF THE SPECIAL INSTRUMENTS ........................................................................ 82.2 POSTPONEMENT OF THE UK WITHDRAWAL FROM THE EUROPEAN UNION: IMPACT ON EU INSTITUTIONS ... 82.2.1 EUROPEAN PARLIAMENT (EP) ................................................................................................................................ 92.2.1 EUROPEAN COURT OF AUDITORS (ECA) ................................................................................................................ 92.2.3 EUROPEAN EXTERNAL ACTION SERVICE (EEAS) ..................................................................................................... 92.2.4 OVERVIEW ........................................................................................................................................................... 103. UPDATE OF REVENUE.......................................................................................................................................... 103.1 OVERALL IMPACT OF DAB 4/2019 ON THE DISTRIBUTION OF TOTAL OWN RESOURCES PAYMENTS BETWEEN MEMBER STATES ............................................................................................................................................................. 103.2 REVISION OF THE FORECAST OF TOR, VAT AND GNI BASES ............................................................................. 123.3 2018 AND 2015 UK CORRECTION .......................................................................................................................... 133.3.1 INTRODUCTION .................................................................................................................................................... 133.3.2 CALCULATION OF THE CORRECTIONS .................................................................................................................... 143.3.3 ENTRY IN DAB 4/2019 OF THE 1ST UPDATE OF THE 2018 UK CORRECTION AND DEFINITIVE AMOUNT OF THE 2015 UK CORRECTION ................................................................................................................................................................ 154. SUMMARY TABLE BY MFF HEADING ............................................................................................................. 174EXPLANATORY MEMORANDUM1. INTRODUCTIONThe purpose of Draft Amending Budget (DAB) No 4 for the year 2019 is to update both the expenditure and the revenue sides of the budget to take account of the latest developments:– on the expenditure side:– to release commitment and payment appropriations of budget lines for headings 1a Competitiveness for growth and jobs, 1b Economic, Social and Territorial Cohesion, 3 Security and Citizenship, 4 Global Europe as well as the European Union solidarity ***fund***;– to adjust the budget 2019 of some institutions as a result of the postponement of the withdrawal of the United Kingdom from the European Union to 31 October 2019.– on the revenue side, to revise the forecast of Traditional Own Resources (i.e customs duties and sugar sector levies), value-added tax (VAT) and gross national income (GNI) bases, and to budget the relevant UK corrections and their financing, which all affect the distribution of own resources contributions from Member States to the EU budget.2. UPDATE OF EXPENDITURE2.1 Decreases of commitment and payment appropriations2.1.1 Financial supervision authorities (EBA, EIOPA and ESMA)In September 20176, the Commission proposed a major revision of the mandates of the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA), requiring a substantial increase in human and financial resources, in particular for ESMA. A key element of the proposal was a shift to a new ***funding*** model, whereby the current ***funding*** key between the EU budget contribution (40 %) and the contribution from the national supervisory authorities (60 %), would be replaced by a combination of fee-financing and a balancing contribution from the EU budget. In parallel7, the Commission also proposed a new mandate for ESMA in relation to the supervision of Central Counterparties (CCPs), requiring an increase in human resources as well as a pre-financing of these fee-financed activities, taking into account the time needed to put in place the fee system.Political agreement on these proposals was reached in March 2019. As regards the revision of the mandates of EBA, EIOPA and ESMA, the compromise essentially entailed a more limited extension of the scope of the mandates, with a corresponding impact on the resources needs, whereas the current ***funding*** model (40 / 60 share between the EU budget and the national authorities) was retained. ESMA’s mandate in relation to the CCPs will be slightly reduced as compared to the Commission proposal. For both proposals, the budgetary impact will occur with a delay of one year. The Statement of Estimates for year 20208 already reflects the budgetary consequences for 2020. It is proposed to update in this DAB the 2019 budget both for the human and financial resources.The proposed reduction in the EU contribution to EBA, EIOPA and ESMA is shown in the table below.6 COM(2017) 536, 20.9.2017 7 COM(2017) 331, 13.6.2017 8 SEC(2019) 250, 5.6.2019 5EUR Budget line Name Commitment appropriations Payment appropriations Section III – Commission12 02 04European Banking Authority (EBA)-2 490 000-2 490 00012 02 05European Insurance and Occupational Pensions Authority (EIOPA)-2 360 000-2 360 00012 02 06European Securities and Markets Authority (ESMA)-13 670 000-13 670 000 Total -18 520 000 -18 520 000The updated establishment plans of EBA (-10 posts), EIOPA (-9 posts) and ESMA (-27 posts) are set out in the budgetary annex.2.1.2 European Border and Coast Guard Agency (Frontex)In September 20189, the Commission proposed to extend the mandate of the European Border and Coast Guard Agency (Frontex) to create a standing corps of 10 000 border guards by 2020. Awaiting the adoption of the legislative proposal, an amount of EUR 19,3 million was put in reserve in the 2019 budget to cover the costs of the planned recruitment of the first wave of border guards (375 posts and 375 contract agents) in the final quarter of 2019.Political agreement was reached in March 2019 on the gradual creation of a standing corps of 10 000 border guards by 2027. Taking into account the expected entry into force of the Regulation around 1 November 2019, as the formal starting point for the actual recruitment of the standing corps of border guards, the Commission considers it prudent to keep an amount of EUR 7,2 million in the reserve to cover the salary expenditure for the first recruitments of the border guards in 2019. Consequently, the remaining amount in the reserve can be cancelled in this DAB. .EUR Budget line Name Commitment appropriations Payment appropriations Section III – Commission40 02 41Differentiated appropriations (Reserve for budget article 18 02 03 – European Border and Coast Guard Agency (FRONTEX)-12 121 000-12 121 000 Total -12 121 000 -12 121 0002.1.3 Recast Dublin III RegulationThe voted budget 2019 contained EUR 460 million in commitment appropriations as a reserve related to the Commission proposal to recast the Dublin III Regulation, pending the adoption of the legal basis. In case the legal act is not adopted by 1 February 2019, the Commission may present one or more proposals for transfers in accordance with Article 31 of the Financial Regulation.The first tranche of EUR 370 million was released in April 2019. In parallel with this draft amending budget, the Commission presents a second and final transfer request (DEC 15/2019) covering an amount of EUR 82,8 million, of which EUR 62,8 million to address additional ***funding*** needs for Greece in 2019 and EUR 20 million to prepare the next resettlement pledging exercise. Based on the Commission’s assessment of the related year-end needs in this area, the remaining amount in the reserve can be cancelled in this DAB. Nonetheless, the Commission will keep the developments on the ground under close review, and it may propose further correcting measures as necessary.9 COM(2018) 631, 12.9.2018 6EUR Budget line Name Commitment appropriations Payment appropriations Section III – Commission40 02 41Differentiated appropriations (Reserve for budget article 18 03 01 01 – Strengthening and developing the common European asylum system and enhancing solidarity and responsibility-sharing between the Member States-7 200 000-7 200 000 Total -7 200 000 -7 200 0002.1.4 European Public Prosecutor’s Office (EPPO)In October 2017, agreement was reached on the creation of the European Public Prosecutor’s Office (EPPO)10. While the administrative set-up of the Office is well on its way, the appointment of the Chief Prosecutor of the EPPO has taken more time, and is currently expected to take place in the second half of 2019. This has a knock-on effect on certain other recruitments and some of the expenditure originally planned for 2019 will occur in 2020. As a consequence, the appropriation included in the 2019 budget can be reduced by EUR 1 million in 2019. The Statement of Estimates for year 2020 already reflects the budgetary consequences for 202011.EUR Budget line Name Commitment appropriations Payment appropriations Section III – Commission33 03 05European Public Prosecutor’s Office (EPPO)-1 000 000-1 000 000 Total -1 000 000 -1 000 0002.1.5 European Social ***Fund*** – Operational technical AssistanceTaking into account the latest assessment of actual needs in terms of commitment appropriations on budget item 04 02 63 01, EUR 8,3 million can be cancelled without jeopardising the ***smooth*** implementation of technical assistance activities under the European Social ***Fund***.EUR Budget line Name Commitment appropriations Payment appropriations Section III – Commission04 02 63 01European Social ***Fund*** – Operational technical assistance-8 300 000- Total -8 300 000 -2.1.6 Emergency Support Instrument (ESI)The Emergency Support Instrument provides needs-based emergency support aimed at preserving life, preventing and alleviating human suffering, and maintaining human dignity, complementing the response of the affected Member States. The first intervention under the ESI started in 2016 and it is currently being phased out.The current allocation for the support expenditure of ESI is EUR 250 000. In line with the revised forecast of required appropriations, EUR 120 000 may be cancelled.10 Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor’s Office (‘the EPPO’), OJ L 283, 31.10.2017 11 SEC(2019) 250, 5.6.2019 7EUR Budget line Name Commitment appropriations Payment appropriations Section III – Commission18 01 04 05Support expenditure for emergency support within the Union-120 000-120 000 Total -120 000 -120 0002.1.7 Union Civil Protection Mechanism (UCPM)The Union Civil Protection Mechanism aims at strengthening cooperation between participating states in the field of civil protection, with a view to improving prevention, preparedness and response to disasters.Decision 2019/420 of the European Parliament and of the Council of 13 March 201912 has increased the 2014-2020 financial envelope for the Union Civil Protection Mechanism to EUR 574 million. Following the political agreement between the Council and the European Parliament and taking into account the later than foreseen adoption of the aforementioned amending decision, the 2019 allocations for the Union Civil Protection Mechanism should be reduced accordingly. The amounts in reserve exceeding the agreed allocations for 2019 may be cancelled.EUR Budget line Name Commitment appropriations Payment appropriations Section III – Commission40 02 41Differentiated appropriations (Reserve for budget item 23 03 01 01 – Disaster prevention and preparedness within the Union-35 000 000-26 390 00040 02 41Differentiated appropriations (Reserve for budget item 23 03 02 01 – Rapid and efficient emergency response interventions in the event of major disasters within the Union--170 51440 02 41Differentiated appropriations (Reserve for budget item 23 03 02 02 – Rapid and efficient emergency response interventions in the event of major disasters in third countries--2 000 000 Total -35 000 000 -28 560 5142.1.8 European Union Solidarity ***Fund*** (EUSF)According to Article 4a (4) of Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity ***Fund*** (EUSF), the total amount for advance payments for each year is limited to EUR 50 million both in commitment and payment appropriations.According to Article 12.4(a) of the Financial Regulation, a new provision in force since 1 August 2018, there is an automatic carry-over of unused commitment appropriations for the EUSF. At the end of 2018, EUR 29,7 million of commitment appropriations for the EUSF were available and automatically carried over to 2019. EUR 50 million was mobilised together with the budget 201913.As a result, there are currently EUR 79,7 million of commitment appropriations and EUR 50 million of payment appropriations available in 2019 for the advance payments of the EUSF. It is therefore proposed to reduce the commitment appropriations included in the budget 2019 by EUR 29,7 million in order to bring down the level of commitment appropriations to the EUR 50 million foreseen in the basic act and to the level of payment appropriations.12 Decision (EU) 2019/420 of the European Parliament and of the Council of 13 March 2019 amending Decision No 1313/2013/EU on a Union Civil Protection Mechanism (OJ L77, 20.3.2019, p. 1). The financial envelope is set under Article 1(11).13 COM(2019) 252, 5.6.2019 8EUR Budget line Name Commitment appropriations Payment appropriations Section III – Commission13 06 01Assistance to Member States in the event of a major natural disaster with serious repercussions on living conditions, the natural environment or the economy-29 748 635- Total -29 748 635 -2.1.9 Adjustment of the mobilisation of the special instrumentsGiven the reductions in the level of commitment appropriations of headings 1a and 3 included in this DAB, it is proposed to adjust the mobilisation of the Flexibility Instrument as follows:– For heading 1a, the mobilisation of the Flexibility Instrument is decreased by EUR 18,5 million;– For heading 3, the mobilisation of the Flexibility Instrument is decreased by EUR 55,4 million.The proposed mobilisation decision of the Flexibility Instrument14 repealing and replacing Decision (EU) 2019/276 of 12 December 201815 accompanies this DAB.Given the reductions in the level of commitment appropriations of heading 1b included in this DAB, the use of the Global Margin for Commitments is decreased by EUR 8,3 million.2.2 Postponement of the UK withdrawal from the European Union: impact on EU institutionsDuring the preparation of the 2019 budget, the Institutions were invited to reflect in their respective statements of estimates the impact of the UK withdrawal from the European Union, initially foreseen for 29 March 2019, in the areas where the changes were evident (e.g reduction of one Commissioner, one Member of the Court of Auditors, adjustment of the number of judges at the Court of Justice, a closure of the Representation and Regional Offices in the UK, etc.).As a result, the European Parliament, the Council, the Commission, the Court of Justice, the European Court of Auditors and the European Economic and Social Committee reduced their budget request by a total amount of about EUR 11,7 million (of which EUR 10,2 million for the European Parliament). This reduction was estimated on the basis of the UK being a Member State for 3 months in 2019.The European External Action Service increased its budget request by EUR 12,3 million to reflect the additional expenditure related to the setting-up of a UK division at Headquarters and an EU delegation in London.Due to the postponement of the withdrawal of the UK16, the Institutions will now have to cover expenditure relating to the UK as an EU Member State for up to seven additional months.The Council, the Commission, the Court of Justice and the European Economic and Social Committee will aim at covering the additional needs by redeployment of existing resources. For the Court of Justice in particular, this is possible due to the persistent delay in the nomination of a judge by one of the Member States, which has generated sufficient savings to cover the additional expenses to pay the UK Members until 31 October 2019.Conversely, the European Parliament and the European Court of Auditors are requesting additional appropriations for the reasons outlined below.14 COM(2019) 600, 2.7.2019 15 OJ L54, 22.2.2019, p.3 16 Conclusions of the special meeting of the European Council (Art. 50) (10 April 2019) - EUCO XT 20015/19.92.2.1 European Parliament (EP)Following the decision of the European Council on the composition of Parliament as from the 9th legislative period17, Parliament’s section of the budget included appropriations for 678 Members as from 30 March, and 705 Members as from 2 July 2019. Appropriations were reduced on a number of lines related to Members, assistants and institutional representation; no budget was foreseen for an information campaign in the UK.The postponement until 31 October 2019 not only affects the composition of the European Parliament and the cost for parliamentary assistance, but also the need to keep the UK Liaison Office, and triggered the organisation of European elections in the United Kingdom, which required a full-fledged information campaign.The abovementioned elements, which constitute unavoidable, exceptional and unforeseen circumstances, require additional supplementary appropriations of EUR 15,1 million.2.2.1 European Court of Auditors (ECA)The decision on the postponement of the UK withdrawal by up to seven months has an impact on remuneration and other expenditure for a College of 28, as opposed to 27 Members at the Court of Auditors.In view of the tight budget requested for 2019, the Court will not be in a position to find the additional resources by redeployment but requests an additional allocation of EUR 107 000 to cover salaries and other allowances as well as mission and representation expenses. This amount is net of the redeployment of the unused amount of ***transitional*** allowances, which will be transferred to the salary line for the UK Member.2.2.3 European External Action Service (EEAS)The EEAS has been granted additional appropriations in its 2019 budget as a direct consequence of the UK withdrawal in order to:– open and run a Delegation in London,– maintain the EU's current point of presence in Northern Ireland,– create a dedicated Division in Headquarters to manage the relations with the UK as a third country, and– cover the additional rotation costs arising from the need to recall staff with UK nationality from the Delegation network before the scheduled expiry of their postings.These amounts were estimated on the assumption that the UK would leave the European Union on 29 March 2019. As the Article 50 ***period*** has been extended, the EEAS has currently accumulated surpluses in its 2019 budget.Given the current considerable uncertainty related to the Article 50 process, the EEAS will need to maintain the amounts for one-off Delegation opening costs and the aforementioned additional rotations in its 2019 budget. It will also require a sufficient buffer, should both parties ratify the withdrawal agreement before 31 October 2019.The EEAS will therefore reduce its 2019 budget by the running costs foreseen from the beginning of the year until 1 August for its Headquarter’s Division and its presence points in the UK (EUR 3 276 000).17 Decision (EU) 2018/937 of 28 June 2018.10As the situation later in the year may be very different from the current scenario, the EEAS intends to revert to the Budget Authority later this year and propose further adjustments to its 2019 budget, as appropriate in respect of the situation at that time.2.2.4 Overview(in EUR) Budget line Name Commitment appropriations Payment appropriations Section I – European Parliament1 0 0 0Salaries2 420 0002 420 0001 0 0 4Ordinary travel expenses2 100 0002 100 0001 0 0 6General expenditure allowance1 200 0001 200 0001 0 2 0Transitional allowances-1 800 000-1 800 0003 2 2Documentation expenditure80 00080 0003 2 4 2Expenditure on publication, information and participation in public events3 000 0003 000 0003 2 4 4Organisation and reception of groups of visitors, Euroscola programme and invitations to opinion multipliers from third countries300 000300 0003 2 5Expenditure relating to liaison Offices320 000320 0004 2 2Expenditure relating to parliamentary assistance7 490 0007 490 000Sub-total Section I15 110 00015 110 000 Section V – European Court of Auditors1 0 0 0Remuneration, allowances and pensions96 00096 0001 0 4Missions6 0006 0002 5 2Representation expenses5 0005 000Sub-total Section V107 000107 000 Section X – European External Action Service1 1 0 0Basic salaries-564 000-564 0001 1 0 2Entitlements under the Staff Regulations related to the personal circumstances of the staff member-143 000-143 0001 1 0 3Social security cover-22 000-22 0001 4 0Missions-27 000-27 0003 0 0 0Remuneration and entitlements of statutory staff-747 000-747 0003 0 0 1External staff and outside services-568 000-568 0003 0 0 2Other expenditure related to staff-97 000-97 0003 0 0 3Buildings and associated costs-1 070 000-1 070 0003 0 0 4Other administrative expenditure-38 000-38 000Sub-total Section X-3 276 000-3 276 000 Total 11 941 000 11 941 0003. UPDATE OF REVENUE3.1 Overall impact of DAB 4/2019 on the distribution of total own resources payments between Member StatesFollowing the 175th meeting of the Advisory Committee on Own Resources (ACOR) of 24 May 2019, two adjustments of the revenue side of the budget are required: first an update of the estimates for Traditional Own Resources (TOR) as well as for the own resources based on the Value Added Tax (VAT) and Gross National Income (GNI) to take account of more recent economic forecasts, and second an update of the UK correction. These two adjustments are presented in sections 3.2 and 3.3 below.The overall impact of both the expenditure and the revenue adjustments of this DAB is shown in the summary table below. This table also shows the distribution of total own resources payments between11Member States: as budgeted in the 2019 budget, as amended in Draft Amending budget No 3 (DAB 3/2019)18, and finally in the present DAB.Distribution of total own resources payments by Member States (in million EUR)Budget 2019 DAB 3/2019 DAB 4/2019 (1) (2) (3)BE6 151,16 108,2 6 096,5BG565,3560,2 605,0CZ2 012,31 993,3 2 028,3DK2 811,02 782,1 2 801,5DE30 494,730 164,5 29 792,7EE253,3250,9 263,1IE2 478,42 453,9 2 485,6EL1 746,11 728,6 1 759,2ES12 172,112 056,6 12 161,9FR22 592,622 364,4 22 592,4HR496,6491,8 494,6IT17 008,216 840,7 16 772,0CY202,2200,3 206,7LV288,5285,7 301,3LT459,3455,2 481,5LU376,9373,1 382,6HU1 285,11 272,7 1 349,3MT116,7115,6 119,3NL7 707,07 633,3 7 668,9AT3 437,63 400,7 3 398,3PL4 934,24 888,0 5 072,7PT1 914,71 896,0 1 932,0RO1 916,61 897,1 1 948,8SI480,2475,8 488,1SK868,0859,3 873,2FI2 186,32 163,9 2 166,7SE3 859,33 815,1 3 883,5UK17 490,217 268,1 16 614,1EU146 304,5144 795,1 144 739,518 COM(2019) 205, 22.5.2019 123.2 Revision of the forecast of TOR, VAT and GNI basesAccording to established practice, the Commission proposes to revise the financing of the budget on the basis of more recent economic forecasts19, agreed with the Member States at the ACOR meeting.The revision concerns the forecast of TOR to be paid to the budget in 2019 as well as the forecast of the 2019 VAT and GNI bases. The forecast in the 2019 Budget was established at the 172th ACOR meeting on 18 May 2018. The revision in the present DAB takes into account the agreed forecasts of the 175th ACOR meeting held on 24 May 2019. The use of an updated forecast of own resources improves the accuracy of the revenue forecasts and hence of the payments that Member States are asked to make to the EU budget during the budgetary year.As compared to the forecast agreed in May 2018, the forecast for 2019 has been revised as follows:– Total 2019 net customs duties are now forecast at EUR 21 206,0 million (after deduction of 20 % collection costs), which represents a decrease of 1,23 % relative to the forecast of EUR 21 471,2 million included in the Budget 2019. The Commission compared the results of the traditional ACOR forecasting method (based on the Spring 2019 macroeconomic forecast) with the results of the extrapolation method based on the latest outturn data for collected customs duties (January – April 2019). As in previous years, it was agreed to apply a conservative approach and to use the lowest TOR forecast in order to ensure sound budget management in a context of high economic uncertainties and potential disruptions in trade patterns.– The total 2019 EU uncapped VAT base is now forecast at EUR 7 085 193,6 million, which represents an increase of 2,30 % compared to the May 2018 forecast of EUR 6 925 637,5 million. The total 2019 EU capped VAT base20 is forecast at EUR 7 057 535,1 million, which represents an increase of 2,20 % compared to the May 2018 forecast of EUR 6 905 892,6 million.– The total 2019 EU GNI base is forecast at EUR 16 347 197,8 million, which is a decrease (-0,60 %) compared to the May 2018 forecast of EUR 16 446 111,0 million.The exchange rates of 31 December 2018 have been used for converting the forecast VAT and GNI bases in national currency into euro (for the nine Member States that are not members of the euro area). This avoids distortions since it is this rate that is used to convert budgeted own resources payments from euro into national currency when the amounts are called in (as stipulated in Article 10a(1) of Council Regulation No 609/2014).The revised forecasts of TOR, uncapped VAT bases and GNI bases for 2019, as adopted at the 175th ACOR meeting on 24 May 2019 are set out in the following table:Revised forecasts of TOR, VAT and GNI bases for 2019 (in million EUR)Customs duties (80%) Uncapped VAT bases GNI bases Capped VAT bases21BE2 173,3200 164,5469 186,6200 164,5BG104,727 671,858 500,427 671,8CZ293,290 821,9205 917,490 821,9DK357,7119 452,0313 973,3119 452,0DE4 133,01 453 699,23 551 074,71 453 699,2EE34,913 074,326 649,813 074,319 European Commission, Spring 2019 Economic Forecasts,   [*https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/spring-2019-economic-forecast\_en20*](https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/spring-2019-economic-forecast_en20) In accordance with Council Decision 2014/335, if the VAT base of a Member State exceeds 50 % of its GNI, then it is capped at this 50 %. For DAB 4/2019, five Member States will have their VAT base capped at 50 % of GNI: Croatia, Cyprus, Luxembourg, Malta and Portugal.21 The amounts highlighted in grey result from the capped VAT bases, as explained in the previous footnote.13Customs duties (80%) Uncapped VAT bases GNI bases Capped VAT bases21IE308,791 474,4265 877,491 474,4EL185,675 007,5190 421,675 007,5ES1 573,9572 646,41 252 795,0572 646,4FR1 746,21 112 113,92 472 604,41 112 113,9HR39,033 740,952 961,9 26 481,0IT1 901,2718 519,61 793 427,3718 519,6CY25,314 284,021 070,6 10 535,3LV44,812 079,531 194,712 079,5LT99,519 008,645 938,819 008,6LU17,630 710,042 445,3 21 222,7HU210,457 991,8135 913,057 991,8MT13,88 893,312 257,9 6 129,0NL2 607,3331 589,2806 725,1331 589,2AT217,5180 376,1399 095,3180 376,1PL781,4248 536,4502 207,3248 536,4PT188,2105 998,5203 200,7 101 600,4RO194,676 044,3215 341,676 044,3SI81,022 413,447 995,2 22 413,4SK100,534 473,494 317,134 473,4FI150,6102 046,6240 879,6102 046,6SE520,7211 575,9491 990,2211 575,9UK3 101,41 120 786,22 403 235,61 120 786,2EU-2821 206,07 085 193,616 347 197,87 057 535,13.3 2018 and 2015 UK correction3.3.1 IntroductionThe correction of budgetary imbalances in favour of the United Kingdom (UK correction), to be budgeted in the present DAB, concerns two years: 2015 and 2018.The 2015 and 2018 UK correction is subject to the rules of Council Decision 2014/335/EU, Euratom on the system of own resources of the European Union22 and its accompanying working document, the 2014 Calculation Method23. Pursuant to the rules of this Decision, the net TOR “windfall gains” of the UK resulting from the increase since 2001 in the percentage of TOR retained by Member States as a compensation for their collection costs are neutralised and the allocated expenditure is adjusted by the total allocated expenditure in Member States that have acceded to the EU after 30 April 2004, except for ***agricultural*** direct payments and market-related expenditure as well as the part of the rural development expenditure originating from the EAGGF, Guarantee section.Furthermore, the share of Austria, Germany, the Netherlands and Sweden in the financing of the UK correction is reduced to one fourth of their normal share. The reduction is financed by the other Member States, excluding the UK.In the present DAB, the calculation and financing of the 1st update of the 2018 UK correction and the definitive amount of the 2015 UK correction are entered.22 OJ L 168, 7.6.2014, p. 105-111.23 Commission working document of 14 May 2014 “Calculation, financing, payment and entry in the budget of the correction of budgetary imbalances in favour of the United Kingdom (‘the correction’) in accordance with Articles 4 and 5 of Council Decision 2014/335/EC, Euratom on the system of own resources of the European Union”.14The difference between the definitive amount of the 2015 UK correction and the amount previously budgeted (the 1st update entered in AB 5/2016) is entered in chapter 35 (Result of the definitive calculation of the financing of the correction of budgetary imbalances for the United Kingdom) of the present DAB.The 1st update amount of the 2018 UK correction is entered in chapter 15 (Correction of budgetary imbalances) of the present DAB, replacing the previously budgeted provisional amount.3.3.2 Calculation of the correctionsThe update of the corrections for 2015 and 2018 stems mainly from the update of the VAT and GNI bases as communicated by Member States in autumn 2018. In addition the update of the correction for 2018 also takes into account the allocated expenditure of 2018.3.3.2.1 2018 UK correctionThe following table summarises the changes between the provisional amount of the 2018 UK correction entered in the Budget 2019 and the 1st update of the 2018 UK correction to be entered in the present DAB.2018 UK correction 2018 UK correction PROVISIONAL Budget 2019 2018 UK correction 1st UPDATE DAB 4/2019 Difference(1)(2)(2)-(1)(1)UK share of uncapped VAT base16,1945%15,9617%-0,2329%(2)UK share of enlargement-adjusted total allocated expenditure7,3577%6,7300%-0,6277%(3)= (1) - (2)8,8368%9,2317%+0,3948%(4)Total allocated expenditure127 599 039 596129 786 633 964+ 2 187 594 368(5)Enlargement-related expenditure = (5a) + (5b)27 076 886 46231 101 300 166+ 4 024 413 704(5a)Pre-accession expenditure000(5b)Expenditure related to Art 4(1)(g)27 076 886 46231 101 300 166+ 4 024 413 704(6)Enlargement-adjusted total allocated expenditure = (4) - (5)100 522 153 13498 685 333 798- 1 836 819 336(7)UK correction original amount = (3) x (6) x 0.665 862 761 1886 012 789 482+ 150 028 294(8)UK advantage854 326 562616 616 471- 237 710 091(9)Core UK correction = (7) - (8)5 008 434 6265 396 173 012+ 387 738 385(10)TOR windfall gains- 15 094 049- 35 957 064- 20 863 015(11)UK correction = (9) - (10)5 023 528 6765 432 130 075+ 408 601 399The 1st update of the 2018 UK correction is around EUR 409 million higher as compared to the provisional amount of the 2018 UK correction entered in the Budget 2019.3.3.2.2 2015 UK correctionThe following table summarises the changes between the 1st update of the 2015 UK correction entered in the Amending Budget 5/2016 and the definitive amount of the 2015 UK correction to be entered in the present DAB.2015 UK correction2015 UK correction 1st UPDATE AB 5/2016 2015 UK correction DEFINITIVE DAB 4/2019 Difference(1)(2)(2)-(1)(1)UK share of uncapped VAT base19,2145%19,1419%- 0,0726%(2)UK share of enlargement-adjusted total allocated expenditure7,5910%7,5894%- 0,0016%(3)= (1) - (2)11,6235%11,5525%- 0,0710%(4)Total allocated expenditure129 194 773 448129 135 893 336- 58 880 112(5)Enlargement-related expenditure31 733 179 80331 639 878 296- 93 301 507152015 UK correction2015 UK correction 1st UPDATE AB 5/2016 2015 UK correction DEFINITIVE DAB 4/2019 Difference= (5a) + (5b)(5a)Pre-accession expenditure000(5b)Expenditure related to Art 4(1)(g)31 733 179 80331 639 878 296- 93 301 507(6)Enlargement-adjusted total allocated expenditure = (4) - (5)97 461 593 64597 496 015 040+ 34 421 395(7)UK correction original amount = (3) x (6) x 0.667 476 753 6637 433 724 758- 43 028 905(8)UK advantage1 496 521 3931 381 345 015- 115 176 378(9)Core UK correction = (7) - (8)5 980 232 2706 052 379 743+ 72 147 473(10)TOR windfall gains-76 109 576-74 320 246+ 1 789 330(11)UK correction = (9) - (10)6 056 341 8476 126 699 989+70 358 142The definitive amount of the 2015 UK correction is around EUR 70 million higher than the 1st update of the 2015 UK correction entered in the AB 5/2016 mainly due to the updates of the VAT and GNI bases as communicated by Member States in autumn 2018.3.3.3 Entry in DAB 4/2019 of the 1st update of the 2018 UK correction and definitive amount of the 2015 UK correction3.3.3.1 2015 UK correction (chapter 35)The amount of the UK correction to be budgeted in chapter 35 of the present DAB is the difference between the definitive amount of the 2015 UK correction (i.e EUR 6 126 699 989) and the 1st update of the 2015 UK correction (i.e EUR 6 056 341 847 entered in the AB 5/2016) amounting to EUR 70 358 142.This amount is to be financed along the revised 2015 GNI bases as known at the end of 2018. The budgeting of this amount in chapter 35 is summarised below: 2015 UK correction — Chapter 35BE1 267 154LU866 089BG3 148 896HU2 764 651CZ4 903 895MT310 080DK6 556 672NL-260 138DE4 385 985AT1 362 429EE303 635PL-9 542 201IE20 284 145PT476 355EL504 408RO1 609 226ES1 272 857SI123 083FR5 838 257SK1 555 233HR1 207 446FI4 733 265IT19 287 491SE-2 400 255CY627 536LV-619 579UK- 70 358 142LT-208 473Total03.3.3.2 2018 UK correction (chapter 15)The 1st update of the 2018 UK correction corresponds to EUR 5 432 130 075 and is EUR 408 601 399 higher than the amount entered in the Budget 2019 (EUR 5 023 528 676).This amount is to be financed along the revised 2019 GNI bases of the present DAB. The budgeting of this amount in chapter 15 is summarised below:162018 UK correction – chapter 15BE265 533 515LU24 021 679BG33 107 972HU76 919 197CZ116 537 793MT6 937 290DK177 691 422NL78 568 695DE345 846 816AT38 868 751EE15 082 304PL284 221 395IE150 471 818PT115 000 292EL107 768 033RO121 871 366ES709 012 279SI27 162 613FR1 399 356 542SK53 378 232HR29 973 489FI136 324 454IT1 014 980 086SE47 915 985CY11 924 787UK- 5 432 130 075LV17 654 465LT25 998 805Total0174. SUMMARY TABLE BY MFF HEADINGIn EUR Heading Budget 2019 Draft Amending Budget 4/2019 Budget 2019 (incl. DAB 1-3/2019) (incl. DAB 1-4/2019) CA PA CA PA CA PA1.Smart and inclusive growth80 627 449 84867 556 947 173- 26 820 000- 18 520 00080 600 629 84867 538 427 173Of which under Flexibility Instrument178 715 475- 18 520 000160 195 475Of which under global margin for commitments524 734 373- 8 300 000516 434 373Ceiling79 924 000 00079 924 000 000Margin1aCompetitiveness for growth and jobs23 435 449 84820 521 537 455- 18 520 000- 18 520 00023 416 929 84820 503 017 455Of which under Flexibility Instrument178 715 475- 18 520 000160 195 475Of which under global margin for commitments174 734 373174 734 373Ceiling23 082 000 00023 082 000 000Margin1bEconomic social and territorial cohesion57 192 000 00047 035 409 718- 8 300 00057 183 700 00047 035 409 718Of which under global margin for commitments350 000 000- 8 300 000341 700 000Ceiling56 842 000 00056 842 000 000Margin2.Sustainable growth: natural resources59 642 077 98657 399 857 33159 642 077 98657 399 857 331Ceiling60 344 000 00060 344 000 000Margin701 922 014701 922 014Of which: European ***Agricultural*** Guarantee ***Fund*** (EAGF) — Market related expenditure and direct payments43 191 947 00043 116 399 41743 191 947 00043 116 399 417Sub-ceiling43 881 000 00043 881 000 000Rounding difference excluded from margin calculation659 000659 000EAGF Margin688 394 000688 394 0003.Security and citizenship3 786 629 1383 527 434 894- 55 441 000- 47 001 5143 731 188 1383 480 433 380Of which under Flexibility Instrument985 629 138- 55 441 000930 188 138Ceiling2 801 000 0002 801 000 000Margin4.Global Europe11 319 265 6279 358 295 603- 2 000 00011 319 265 6279 356 295 603Of which under global margin for commitments1 051 265 6271 051 265 627Ceiling10 268 000 00010 268 000 000Margin5.Administration9 942 974 7239 944 904 74311 941 00011 941 0009 954 915 7239 956 845 743Ceiling10 786 000 00010 786 000 000Of which offset against Contingency margin- 253 882 156- 253 882 156Margin589 143 121577 202 121Of which: Administrative expenditure of the institutions7 747 285 8037 749 215 8237 747 285 8037 749 215 823Sub-ceiling8 700 000 0008 700 000 000Of which offset against Contingency margin- 253 882 156- 253 882 156Margin698 832 041698 832 041Total 165 318 397 322 147 787 439 744 - 70 320 000 - 55 580 514 165 248 077 322 147 731 859 230 Of which under Flexibility Instrument 1 164 344 613 961 862 659 - 73 961 000 - 37 271 858 1 090 383 613 924 590 801 Of which under global margin for commitments 1 576 000 000 - 8 300 000 1 567 700 000 Ceiling 164 123 000 000 166 709 000 000 164 123 000 000 166 709 000 000 Of which offset against Contingency margin - 253 882 156 - 253 882 156 Margin 1 291 065 135 19 883 422 915 1 279 124 135 19 901 731 571Other special Instruments870 799 794705 051 794- 29 748 635841 051 159705 051 794 Grand Total 166 189 197 116 148 492 491 538 - 100 068 635 - 55 580 514 166 089 128 481 148 436 911 024

**Load-Date:** July 3, 2019

**End of Document**



[***Council of the European Union: Report from the Commission to the European Parliament, the Council and the Court of Auditors: "Annual report to the Discharge Authority on internal audits carried out in 2018" PDF document ST 10732 2019 INIT26-06-2019***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WG2-PKN1-JDG9-Y402-00000-00&context=1516831)

Impact News Service

June 27, 2019 Thursday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 48829 words

**Body**

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

10732/19 ADD 1 RG/abECOMP.2.A ENCouncil of theEuropean UnionBrussels, 26 June 2019(OR. en)10732/19ADD 1FIN 445COVER NOTEFrom: Secretary-General of the European Commission,signed by Mr Jordi AYET PUIGARNAU, Directordate of receipt: 25 June 2019To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council ofthe European UnionNo. Cion doc.: SWD(2019) 300 finalSubject: Commission Staff Working Document: 'Internal audit engagementsfinalised by the Internal Audit Service in 2018 Accompanying the documentReport from the Commission to the European Parliament, the Council andthe Court of Auditors Annual report to the Discharge Authority on internalaudits carried out in 2018'Delegations will find attached document SWD(2019) 300 final.Encl.: SWD(2019) 300 finalEN ENEUROPEANCOMMISSIONBrussels, 25.6.2019SWD(2019) 300 finalCOMMISSION STAFF WORKING DOCUMENTInternal audit engagements finalised by the Internal Audit Service in 2018Accompanying the documentReport from the Commission to the European Parliament, the Council and the Court ofAuditorsAnnual report to the Discharge Authority on internal audits carried out in 2018{COM(2019) 350 final}舶糾1Table of contentsCONTENT OF THIS STAFF WORKING DOCUMENT ........................................................................... 4Section 1 Final reports ............................................................................................................................. 5HORIZONTAL AUDITS .............................................................................................................................. 5Audit on LIFE financial instruments: effectiveness and efficiency of the current framework inDGs CLIMA and ENV ................................................................................................................ 5Limited review on the reporting on the corrective capacity in DGs AGRI, BUDG, DEVCO,EMPL, REGIO, RTD and EASME ............................................................................................. 6Audit on EC-EEAS coordination in DGs DEVCO and NEAR and FPI ...................................... 7Audit on business ***continuity*** in DG COMM (DGs COMM and DIGIT) ...................................... 9Audit on ‘synergies and efficiencies review’ in DGs BUDG, COMM, DIGIT, HR, JRC, OIB,SCIC and SG ........................................................................................................................... 10Audit on dissemination and exploitation of Horizon 2020 results in DGs CNECT, RTD and CSC, REA and ERCEA .......................................................................................................... 14Consolidated report on Horizon 2020 project management and ex ante control audits in DGs RTD, DG CNECT, REA, ERCEA, INEA and EASME ............................................................. 15Audit on Connecting Europe Facility telecom governance in DGs CNECT, DGT, DIGIT,EMPL, GROW, JUST and SANTE .......................................................................................... 16Audit on the effectiveness and efficiency of the new Early Detection and Exclusion System in protecting the EU financial interests in DGs BUDG, DEVCO, REGIO and RTD .................... 17Audit on Intellectual Property Rights supporting activities in DGs COMM, DIGIT, GROW, JRCand OP .................................................................................................................................... 19AGRICULTURE, NATURAL RESOURCES AND HEALTH ................................................................................ 21Limited review of the adjustment of the reported error rate by DG AGRI and the calculation of the amounts at risk at payment ............................................................................................... 21Audit on the implementation of payments and corrections in DG AGRI (shared management)22Audit on the management of Instrument of Pre-Accession for Rural Development II in DG AGRI ........................................................................................................................................ 22Audit on the evaluation process in DG AGRI .......................................................................... 22Audit on closure of the 2007-2013 European Fisheries ***Fund*** Operational Programmes in DG MARE ...................................................................................................................................... 23Audit on TRACES in DG SANTE ............................................................................................ 23Audit on monitoring and enforcement of EU health law in DG SANTE................................... 25COHESION ........................................................................................................................................... 26Audit on the evaluation process in DG EMPL and DG REGIO ............................................... 26Review of the annual assurance packages by DGs EMPL, MARE and REGIO .................... 26RESEARCH, ENERGY AND TRANSPORT ................................................................................................... 29Audit on ex ante controls on Horizon 2020 grant payments in DG CNECT ........................... 29Audit on legacy programmes in DG ENER - management of final payments and closure ..... 29Audit on H2020 grant management (phase II) in ERCEA ....................................................... 30Audit on grants management phase II: project management and payments for H2020 in INEA30Audit on nuclear decommissioning and waste management programme implementation inJRC .......................................................................................................................................... 30Audit on HR management - recruitment of temporary scientific staff in Joint Research Centre31Audit on REA’s preparedness to deliver SEDIA-related services ........................................... 32Audit on H2020 grant management (phase II - project monitoring and ex ante controls) inREA ......................................................................................................................................... 33Audit on ex ante controls on H2020 grant payments in DG RTD ........................................... 33EXTERNAL ACTION ............................................................................................................................... 35Audit on the Partnership Instrument in FPI ............................................................................. 35Audit on the Neighbourhood Investment Facility and the Western Balkans InvestmentFramework in DG NEAR ......................................................................................................... 35Audit on grant and procurement award process under European Neighbourhood Instrumentdirect management in DG NEAR ............................................................................................ 372Audit on the assurance building process in headquarters in DG DEVCO .............................. 38EDUCATION AND CITIZENSHIP ................................................................................................................ 40Audit on DG EAC’s ex post financial audits, independent audit bodies’ opinions and controls on grant proposal evaluation for Erasmus+ actions implemented by national agencies ........ 40Audit on Erasmus+ and Creative Europe grant management Phase II (from project monitoring to payment) in EACEA ............................................................................................................ 40Audit on monitoring the implementation and performance of 2014-2020 national programmes by DG HOME ........................................................................................................................... 42Audit on risk management in DG HOME ................................................................................ 43Audit on risk management in DG JUST .................................................................................. 44Audit on procurement in DG JUST .......................................................................................... 45ECONOMIC AND FINANCIAL AFFAIRS....................................................................................................... 47Consulting engagement on document management in DG ECFIN ........................................ 47Audit on effectiveness and efficiency of DG FISMA’s performance management system ..... 47Audit on the adequacy of DG GROW’s preparation and supervision of the parts of theCOSME work programmes delegated to EASME ................................................................... 47Audit on supervision of project management and payment for Galileo in DG GROW ........... 48Audit on the supervision of the implementation of the Copernicus Programme in DG GROW -Phase II: management of the cooperation and coordination between the differentimplementing entities ............................................................................................................... 48Audit on DG TAXUD’s preparation of legislative initiatives ..................................................... 48Audit on financial management of procurement contracts and grants in DG TRADE ........... 49GENERAL SERVICES ............................................................................................................................. 50Audit on financial management of grants in DG ESTAT ......................................................... 50Audit on effectiveness of DG ESTAT’s cooperation with external stakeholders ..................... 50Consulting engagement on accounting for JSIS direct billing in PMO .................................... 51Audit on control strategy for the Joint Sickness and Insurance Scheme, including accidents insurance (design and implementation) in PMO ..................................................................... 51INFORMATION TECHNOLOGY AUDITS ...................................................................................................... 54Audit on information technology project management in DG REGIO ..................................... 54Audit on information technology governance at DG DEVCO .................................................. 54Audit on IT security management for Common Support Centre H2020 grant lifecycle systems in DG RTD ............................................................................................................................... 56Section 2 Follow-up engagements (summarised) ................................................................................ 57Follow-up audit on the management of grants under the 2014-2020 consumer and healthprogrammes in CHAFEA ......................................................................................................... 57Follow-up audit on CHAFEA’s management and control system for the implementation of the measures for the promotion of ***agricultural*** products ............................................................... 57Follow-up audit on staff allocation and process management in response to staff reduction inDG ENV ................................................................................................................................... 58Follow-up audit on early implementation of European Structural and Investment ***Funds*** control strategy 2014-2020 in DG MARE ............................................................................................ 58Follow-up audit on amendments of 2014-2020 operational programmes in DGs REGIO,EMPL and MARE - DG EMPL ................................................................................................. 58Follow-up audit on early implementation of European Structural and Investment ***Funds*** control strategy 2014-2020 in DG EMPL ............................................................................................ 59Follow-up audit on amendments of 2014-2020 operational programmes in DGs REGIO,EMPL and MARE - DG REGIO ............................................................................................... 59Follow-up audit on early implementation of European Structural and Investment ***Funds*** control strategy 2014-2020 in DG REGIO........................................................................................... 59Follow-up audit on major projects in DG REGIO .................................................................... 59Follow-up audit on the supervision of ITER in DG ENER ....................................................... 60Follow-up audit on the supervision of ITER in DG ENER ....................................................... 60Follow-up audit on competitive activities in Joint Research Centre ........................................ 60Follow-up audit on the implementation of the FP7 ex post audit strategy by the CommonAudit Service in DG RTD ......................................................................................................... 60Follow-up audit on the H2020 project management in DG RTD ............................................. 61Follow-up audit on the design and set-up of the internal control systems for Horizon 2020 inDG RTD ................................................................................................................................... 62Follow-up audit on DG DEVCO payment deadlines ............................................................... 62Follow-up audit on the management of the African Peace Facility in DG DEVCO ................. 63Follow-up audit on the performance management system in DG DEVCO ............................. 633Follow-up audit on procurement under Instrument for Pre-Accession (direct management andindirect management with beneficiary countries) – Phase I – in DG NEAR ........................... 63Follow-up audit on procurement under Instrument for Pre-Accession (direct management andindirect management with beneficiary countries) – Phase II – in DG NEAR .......................... 63Follow-up audit on past Internal Audit Service audits in DG HOME ....................................... 64Follow-up audit on enforcement of the EU antitrust policy in DG COMP: cooperation with EUnational competition authorities and national courts ............................................................... 65Follow-up audit on enforcement of the EU antitrust policy in DG COMP: cooperation with EUnational competition authorities and national courts ............................................................... 65Follow-up audit on past Internal Audit Service audits in DG EAC: performance managementsystems in DG EAC, including the contributions of executive Agencies and national Agencies to the achievement of policy objectives ................................................................................... 66Follow-up audit on Erasmus+ and Creative Europe – grant management phase I (from thecall to the signature of contracts) in EACEA ........................................................................... 66Follow-up audit on Erasmus+ and Creative Europe – grant management phase I (from thecall to the signature of contracts) in EACEA () ........................................................................ 66Follow-up audit on past Internal Audit Service audits in DG ECFIN ....................................... 66Follow-up audit on the setting of objectives and measurement of performances in DG GROW67Follow-up audit on the performance of DG GROW’s supervision of ESA’s implementation ofGalileo ..................................................................................................................................... 67Follow-up audit on ethics in DG TRADE ................................................................................. 67Follow-up audit on performance of Anti-Fraud activities in the own resource and taxationareas in DG BUDG .................................................................................................................. 68Follow-up audit on performance of Anti-Fraud activities in the own resource and taxationareas in DG BUDG .................................................................................................................. 68Follow-up audit on the procurement process in DG DIGIT ..................................................... 68Follow-up audit on performance of EUROSTAT’s support to the Europe 2020 strategy andthe new Commission priorities ................................................................................................ 68Follow-up audit on former IAC and Internal Audit Service audits in OIB ................................ 68Follow-up audit on the procurement process in OIL ............................................................... 68Follow-up audit on the governance, planning, monitoring and implementation of the budgetline of the OLAF Supervisory Committee ................................................................................ 68Follow-up audit on the governance, planning, monitoring and implementation of the budgetline of the OLAF Supervisory Committee ................................................................................ 69Follow-up audit on performance and coordination of Anti-Fraud activities in the Traditional Own Resources areas in OLAF ............................................................................................... 69Follow-up audit on performance and coordination of Anti-Fraud activities in the Traditional Own Resources area in OLAF ................................................................................................ 69Follow-up audit on former IAC audits in PMO ......................................................................... 70Follow-up audit on business ***continuity*** in DG COMM ............................................................. 70Follow-up audit on security of IT applications supporting nuclear accountancy and inspection processes in DG ENER ........................................................................................................... 70Follow-up audit on security of IT applications supporting nuclear accountancy and inspection processes in DG ENER ........................................................................................................... 71Follow-up audit on management of local IT in DG ESTAT ..................................................... 71Follow-up audit on IT governance and portfolio management in DG GROW ......................... 71Follow-up audit on the former IAC audit on the performance of the Anti-Fraud information system (AFIS) in OLAF ........................................................................................................... 71Follow-up audit on IT logical security controls in OLAF .......................................................... 71Follow-up audit on business ***continuity*** management in Publications Office of the European Union ....................................................................................................................................... 72Follow-up audit on business ***continuity*** management in Publications Office of the European Union ....................................................................................................................................... 72Follow-up audit on HR IT corporate application – NAP in PMO ............................................. 72Follow-up audit on supervision of outsourced IT operations in DG TAXUD ........................... 73List of follow-up audits performed in 2018 for which all recommendations have been closed afterthe follow-up ............................................................................................................................ 74。v o ィ‘（ノーイー 〔Z 〔ノ】〔ノ】っJ d・〔ノ！】 〔ノ‘にJ (b 7・8 O) 0ィ‘ つ‘ っ〕d・ にJ(b一 8 O〕 0 ィ‘(／』マ〕 d！ にJ(b一 〔ノー 〔ノー 〔Z〔ノー 〔ノー っJっJ っJ っJっJ っJっJっJ (‘〕 （‘〕 d・ d・d・d・ d・ d!d・d・48. 49.(U ィIっ」にJ にJ!hJ4CONTENT OF THIS STAFF WORKING DOCUMENTSection 1 of this document contains a summary of the internal audit engagements performed as part of the 2018 Internal Audit Service audit plan (reports issued in the ***period*** 1 February 2018 to 31 January 2019) and the principal recommendations (critical and very important recommendations (1).The information contained in this document reflects the state of play when the audit engagements were finalised. Each audit followed the applicable standard professional validation and contradictory procedures between auditor and auditee at the time of the finalisation of the engagement. The enclosed summary of each engagement aims to provide a quick understanding of the audits and their main results and additional, up-to-date information is provided in specific sections by the auditees on the measures defined and/or already implemented after the finalisation of the internal audit engagements.Section 2 of this document contains a summary of the results of the Internal Audit Service follow-up engagements performed in the ***period*** from 1 February 2018 to 31 January 2019 (2).Section 3 provides a summarised overview of the 18 long overdue very important recommendations as at 31 January 2019.1 Important recommendations are not reproduced in this staff working document.2 The summary reflects the assessment of the Internal Audit Service on the status of implementation of the audit recommendations at the end of the follow-up assignment. It does not take into account any further actions that may have been undertaken by the auditee and reported to the Internal Audit Service since the release of the Internal Audit Service follow-up note or report, which may have an impact on the status of the recommendation.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 20185Section 1Final reportsHorizontal auditsAudit on LIFE financial instruments: effectiveness and efficiency of the current framework in DGs CLIMA and ENVThe objective of the audit was to assess the adequacy, efficiency and effectiveness of internal controls put in place by the Directorate-General for Climate Action and the Directorate-General for Environmentto monitor and supervise the implementation and performance of the two financial instruments under the LIFE 2014-2020 Programme.No reservations regarding financial instruments under the LIFE Programme 2014-2020 were made in the 2017 annual activity reports of the Directorates-General for Climate Action and for Environment. The fieldwork was finalised on 21 September 2018. All recommendations relate to the situation as of that date.The Internal Audit Service recognises the ongoing efforts made by these two directorates-general to coordinate their monitoring activities and decisions towards the European Investment Bank. Inaddition, the Internal Audit Service acknowledges the good cooperation and exchange of best practices between the two directorates-general, such as the use of internally developed excel tools formonitoring the management of the ***funds*** for both instruments.The Internal Audit Service identified one issue concerning the visibility and promotion of the EU contribution to the financial instruments and formulated the following very important recommendation:The directorates-general should verify on a regular basis that the requirements of the delegationagreements are respected in practice and raise any issues with the European Investment Bank as appropriate. They should agree, together with the European Investment Bank, on a communicationplan which builds on existing communication channels and which provides for a stronger role of the LIFE programme national contact points. This should be regularly monitored in the SteeringCommittee meetings and adjusted as necessary.Additional information provided by Directorates-General CLIMA and ENV on the measures defined and/or implemented following the Internal Audit Service auditThe Directorate-General for Climate Action provided an action plan that was assessed as satisfactory by the Internal Audit Service to mitigate the risks identified. It has developed a communication plan for the promotion and visibility, which has been discussed in the Steering Committee meeting of November and will be further debated in the next Steering Committee. A task force group has beenestablished in order to facilitate a more technical discussion with the European Investment Bank. The first meeting took place in March 2019. A new call for proposals was published on 21 December 2018,which has sparked interest in various Member States (Germany, Ireland, France, Latvia, Austria, Poland) (3).The Directorate-General for Environment has submitted an action plan for the ‘Natural Capital Financing Facility’, the Financial Instrument it manages, but both the Directorates-General for Climate Action and for Environment provide the necessary ***funding***, that the Internal Audit Service has assessed as satisfactory to mitigate the risks identified for the audited process.3 [*https://www.eib.org/attachments/documents/pf4ee\_second\_call\_request\_for\_proposals\_en.pdf*](https://www.eib.org/attachments/documents/pf4ee_second_call_request_for_proposals_en.pdf) SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 20186The audit, the action plan and its implementation were discussed and agreed with the EuropeanInvestment Bank in the Natural Capital Financing Facility Steering Committee on 12 February 2019. Visibility of the most recent operation was ensured through a signature event at the Biodiversity Conference on 23 May 2019 in Brussels and an accompanying press-release. An update of the communication plan is under preparation in view of agreement in the next Steering Committee.Limited review on the reporting on the corrective capacity in DGs AGRI, BUDG, DEVCO, EMPL, REGIO, RTD and EASMEThe objective of the limited review was to assess (i) the validity of the concept of the estimatedamounts at risk at closure, (ii) how it is being applied and reported on by operational directoratesgeneral/services in their respective annual activity reports, and, (iii) how it feeds into and is presentedin the Annual Management and Performance Report.There are no observations/reservations in the 2016 annual activity reports of the directorates-general and services reviewed that relate to the area/process reviewed. The fieldwork was finalised on1 December 2017. All recommendations relate to the situation as of that date.The Internal Audit Service identified one issue concerning the Implementation of the reporting on thecorrective capacity and formulated the following very important recommendation:The Directorate-General for Budget should modify the corporate instructions and instruct thedirectorates-general and the services to consider more carefully whether historical data is a sound basis for estimating future recoveries and corrections. Furthermore, it should require the directoratesgeneral and services to disclose the main underlying assumptions in their annual activity reports and refer to those in the Annual Management and Performance Report.The operational directorates-general should use more relevant data/information, where available,other than the historical averages to estimate future corrections or otherwise, use more recent data,which is likely to be more relevant for current programmes. Similarly, those directorates-general andservices who faced historical data encoding issues, should use more recent data to ensure that the estimations are based on the most accurate data available.Additional information provided by Directorate-General BUDG on the measures defined and/orimplemented following the Internal Audit Service auditThe Directorate-General for Budget has further clarified the 2017 and 2018 corporate instructions and guidance for estimating the future corrective capacity in the annual activity reports.The estimated future corrections are to be based, to some extent, on the actual historical average recoveries and corrections, but these are to be adjusted or replaced in order to come to the bestconservative estimate of the future ex post corrections relevant for the current programmes.The directorates-general duly disclose their main underlying assumptions of their estimate in their annual activity report. Those approaches are summarised in the Annual Management and Performance Report.The recommendation regarding adapting the methodology for estimating corrective capacity of theDirectorate-General for ***Agriculture*** and Rural Development, and disclosure thereof has been adequately and effectively implemented. In line with the agreed action plan, in its 2017 annual activity report, the Directorate-General for ***Agriculture*** and Rural Development based its estimated futurerecoveries, corrections and amount at risk on the historic average of the executed recovery orders and financial corrections over the ***period*** 2013-2017 and adapted it by excluding factors from the pastyears which are no longer relevant for the current common ***agricultural*** policy measures.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 20187One part of an important recommendation concerning ‘presentational issues in the annual activity report’ (for example to explain the main underlying assumptions having an impact on the estimatedamounts at risk) was addressed to the Directorate-General for Employment, Social Affairs and Inclusion. These issues were implemented in the framework of the 2018 annual activity report and the Internal Audit Service subsequently closed the recommendation.Audit on EC-EEAS coordination in DGs DEVCO and NEAR and FPIThe objective of the audit was to assess the effectiveness and efficiency of coordination activities between the Commission services (specifically, the Directorate-General for International Cooperation and Development, the Directorate-General for Neighbourhood and Enlargement Negotiations and theService for Foreign Policy Instruments) and the European External Action Service (EEAS) in areas relating to management of the EU delegations as well as programming and implementing external instruments.There are no observations/reservations in the 2017 annual activity reports of the audited directoratesgeneral and services that relate to the area/process audited. The fieldwork was finalised on 10 April 2018 for the work performed in EU delegations and on 11 September 2018 for headquarters.All recommendations relate to the situation as of this date.The audit highlighted the following strengths: coordination in the management of EU delegations: The attendance and participation of all required services to the meetings of the EU delegations Committee and the comprehensive EU delegations minutes reflecting discussions held and positions expressed by all parties attending; the feedback provided by the Directorate-General for International Cooperation and Development, the Directorate-General for Neighbourhood and Enlargement Negotiations headquarters to the External Assistance Management Reports submitted by EUdelegations; the enhanced coordination on EU economic diplomacy between Commission services and the European External Action Service; multiannual programming of the external assistance instruments: the practice put in place by the European External Action Service and the Directorate-General for Neighbourhood andEnlargement Negotiations to perform joint programming missions to the respective/eligiblecountries in the context of the update (mid-term review) of the multiannual programming for the European Neighbourhood Instrument; the practice put in place in the EU delegationSenegal to establish informal quality support groups / quality reviews of programming documents with the involvement and participation of both cooperation and political sections; risk management in general, and specifically on the budget support risk-managementframework : the interaction in all sampled EU delegations (visited on the spot and analysed via desk review) of the cooperation and political section, with the latter being in charge forthe assessment of the political risks, for the annual update of the Risk Management Framework; Service for Foreign Policy Instruments and Instrument contributing to Stability and Peace(IcSP) regional teams: the efforts undertaken by the Service for Foreign Policy Instruments regional teams to ensure efficient transfer of physical project files from EU delegations as well as the efficiency, despite the limited time since their set-up, in drafting authorising officer by sub-delegation (AOSD) reports (for Foreign Policy Instruments ***funding***) and/orcontributions to authorising officer by sub-delegation reports of Heads of Delegations; coordination and/or exchange of information regarding implementation of external assistance: the set-up of the budget support implementation modality in both the Directorate-General for Neighbourhood and Enlargement Negotiations and the Directorate-General for International Cooperation and Development: the involvement of the European External Action Service as well as the interaction between the European External Action Service, theEU delegations and the Commission is fully formalised and each party has a clear mandate in the Budget Support Steering/Financial Assistance Steering (BSSC/FAST) Committees, which is considered a best practice in terms of coordination; for Egypt, a Permanent countrySWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 20188team has been put in place to identify how best to define a strategic relationship with Egypt. The Permanent Country Team is co-chaired by the Directorate-General for Neighbourhood and Enlargement Negotiations and the European External Action Service. The minutes, distribution list and agenda items are considered as a good practice.The Internal Audit Service identified one issue concerning the country-level coordination between the Commission services and formulated the following very important recommendations:The Directorate-General for International Cooperation and Development and the Directorate-General for Neighbourhood and Enlargement Negotiations should: enhance/further develop the aid implementation dashboard in order to establish a consolidated portfolio of EU ***funded*** projects; undertake a feasibility study together (cost/benefit analysis) on the extension of the aid implementation dashboard towards areas of external cooperation; seek pragmatic solutions for the inclusion of ***funding*** from line directorates-general and/or other institutions such as the European Investment Bank; make good use of the aid implementation dashboard by: making EU delegations fully aware of the existence of the dashboard, its usage and related process requirements; setting a process through which line directorates-general have to share the information on their ***funded*** projects in third countries with EU delegations and/or headquarters.Additional information provided by Directorates-General DEVCO and NEAR on the measures defined and/or implemented following the Internal Audit Service auditFollowing the audit in the Directorate-General for International Cooperation and Development, the final audit report was published on 31 January 2019 and an action plan to address the recommendations was accepted by the Internal Audit Service. To improve country-level coordination with the European External Action Service, the directorate-general has undertaken a study to identify external cooperation financial flows beyond the Heading IV of the General Budget and to assess the feasibility of integrating them in the dashboard. If the conclusion of the study is positive, necessary processes for collecting information on ***funding*** from line directorates-general and European Investment Bank will be put in place. These flows will be integrated in the aid implementation dashboard. In parallel, a communication and awareness plan will be designed and implemented to maximise awareness and use of the Aid Implementation dashboard by the staff in EU delegations by the end of 2019.The Directorate-General for Neighbourhood and Enlargement Negotiations is working together with the Directorate-General for International Cooperation and Development and the European External Action Service on the implementation of the very important recommendation related to the country level coordination and improving aid implementation dashboards. Once the feasibility study is finalised, a new version of dashboard will be developed and the Directorate-General for Neighbourhood and Enlargement Negotiations will issue a note informing EU delegations about its existence, usage and related process requirements. The Directorate-General for Neighbourhood and Enlargement Negotiations will align with the process set up by the Directorate-General for International Cooperation and Development to identify line directorates-general who need to share information on their ***funded*** projects in third countries with EU delegations and/or headquarters.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 20189Audit on business ***continuity*** in DG COMM (DGs COMM and DIGIT)The objective of the audit was to assess the adequacy of the design and the efficiency and effectiveness of the management and control systems put in place by the Directorate-General forCommunication for its business ***continuity*** management. The aim of the audit was to help identify any possible weaknesses in Directorate-General for Communication business ***continuity*** processes and to recommend improvements where needed.There are no reservations in the 2016 annual activity report of the Directorate-General forCommunication that relate to the area audited. According to this annual activity report, during 2016 the directorate-general gave particular priority to addressing former Internal Control Standard no. 10(business ***continuity***). The fieldwork was finalised on 11 December 2017. All recommendations relateto the situation as of that date.The Internal Audit Service recognises the efforts made by the Directorate-General for Communication to prepare for major disruptions and to mitigate the main inherent risks identified. In particular, the directorate-general put in place a number of key controls to improve its business ***continuity*** capability. ex post controls: as mentioned in the 2016 annual activity report, the Directorate-General forCommunication performed ex post-controls on former internal control standard no. 10(business ***continuity***) in nine Representations and three Brussels-based units; knowledge of processes: the staff in the Directorate-General for Communication responsible for critical functions are very knowledgeable and experienced in its processes; useful leaflets with business ***continuity*** information: the Directorate-General forCommunication has developed very useful information leaflets aimed at raising staffawareness of business ***continuity*** issues; training: the Directorate-General for Communication gave training on business ***continuity*** to critical staff in Representations and Headquarters; hand-over documentation: when a staff member changes post, it is mandatory for the colleague on mobility to draft hand-over documentation for the successor. The Internal Audit Service assessed two hand-over files and considered them adequate to facilitate a swifttake-over of new tasks by a new staff member.Moreover, the Internal Audit Service notes that during the course of the audit the Directorate-General for Communication reacted very promptly and constructively to the emerging issues identified and in anumber of cases began to take corrective action either before the audit was finalised or very soon after.The Internal Audit Service identified one issue concerning Business Impact Analysis and formulated the following very important recommendation:The Directorate-General for Communication should finalise its update of the Business Impact Analysis, paying particular attention to ensuring that dependencies and resources for running critical andessential functions have been taken into account. The Directorate-General for Communicationmanagement should approve the Business Impact Analysis and ensure that it is kept up-to-date. The current overall Business ***Continuity*** Plan, tactical Business ***Continuity*** Plans and the relocation plans should be reviewed and aligned as necessary with the updated Business Impact Analysis.Additional information provided by Directorate-General COMM on the measures defined and/or implemented following the Internal Audit Service auditThe very important Internal Audit Service recommendation related to business impact analysis was closed in 2018. A process for keeping the Business Impact Analysis up-to-date has been established. The Business Impact Analysis is presented for review and update to the ‘risk management group’ of the Directorate-General for Communication twice a year. In addition, updates are done on asystematic basis whenever new elements emerge, for instance, re-organisation of the directorateSWDaccompanying the Annual report to the Discharge Authority on internal audits carried out in 201810general. The Business ***Continuity*** Plan has been revised following the establishment of the Business Impact Analysis.Audit on ‘synergies and efficiencies review’ in DGs BUDG, COMM, DIGIT,HR, JRC, OIB, SCIC and SGThe main objective of the audit was to assess whether the Commission has put in place a clearframework and methodology, as well as sound processes and controls to ensure that the objectives ofthe Synergies and Efficiencies Review Communication are met and to assess the state of play of theSynergies and Efficiencies Review Communication approximately 2 years after its adoption. The firsttarget dates are set for 2019. Therefore it is key for such a wide ranging initiative, with high levels ofexpectation, to take stock of the progress made so far, confirm or otherwise that it is on track andhighlight as early as possible any areas for possible improvement/corrective action.There are no observations/reservations in the 2017 annual activity reports of the Directorates-Generalfor Budget, for Communication, for Informatics, for Human Resources and Security, the JointResearch Centre, the Office for Infrastructure and Logistics in Brussels, the Directorate-General forInterpretation and the Secretariat-General that relate to the area/process audited. The fieldwork wasfinalised in mid-June 2018. All recommendations relate to the situation as of that date. However, thesituation was continuously evolving (as presented under key developments below) and various factorsand new information have come to light since then. Where possible, these have been taken intoaccount in finalising the audit engagement (the report was issued in January 2019) and include, forexample, the impact of significant changes to the Commission corporate governance framework andthe latest meetings of key corporate bodies (4).The audit highlighted the following key developments and strengths: Coordination amongst actors and transparent reporting: under the lead of the Directorate-General for Human Resources and Security, domain leaders (DLs) meet regularly atoperational and senior management levels to discuss issues related to the implementation ofthe synergies and efficiencies review and to help coordinate the work across the differentdomains through the domain leaders working group. The Directorate-General for Human Resources and Security, with help from the Directorates-General for Budget and theSecretariat-General, included a new synergies and efficiencies review annex to three Staff Allocation decisions published in 2017 and 2018 (5). The annexes, prepared based on inputand discussions with the domain leaders presented the progress made in each domain.Additionally, significant efforts have been made to improve the way in which synergies and efficiencies review related information is reported. The Corporate Management Boardproposed to seize the College in February 2019 on the state of play of the implementation ofthe Synergies and Efficiencies Review Communication, including proposals on how tocontinue to deliver synergies and efficiencies with high quality services, minimal disruptions and taking account of the evolving context. While the Internal Audit Service considers that this process could be even further improved, it nevertheless represents a significantdevelopment in monitoring and reporting arrangements. Moreover, the recently enhancedoversight role of the Corporate Management Board as regards the implementation of thesynergies and efficiencies review suggests that it could be best placed to further oversee the continuous modernisation of the Commission’s organisation and that a number of the components of the synergies and efficiencies review initiative could provide the key building blocks for this. The Internal Audit Service also notes the efforts to improve communication between the domain leaders and the individual/client directorates-general on the serviceprovided. This is done through dedicated steering boards per project/domain (6) and networks (7) created and other tools adapted to each domain leader.4 In particular the Group of Resource Directors meeting on 16 October 2018 and the Corporate Management Board meetings on 27 November 2018 and 18 December 2018.5 SEC(2017) 230 Annex 3, SEC(2017)528 Annex 2 and SEC(2018)520 Annex 2.6 For example DGx Steering Group for Human Resource Modernisation, Corporate Communication Steering Committee, Steering Board on Conference and Meeting Room Management, eGrants and eProcurement Steering Board.7 Such as the Business Correspondent network, the Communication network and the Conference Correspondent network.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201811 Specific domain leaders developments: the Internal Audit Service acknowledged the progress made and achievements in each domain as regards the main actions listed in the Synergies and Efficiencies Review Communication (8). The Internal Audit Service noted during the audit that domain leaders and central services are continuously taking measures in order to improve the processes, with lessons learnt taken on board in order to deliver, as much as possible, the objectives of the Synergies and Efficiencies Review Communication.The new human resources model has been rolled-out to all directorates-general in July 2017. This involved the transfer of around 400 human resource staff from directorates-general to Account Management Centres and the creation of a new Account Management Centres directorate in the Directorate-General for Human Resources and Security.The three information and communications technology projects selected in the Internal Audit Service audit are at different levels of maturity. In order to optimise the synergies between eGrants and eProcurement project, a new governance structure has been created in May 2017 (9), involving a change in eProcurement’s system architecture and business owner (10). As regards the local data centre centralisation (LDCC), as at July 2018, the Internal Audit Service notes that four directorates-general have been centralised (11).The Corporate Communication Steering Committee was established on 4 April 2016 and the Communication Network, merging the work of the former External and Internal Communication Networks was created in July 2016. A Corporate Communication Contracts Team, has been set up early 2018 in the Directorate-General for Communication. The right of consent mechanism (whereby directorates-general should seek consent of the Directorate-General for Communication for external communication actions with a budget of EUR 1 million and above) was approved by the Corporate Communication Steering Committee in July 2016. By the end of 2018, 27 framework contracts were expected to be phased-out. The Commission's new external websites were launched in 2016 and are being gradually built up and custom information technology development has been further de-incentivised.The new logistics delivery model was rolled-out to all directorates-general in April 2017. 18 proximity teams, managed by the Office for Infrastructure and Logistics in Brussels and delivering logistics services to all Commission buildings (except for the Berlaymont building) were created in April 2017.The Directorate-General for Interpretation launched the steering board on events and meeting room management in September 2016. In 2017, the Directorate-General for Interpretation signed an inter-institutional framework contract on purchase, rent and maintenance of audio-visual equipment and services. In 2018 it finalised, with the cooperation of the Office for Infrastructure and Logistics in Brussels, the inventory of all meetings rooms in the Commission and presented its roll-out model for meeting room management to the Corporate Management Board in November 2018.Regarding conference organisation, the Directorate-General for Interpretation set up an event register at Commission level in January 2017 and launched the Conference Correspondents network, which acts as a forum for information, discussion and dissemination of best practice for the professionalization of the community. The call for tendering a framework contract on Event Management Services was published in December 2018 (its signature is expected for 2019).8 Paragraph 3 'Actions to boost efficiency and effectiveness of support communities' of the Synergies and Efficiencies Review Communication.9 eGrants and eProcurement Steering Board.10 On 3 March 2017, the board endorsed the proposal of the Directorate-General for Informatics to entrust Joint Research Centre as Business Owner of the project instead of the Publications Office of the European Union (Corporate Management Board minutes).11 Out of which two had been already centralised before the synergies and efficiencies review. 15 other directorates-general (out of 35) have started the process. According to the current planning, all directorates-general should have started migrating their local data centers to the corporate data centers by 2020.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201812The Internal Audit Service identified two issues on improving monitoring arrangements and reliability of savings estimates and on embedding the Synergies and Efficiencies Review culture Commission-wide and issued the following two very important recommendations:Improving monitoring arrangements and reliability of savings estimatesAt the corporate level, the central services should define clear criteria for determining ‘savings’ and monitor closely the progress made towards achieving the target. Any significant change to the target should be presented quickly to the Corporate Management Board. Reported savings should be accompanied by the baseline figures and the date at which these were established. In addition, for certain domains for which the expected savings are highest, notably human resources and information and communications technology, the responsible domain leaders need respectively to demonstrate more clearly how those savings will be made to fill the gap between originally estimated targets in the synergies and efficiencies review and current revised ones.Monitoring mechanisms should be put in place to ensure that the ‘saved’ resources are actually saved in practice, as resources which are declared as saved, but simply used in the same role outside the control of the domain leader concerned, are not really saved at all. The mechanisms for collecting posts and using research/operational budget lines should be clarified. Domain leaders should be invited to provide information on other (quantifiable) savings or (qualitative) benefits expected to be made when implementing the projects.Embedding the Synergies and Efficiencies Review culture Commission-widea) Improving communicationThe Directorate-General for Human Resources and Security, with the support of the domain leaders, should develop a communication campaign to explain the synergies and efficiencies review objectives, the domain leadership culture and potential added-value for the Commission as a whole. The Directorates-General for Human Resources and Security and for Budget should communicate the link between the resources directorates-general contribute as part of the synergies and efficiencies review and the resources they receive for their own priorities. Furthermore, they should communicate the incentives that new/alternative ways of working can bring over and above the formal staff allocation process. Domain leaders should continue the feedback exercise, which can feed into the appraisal exercise.b) Providing assurances on quality of service/client satisfactionThe domain leaders should set up appropriate quality mechanisms to demonstrate the level of quality of their services to the client directorates-general (which should include publication of service catalogues, agreeing on the minimum service levels, effective monitoring based on SMART key performance indicators, feedback and provision for corrective/remedial actions) and take remedial actions when necessary.Additional information provided by Directorates-General BUDG, COMM, DIGIT, HR, JRC OIB SCIC and SG on the measures defined and/or implemented following the Internal Audit Service auditBuilding on the audit and on request of the Corporate Management Board, the Directorate-General for Human Resources and Security and the Secretariat-General – with contributions from all other Domain Leaders and the Directorate-General for Budget – drafted a new Communication on ‘Synergies and Efficiencies initiative: stocktaking and way forward’, which was adopted on 26 March 2019. The Communication takes stock of what has been achieved so far in the synergies and efficiencies initiative, assesses the challenges encountered and proposes a way forward to further modernise the Commission’s organisational performance. In April 2019, the Internal Audit Service considered that the action plan implementing the three audit recommendations – coordinated by the Directorate-General for Human Resources and Security, with contributions from the Secretariat-General, the Directorate-General for Budget and the other Domain Leaders, was satisfactory to mitigate the identified risks.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201813The Directorate-General for Human Resources and Security is coordinating, in close cooperation with the Secretariat-General and the Directorate-General for Budget, the implementation of the actions defined in the above mentioned Communication and action plan. A number of actions have already been implemented. The phased savings and investments per domain, per directorate-general and per year, following consultations with the directorates-general, have been agreed by the Corporate Management Board. Arrangements are being put in place – in close cooperation with the other concerned services – for objectives, key performance indicators and savings implementation. A user-centric communication campaign around all modernisation measures flowing from synergies and efficiencies is now in development.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201814The Secretariat-General is working with the Directorates-General for Human Resources and Security and with the Directorate-General for Budget to define the mechanism for and scope of the annual monitoring and reporting to the Corporate Management Board and the Group of Resource Directors on overall project progress.The Directorate-General for Communication is involved in the use of the new ATLAS tool to help services across the Commission identify jobs or activities that belong to the external communication domain. Further, the Directorate-General for Communication is also working on internal communication aspects of the initiative, both as contributor to the central campaign led by the Directorate-General for Human Resources and Security and within the communication domain itself, with the development of a new information portal to present its corporate services (ongoing).The Directorate-General for Informatics provided inputs for the action plan, mostly as a contributor under the lead of the Directorate-General for Human Resources and security, or for a few points as a leader for the information technology domain. Some actions, included in the Synergies and Efficiencies Review Communication and falling in the remit of the Directorate-General for Informatics, are already advanced (local date centre consolidation, e-procurement, building blocks), reducing the risks accordingly.Although the audit on ‘synergies and efficiencies review’ did not address the Joint Research Centre in its findings or recommendations, it was included in this review because it manages eProcurement, which is part of the Commission’s synergies and efficiencies’ processes.In the Office for Infrastructure and Logistics in Brussels, the audit scope was limited to the centralisation of local proximity teams. The audit on 'synergies and efficiencies review' did not address the Joint Research Centre in its findings or recommendations. The Joint Research Centre was included in this review because it manages eProcurement which is part of the Commission's synergies and efficiencies' processes.In the Directorate-General for Interpretation, there is a steering board on events and meeting room management since September 2016. In 2018 it finalised, with the cooperation of the Office for Infrastructure and Logistics in Brussels, the inventory of all meetings rooms in the Commission and presented its roll-out model for meeting room management to the Corporate Management Board in November 2018. The Directorate-General for Interpretation has renovated to-date over 50 meeting rooms in the Commission. The internal web-streaming capacity to provide life transmission from important events such as the State of the Union Speech has been significantly strengthened.Regarding conference organisation in the Directorate-General for Interpretation, an event register at Commission level is available since January 2017, which gives an overview of the conferences organised by the Commission services throughout the year as well as the volume of budgets involved. The Conference Correspondents network acts as a forum for information, discussion and dissemination of best practice for the professionalisation of the community. As part of its efforts to professionalise the conference organisers’ community in the Commission, the Directorate-General for Interpretation made available a range of web-based tools on conference organisation. An online participants’ registration software was developed for the corporate use. The call for tendering a framework contract on Event Management Services was published in December 2018 (its signature is expected for 2019). The Directorate-General for Interpretation, in collaboration with the Directorate-General for Human Resources and Security and the other domain leaders will continue actively working to implement the actions under its responsibility.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201815Audit on dissemination and exploitation of Horizon 2020 results in DGs CNECT, RTD and CSC, REA and ERCEAThe objective of the audit was to assess the design of the dissemination and exploitation framework by the Common Support Centre and its effective implementation by a sample of Horizon 2020 implementing bodies (12).There are no observations/reservations in the 2017 annual activity reports of the directorates-general in the audit scope that relate to the area/process audited. The fieldwork was finalised on 7 December 2018. All recommendations relate to the situation as of that date.The audit highlighted the following strengths: the processes for the evaluation of proposals and the monitoring of the dissemination andexploitation aspects in Horizon 2020 projects are supported by common informationtechnology tools designed by the Common Support Centre; the Common Support Centre set up the dissemination and exploitation practitioner’s platform for the first dissemination and exploitation strategy (2015-2017) to collect dissemination and exploitation specific guidance and good practices and the Dissemination and Exploitation Net to coordinate and execute the revised dissemination and exploitation strategy (2018-2020) and its action plan; central reporting on the mandatory key performance indicators for dissemination andexploitation via the Horizon 2020 dashboard.The Internal Audit Service identified one issue on monitoring compliance with the dissemination andexploitation contractual obligations and reporting requirements and formulated the following very important recommendation:The Common Support Centre should: enhance and adopt the vademecum on data and results for the dissemination and exploitation activities during and after project implementation; collaborate with the Horizon 2020 implementing bodies to raise awareness amongst the project officers (POs) on their responsibility to monitor the dissemination and exploitationobligations and reporting requirements; define an approach to follow-up the exploitation activities after the end of the project andinclude measures to encourage the beneficiaries to continue reporting on peer-reviewedpublications and patents to the Commission after the end of the projects; clarify the possible actions available for breaches of dissemination and exploitation contractual obligations, including practical examples of those that could justify the use of oneof the dissuasive measures (e.g grant reduction).Additional information provided by Directorate-General of RTD on the measures defined and/or implemented following the Internal Audit Service auditThe action plan has been submitted to the Internal Audit Service. The section of the Horizon 2020 Vademecum on Dissemination and Exploitation will be updated, together with the ‘Research andInnovation family’, to reflect the recommendations of the Internal Audit Service audit report. The guidance documents will also be updated12 Directorate-General for Research and Innovation, Directorate-General for Communications Networks, Content and Technology, the Research Executive Agency and European Research Council Executive Agency.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201816to reflect the updated section of the vademecum. An approach for following up the exploitation activities after the end of the project will be defined and included in the updated vademecum andguidance documents.Dedicated communication will be conducted for the project officers, clarifying the legal consequences and possible actions concerning the breaches of ‘Dissemination and Exploitation’ contractual obligations. The communication will describe the approach for following up exploitation activities afterthe end of the project and will refer to the updated vademecum and the guidance documents.Beneficiaries are legally obliged to report on their publications and patents. The Common Implementation Centre will do targeted communication to beneficiaries for promoting the use of the continuous reporting after the end of their projects and remind them on the residual obligations of their grant agreement as described in the online Horizon 2020 manual.The services will be supported by the updated sections of the Horizon 2020 vademecum on ‘Dissemination and Exploitation’ and the open access/visibility of EU ***funding***. The obligations for open access, EU ***funding*** visibility, etc. will also be emphasised in the training and communication on ‘Dissemination and Exploitation’.Consolidated report on Horizon 2020 project management and ex ante control audits in DGs RTD, DG CNECT, REA, ERCEA, INEA and EASMEThe objective of the series of audits on Horizon 2020 project management and ex ante controls was to assess whether the Commission (i.e the Common Support Centre and the selected Horizon 2020 implementing bodies) has designed and implemented (i) an effective project management process (ensuring that projects are effectively implemented by the beneficiaries in line with the grant agreement) and (ii) effective ex ante controls on Horizon 2020 grant payments (contributing to the assurance concerning the legality, regularity and sound financial management of expenditure).The Internal Audit Service auditors identified the following good practices and strengths, some ofwhich could serve as a basis for strengthening the grant management and ex ante controls processes across the Horizon 2020 implementing bodies: Common Support Centre: the Common Support Centre has provided central informationtechnology systems to support various processes, including project monitoring, ex antecontrols and amendments for the whole research family. This facilitates the exchange of key documents (e.g deliverables, periodic reports, amendment requests) between the Commission and the grant beneficiaries and the tracking of deadlines, which contributes to the overall efficiency of the process; Directorate-General for Communications Networks, Content and Technology, ExecutiveAgency for Small and Medium-sized Enterprises: the responsible officers record in the common information technology system COMPASS detailed comments, justifications and additional checks related to the approval process for project amendments; Directorate-General for Communications Networks, Content and Technology, ResearchExecutive Agency: the Directorate-General for Communications Networks, Content andTechnology and the Research Executive Agency have established internal networks ofproject officers to ensure a coherent approach and overall coordination of the grant management process. In addition, the Directorate-General for Communications Networks, Content and Technology has appointed a single point of contact to actively collect goodpractices and know-how from the project officers and also to discuss with the Common Support Centre issues relating in particular to guidance and IT functionalities; Innovation and Networks Executive Agency: The Innovation and Networks Executive Agency has developed a Risk Assessment Document to support the project management process. Itis filled in for each project following the grant agreement preparation phase. It includes adescription of several risk factors (e.g the number of partners, different ***funding*** ratios used).Based on this document, the Innovation and Networks Executive Agency decides on the type and intensity of monitoring activities proportionate to the project risk level/complexity.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201817The document is updated at key milestones (e.g end of the reporting ***periods***, at handovers to other project officers). This enables the Agency to revise the initial risk level of the project and to adapt the monitoring strategy for the project accordingly.The Internal Audit Service did not formulate any critical or very important recommendations.Audit on Connecting Europe Facility telecom governance in DGs CNECT,DGT, DIGIT, EMPL, GROW, JUST and SANTEThe objective of the audit was to assess the adequacy of the design and the effectiveness of theimplementation of the Commission's Connecting Europe Facility telecom governance arrangementswithin the Commission.There are no observations/reservations in the 2017 annual activity reports of the directorates-generalin the audit scope that relate to the area/process audited. The fieldwork was finalised on20 December 2018. All recommendations relate to the situation as of that date.The audit highlighted the following strengths: with an unchanged level of resources, and in an increasingly complex context given the growing number of Digital Service Infrastructures and implementing directorates-general,Unit CNECT.D1 has satisfactorily managed the annual Work Programmes preparation process; the governance arrangements between the Directorate-General for Communications Networks, Content and Technology and the Innovation and Networks Executive Agency,mandated with the implementation of Connecting Europe Facility telecom grants, are well established. The current written agreements between both provide a sound framework for the supervision of the Innovation and Networks Executive Agency by the Directorate-General for Communications Networks, Content and Technology; in 2015, the Directorate-General for Communications Networks, Content and Technology commissioned a study that provided an extensive and comprehensive analysis of the longtermsustainability of the Digital Service Infrastructures (which is an important element in the Connecting Europe Facility regulation); in 2017, the Connecting Europe Facility telecom communication strategy was harmonised at programme level, defining a communication action plan with targets and milestones.The Internal Audit Service identified one issue concerning the Connecting Europe Facility telecom performance framework and formulated the following very important recommendation:The Directorate-General for Communications Networks, Content and Technology, in cooperation with the other directorates-general implementing the Connecting Europe Facility telecom programme, should improve the current performance framework of the programme and duly monitor its progress and the results. In addition, the Directorate-General for Communications Networks, Content and Technology should exercise an oversight role and coordinate with the other Connecting Europe Facility telecom implementing directorates-general, so that each Digital Service Infrastructures has (as much as possible) SMART (13) objectives and associated RACER (14) indicators for results as well as for annual outcomes.Additional information provided by Directorate-General CNECT on the measures defined and/or implemented following the Internal Audit Service auditTo address the recommendations, the Directorate-General for Communications Networks, Content and Technology together with the Directorate-General for Justice and Consumers, the Directorate-13 SMART: specific, measurable, achievable, realistic and timely14 RACER: relevant, accepted, credible, easy and robustSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201818General for Internal Market, Industry, Entrepreneurship and SMEs, the Directorate-General for Health and Food Safety, theSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201819Directorate-General for Employment, Social Affairs and Inclusion, the Directorate-General forInformatics and the Directorate-General for Translation, envisages several actions including for example the preparation of a monitoring guidebook aimed to revise and improve the overall performance framework both at topic and programme level, the strengthening of the current internal governance arrangements by clarifying the distribution of roles and responsibilities between thedifferent actors and existing structures, and implementation of a financial monitoring tool of the budget flexibility. The Directorate-General for Communications Networks, Content and Technology plans toimplement all the actions needed for the implementation of all recommendations of the Connecting Europe Facility audit by Q4 2020.The Directorate-General for Employment, Social Affairs and Inclusion updated the mission statementand Unit Management Plan of Unit EMPL.F.5 and published it on the intranet; the job description ofthe Head of Unit EMPL.F.5 has also been updated. Finally, the Directorate-General for Employment, Social Affairs and Inclusion is in the process of defining Key Performance Indicators and related targets concerning Electronic Exchange of Social Security Information part ***funded*** by Connecting Europe Facility Telecom. The Memorandum of Understanding with the Directorate-General forCommunications Networks, Content and Technology is under finalisation.Audit on the effectiveness and efficiency of the new Early Detection and Exclusion System in protecting the EU financial interests in DGs BUDG, DEVCO, REGIO and RTDThe objective of the audit was to assess whether the Commission has designed and implemented aneffective and efficient control system for the management of the Early Detection and Exclusion System(EDES) aimed at protecting the EU budget, in line with the legal provisions.There are no observations/reservations in the 2017 annual activity report of the Directorates-Generalfor Budget, for International Cooperation and Development, for Regional and Urban Policy and forResearch and Innovation and that relate to the area/process audited. The fieldwork was finalised on10 October 2018. All recommendations relate to the situation as of that date.The audit highlighted the following strengths: using good practice from the World Bank suspension and debarment system: before designing and implementing the Early Detection and Exclusion System for the European Institutions, the Directorate-General for Budget performed an analysis of the suspension and debarment system in place at the World Bank Group. This enabled the Directorate-General for Budget to factor in the lessons learnt when setting up the Early Detection and ExclusionSystem. The system’s Panel is, to a certain extent, similar to the Office of Suspension and Debarment within the World Bank Group. Both bodies assess the evidence underpinningspecific cases and issue recommendations concerning the sanctioning of the economicoperator breaching the rules; composition of the Early Detection and Exclusion System Panel: a key component of the system is its Panel (15), which is composed of an independent Chair, a Vice-Chair, twopermanent members who are senior Commission officials, and the Authorising Officer responsible (AOR) representing the directorate-general bringing the case to the Panel. Subject to the approval of the Chair, observers may be present as well. The Commission was able to attract high-level individuals as Chair and Vice-Chair. Together with the internal standing members, this ensures that the Panel has the necessary expertise and experience to carry out its tasks effectively; integration of automatic Early Detection and Exclusion System checks into the Directorate-General for Research and Innovation IT system for grant management: the Directorate-General for Research and Innovation has integrated controls into the electronic workflow andgrant management system COMPASS/SYGMA to check whether an economic operator 15 The Panel assesses requests and issues recommendations for exclusion and financial penalty for cases referred to it by the Commission or other Institutions and bodies.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201820receiving ***funds*** from Horizon 2020 programmes is registered for early detection or exclusion in the Early Detection and Exclusion System. The Directorate-General for Research and Innovation system automatically consults the Early Detection and Exclusion System database at several stages of the grant management process and therefore helps to provide an efficient and effective control during the workflow, mitigating the risk that an economic operator that represents a threat to the EU Budget may receive financial support from EU programmes.The Internal Audit Service identified two issues concerning guidelines and awareness raising and concerning applying EDES in practice and formulated the following very important recommendations:The absence of corporate guidelines and lack of awareness at operational levelAt the corporate level, the Directorate-General for Budget should issue corporate guidelines, in addition to running training sessions, for the Early Detection and Exclusion System process to ensure a more harmonised process and to ensure that it is used as widely and frequently as possible across the Commission. These guidelines and training sessions should be regularly revised to reflect the development of the process. The guidance and awareness raising should also focus on the particularities of the Early Detection and Exclusion System process in indirect and shared management, both from the Commission’s and external stakeholders’ point of view.At the local level, operational directorates-general should continue their effort to raise awareness about the Early Detection and Exclusion System process in general, including the specific requirements that apply to indirect and shared management, and remind staff of their obligation to use it. Furthermore, directorates-general should integrate Early Detection and Exclusion System related activities (such as awareness raising and training) into their Anti-Fraud Strategy.The application of EDES in practiceThe directorates-general should consider including steps in their internal control systems to cover the Early Detection and Exclusion System registration procedure (both exclusion and early detection). The directorates-general should finalise on a timely basis the assessment of their pending European Anti-Fraud Office cases and decide on the need to launch an Early Detection and Exclusion System exclusion procedure. In turn, the Directorate-General for Budget should, in cooperation with other central services (the Legal Service, the Secretariat-General and the European Anti-Fraud Office), actively monitor that directorates-general perform an adequate follow-up of the European Anti-Fraud Office cases and, where necessary, remind directorates-general of their responsibility to take prompt action.To assess the benefit of consulting the Irregularities Management System (IMS), the Directorate-General for Budget should clarify, following consultation with concerned directorates-general, the practical design of the checks in the Irregularities Management System and how and to what extent they should be performed, bearing in mind the cost-effectiveness and efficiency of using the information contained in the Irregularities Management System.The Directorate-General for Budget, together with the European Structural and Investment ***Funds*** directorates-general, should assess the cost and benefits of opening up ARACHNE for use in direct management and of implementing an exchange of information from the Early Detection and Exclusion System to ARACHNE on the publicly listed excluded entities. Finally, the Directorate-General for Budget should analyse the access logs of the Early Detection and Exclusion System database of the Member States’ authorities and share the results with the directorates-general in shared management in order to better target awareness raising efforts.Additional information provided by Directorates-General BUDG, DEVCO, REGIO and RTD on the measures defined and/or implemented following the Internal Audit Service auditThe final audit report was published on 25 January 2019. In February 2019, the Directorate-General for Budget has agreed with the Internal Audit Service an action plan to implement the related recommendations. In particular, the Directorate-General for Budget has finalised the corporate guide based on the Early Detection and Exclusion System and updated it to the new Financial Regulation. ASWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201821Communication Plan endorsed by the Corporate Management Board in March 2019 is implemented by the Directorate-General for Budget in order to increase awareness. Moreover, the possible use of ARACHNE will be considered but is conditioned by a cost/benefit analysis, the availability of related budget appropriations, and the need toSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201822respect fundamental rights. Increasing cooperation with the European Anti-Fraud Office is under way at directors’ level and the follow-up of its reports is already addressed at the Corporate Management Board level, while particular attention is devoted to the follow-up of the Office’s financialrecommendations. Finally, the length of the Panel procedure is monitored under its new Rules ofProcedure.The Directorate-General for International Cooperation and Development services proposed an action plan to address the recommendations, which has been accepted by the Internal Audit Service. Toimprove guidelines on the Early Detection and Exclusion System, the Directorate-General forInternational Cooperation and Development Companion has updated chapter 13 on 28 May 2019 andwill include guidance on the requirements of the system in indirect management in the future manual for the Contribution Agreement by the end of 2019. The Directorate-General for International Cooperation and Development will develop an awareness raising campaign in coordination with theDirectorate-General for Budget, revise its existing training materials which provide information on theEarly Detection and Exclusion System and conduct trainings for relevant staff. The Directorate-General for International Cooperation and Development will update its Anti-Fraud Strategy on the basis of the Commission’s Anti-Fraud Strategy revision in 2019. In parallel with the strategy revision, the Directorate-General for International Cooperation and Development will update its internal procedures related to fraud and relations with the European Anti-Fraud Office. The Directorate-General for International Cooperation and Development will also review its internal control systems and include steps to cover the Early Detection and Exclusion System registration procedure (coveringboth, exclusion and early detection).The recommendation has been accepted by the Directorate-General for Regional and Urban Policy and consequently an action plan has been submitted in February 2019 to the Internal Audit Service, without prejudice to the fact that in shared management transmission of information by Member States would require sector-specific rules. The Internal Audit Service has concluded that the action plan ofthe Directorate-General for Regional and Urban Policy is deemed to be satisfactory to mitigate the risks identified.Concerning the Directorate-General for Research and Innovation, the final audit report was issued on 25 January 2019. The action plan has been prepared and takes into account all the points of the recommendations.Audit on Intellectual Property Rights supporting activities in DGs COMM, DIGIT, GROW, JRC and OPThe objective of the audit was to assess the adequacy of the design and the efficiency andeffectiveness of the governance, risk management and control processes put in place by theCommission to manage intellectual property rights (IPR).There are no observations/reservations in the 2017 annual activity reports of the audited directoratesgeneralthat relate to the area/process audited. The fieldwork was finalised in November 2018. Allrecommendations relate to the situation as of that date.The audit highlighted the following strengths: the Central IP Service of the Commission (created in Joint Research Centre) is staffed with acompetent team composed of specialists in the field of Intellectual Property Rights; the enhanced coordination between certain IP-intensive directorates-general (such as theDirectorate-General for Communication and the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs) with the Central IP Service; the creation of an informative and updated webpage on the intranet site of the Commission (My Intracomm) where staff members of the Commission can obtain relevant information related to IP management;SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201823 the Central IP Service offers numerous Intellectual Property Rights related training courses, which are open to all staff of the Commission. The courses are provided by specialised personnel and focus on specific issues such as procurement or social media.The Internal Audit Service identified two issues concerning corporate IPR management at the Commission and the corporate software policy and formulated the following very important recommendations:Corporate IPR management at the CommissionJoint Research Centre should: a) finalise the development of the dynamic IP inventory (to ensure that all the Commission directorates-general are able to continuously identify, classify and monitor Intellectual Property Rights protected intangible assets), b) follow-up with directorates-general and services on their obligation to identify and communicate the IP assets acquired/developed and c) develop clear guidelines to include initial assessment criteria to enable a consistent evaluation of IP assets to be made by the Central IP Service and the Intellectual Property Rights Correspondents.Moreover, the Joint Research Centre should develop corporate risk management guidance for Intellectual Property Rights protected assets and ensure its dissemination and application by the Intellectual Property Rights Correspondents of the various directorates-general/services.Finally, in the process of updating Communication SEC(2001)1397 (16), Joint Research Centre should discuss with the Secretariat-General and the Legal Service the cost-effectiveness of the existing decision making process when licensing or registering IP assets with a view to simplifying it. The IP delegation should be amended based on the outcome of this discussion.Software and IT solutionsThe Directorate-General for Informatics should update the ‘General Terms and Conditions for Information Technology Contracts’. In addition, The Directorate-General for Informatics and the Joint Research Centre should jointly develop a software policy for the Commission to regulate the dissemination of software owned by the Commission.Additional information provided by Directorates-General DIGIT and JRC on the measures defined and/or implemented following the Internal Audit Service auditOn the intellectual property rights management, the Internal Audit Service recommended to the Joint Research Centre the completion of a dynamic Intellectual Property inventory which now stands at more than 50% completion (EURECA). The existing vademecum on intellectual property rights provides a scheme for intellectual property rights management, it will be replaced by a more dynamic tool, to incorporate various aspects of intellectual property rights assets. The Internal Audit Service also requested that the Joint Research Centre seek simplification of the decision-making process when licencing out or registering the intellectual property rights assets; during 2018 the Joint Research Centre already initiated the appropriate discussions with other directorates-general in this respect. On the intellectual property rights software and information technology solutions, the Joint Research Centre together with the Directorate-General for Informatics will elaborate appropriate guidelines for establishing a Commission policy for regulating the dissemination of EU-owned software. A complete action plan has been submitted and accepted by the Audit Service.As the Directorate-General for Informatics actions are closely related, the action plan submitted to the Internal Audit Service takes full account of the actions and implementation dates foreseen by the Joint Research Centre. As the first steps of implementation being planned for mid/end 2019, related risks are thus expected to decrease accordingly.16 Octroi de Pouvoirs Délégués dans le Domaine de la Propriété Intellectuelle, SEC(2001)1397.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201824Agriculture, natural resources and health Limited review of the adjustment of the reported error rate by DG AGRI and the calculation of the amounts at risk at paymentThe objective of this limited review was to assess the adjustment made by the Directorate-General forAgriculture and Rural Development to the error rates reported by Member States, the calculation of the amounts at risk at payment and the adequacy of the directorates-general own guidance.In his 2016 annual activity report, the Director General of the Directorate-General for ***Agriculture*** andRural Development qualified his declaration of assurance on the use of resources (implementation of the Common ***Agricultural*** Policy expenditure) by formulating three reservations: (1) for expenditurerelated to Market Measures, (2) for Direct Payments and (3) for Rural Development. The fieldwork was finalised on 2 February 2018. All recommendations relate to the situation as of that date.The audit highlighted the following strengths: following previous recommendations from the Internal Audit Service (17), the Directorate-General for ***Agriculture*** and Rural Development developed methodological guidance for adjusting the error rates in line with the requirements of the central services. The Internal Audit Service also acknowledges that starting with financial year 2016, the majority (18) of the control statistics/data are exclusively transmitted by the Member States to the Directorate-General for ***Agriculture*** and Rural Development via ‘Statel/eDamis’ (19). This has improved the Directorate-General’s efficiency in analysing and treating the data; the Internal Audit Service notes that the Certification Bodies reports on year N becomeavailable only as of mid-February of year N+1 and their assessment is finalised in lateMarch, while the annual activity report has to be finalised by 25 April (20). Given these time constraints, the Internal Audit Service recognises the efforts and commitment shown by the Directorate-General for ***Agriculture*** and Rural Development staff to assess all the information available which might require adjustments to be made to the error rates; the Directorate-General for ***Agriculture*** and Rural Development has well-established planning and coordination arrangements in place to support the adjustment process. For the 2016 annual activity report exercise, directorate AGRI-H ‘Assurance and Audit’ (H.1) set out internal milestones for the different steps and deliverables, which helped to ensure the timely completion of both the error rate adjustment process and the drafting of the relevant parts of the annual activity report. The Internal Audit Service also acknowledges that the operational units were actively involved in this process and, where relevant, contributed to theassessment by providing updates on the latest state of play as regards Partnership Agreements (PAs) action plans; a good practice was noted as regards the comprehensive way Unit AGRI.H.4 ‘Assuranceand audit - Rural Development’ documented its assessment of the applied adjustments.The Internal Audit Service did not formulate any critical or very important recommendations.17 Final Report on the Limited Review of the Calculation and the Underlying Methodology of the Directorate-General for ***Agriculture*** and Rural Development Residual Error Rates for the 2012 Reporting Year of 26 March 2013.18 Since 2014, first the direct payments and then gradually most of the remaining schemes’ statistics were transmitted via ‘Statel/eDamis’. As of 2016, ‘Statel/eDamis’ is used for ABB03 - European ***Agricultural*** and Guarantee ***Fund*** – direct payments (except cross-compliance) and ABB04 – EAFRD (except ex post controls). Market measures statistics are still transmitted via ISAMM.19 Electronic channel for automated transmission of control data/statistics.20 Instructions for the 2016 annual activity reports of 21 November 2016.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201825Audit on the implementation of payments and corrections in DG AGRI(shared management)The objective of the audit was to assess whether the Directorate-General for ***Agriculture*** and Rural Development internal controls and procedures are effective in ensuring the correct execution of European ***Agricultural*** and Guarantee ***Fund*** (EAGF) payments to Member States, notably in respect of applicable regulatory ceilings and payments deadlines and the correct implementation of reductions and suspensions and financial corrections, including instalments and deferrals.The fieldwork was finalised on 24 October 2018. All recommendations relate to the situation as of that date.The Internal Audit Service recognises the Directorate-General for ***Agriculture*** and Rural Developmentefforts to design, set up and operate a comprehensive system to control and manage theimplementation of European ***Agricultural*** and Guarantee ***Fund*** payments and corrections, in particular in view of the complex legal framework governing this element of the Common ***Agricultural*** Policy. The auditors also acknowledge the efforts of the directorate-general to maintain relevant job descriptions and up-to-date back-up arrangements.The Internal Audit Service did not formulate any critical or very important recommendations.Audit on the management of Instrument of Pre-Accession for Rural Development II in DG AGRIThe objective of this audit was to assess whether the Directorate-General for ***Agriculture*** and RuralDevelopment has put in place efficient and effective governance, risk management and internal control processes for implementing the Instrument of Pre-Accession for Rural Development II budget.The aim of these controls is to ensure that financial assistance to beneficiary countries is implemented on time, in a legal and regular way and delivers on the objectives stipulated in the programmes and in the Instrument of Pre-Accession for Rural Development II legal bases.No reservations regarding the management of Pre-Accession for Rural Development II were made in the 2017 annual activity report of the Directorate-General for ***Agriculture*** and Rural Development. The fieldwork was finalised on 23 November 2018. All recommendations relate to the situation as of thatdate.The auditors found that the Directorate-General for ***Agriculture*** and Rural Development has established knowledgeable and committed teams to work on Pre-Accession for Rural Development II in both the operational unit (pre-accession assistance unit) and in the pre-accession team (assurance and financial audit unit).The Internal Audit Service did not formulate any critical or very important recommendations.Audit on the evaluation process in DG AGRIThe objective of the engagement was to assess the design and implementation of the controls put in place by the Directorate-General for ***Agriculture*** and Rural Development to ensure an effectivemanagement of the evaluation process.The Internal Audit Service noted that the controls put in place by the Directorate-General forAgriculture and Rural Development for the evaluation process were effectively designed andimplemented at the time of the audit.The Internal Audit Service did not formulate any critical or very important recommendations. Given the positive outcome of the audit, no formal audit report, as envisaged in the Mutual Expectations Paper, was issued, but the results of the audit were communicated to the auditee in a closing note.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201826Audit on closure of the 2007-2013 European Fisheries ***Fund*** Operational Programmes in DG MAREThe objective of the audit was to assess the design and implementation of the controls put in place by the Directorate-General for Maritime Affairs and Fisheries to ensure the effective closure of the 2007-2013 European Fisheries ***Fund*** Operational Programmes.The Internal Audit Service noted that the Directorate-General for Maritime Affairs and Fisheries’ strategy for the closure of the 2007-2013 European Fisheries ***Fund*** Operational Programmes was effectively designed and implemented.The Internal Audit Service did not formulate any critical or very important recommendations. Given the positive outcome of the audit, no formal audit report, as envisaged in the Mutual Expectations Paper,was issued but the results of the audit were communicated to the auditee in a closing note.Audit on TRACES in DG SANTEThe objective of the audit was to assess whether the TRAde Control and Expert System (TRACES) is adequately managed to provide and maintain over time, a reliable and efficient service supporting official controls and trade operations.There were no observations/reservations in the 2017 annual activity report of the Directorate-General for Health and Food Safety that relate to the area audited. The fieldwork was finalised at the beginning of January 2018. All recommendations relate to the situation as of that date.The auditors recognise the ongoing efforts made by the Directorate-General for Health and Food Safety to provide through TRACES a reliable and efficient service to support official controls and tradeoperations. In particular, the audit highlighted the following strengths: the information technology activities in the Directorate-General for Health and Food Safety are supported by a quality assurance and security team staffed by experts in the field, responsible for security assurance and performance test activities of new versions ofsoftware, risk assessments and security plans of IT systems. The team was reinforced with a team leader in September 2017; the Directorate-General for Health and Food Safety has launched the digitisation of the certificates workflow in the border clearance process for TRACES. The objective is for thedigital document to become the original document and for there to be full paperless workflow. This Directorate-General has started pilot projects with non-EU countries for the use of an electronic signature in TRACES; the development team for TRACES projects works under Agile@EC, a set of projectmethods for incremental and iterative software development, adapted for business environments with changing priorities. For each development iteration since March 2016,Directorate-General for Health and Food Safety has produced a progress report before andafter each software integration. It also formalised an iteration plan in March 2017, whichdescribes how to plan, manage and execute TRACES iterative developments; the team of Directorate-General for Health and Food Safety working on TRACES comprises competent and committed colleagues with experience of managing situations of extreme pressure and which require extensive coordination with other stakeholders.The Internal Audit Service identified two issues concerning IT governance and TRACES security and formulated the following very important recommendations:IT governanceTo strengthen the information-technology governance structure, the Directorate-General for Health and Food Safety should:SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201827 for each area of responsibility of the Directorate-General for Health and Food Safety - the ‘Health’ and the ‘Food safety’ pillars - organise regular meetings chaired by the respective competent Deputy Director-General or the Director-General on the definition, execution and prioritisation of information-technology activities; set up an ‘information system steering committee (TRACES steering committee)’ chaired by the Directorate-General for Health and Food Safety and involving all directorates-general using TRACES, as well as ‘information-technology project steering committees’ for each of the various TRACES projects per business domain; update and align the working arrangements with the participating directorates-general in TRACES and, in conjunction with these directorates-general, consider developing a model for TRACES cost sharing together with the participating directorates-general, the Directorate-General for Health and Food Safety should ensure that GovIS2 accurately reflects the ownership, modules, operations, projects and budget related to TRACES.TRACES securityIn order to strengthen TRACES security, the Directorate-General for Health and Food Safety should: perform an information security risk assessment and, in the event of high security risks, implement cost-effective mitigating measures; assess the feasibility of secure hosting for TRACES; improve controls related to the confidentiality and integrity of the information, such as access control and authentication, data masking and manual changes in the production environment; finalise and implement those procedures required to conform with the Commission’s security standards, notably in relation to the information-technology security plan, to the development of a policy for logging and monitoring for TRACES based on business needs, as well as to vulnerability assessment and performance testing; ensure that the Local Information Security Officer reports periodically on information-technology security matters to the Directorate-General for Health and Food Safety’s senior management and that he is involved on TRACES information-technology security-related advisory and monitoring activities.Additional information provided by Directorate-General SANTE on the measures defined and/or implemented following the Internal Audit Service auditThe Directorate-General for Health and Food Safety accepted all recommendations and produced an action plan. Several actions are already on-going with deadlines in late 2019 or 2020 (21).Concerning recommendation 1 on information technology governance, the Directorate-General for Health and Food Safety started implementing this recommendation on TRAde Control and Expert System governance; work is on-going as regards TRAde Control and Expert System steering committee and project steering committees. In addition, as regards food and feed safety, the Directorate-General for Health and Food Safety has set up a Working Group with the Member States to work on an implementing act on the functioning of the information management system for official controls (22); this Working Group is actually the primary governance body for the certification implementation in TRAde Control and Expert System. With regard to information technology governance in general, the Directorate-General for Health and Food Safety’s policy pillar meetings, chaired by the Director-General, started to include more general and specific steer on information technology matters.21 Full implementation of the action plan of the Directorate-General for Health and Food Safety depends on the application of the new control regulation (Regulation (EU) 2017/625) on 14 December 2019. By this date the use of TRACES will be officially covered by an active legal base and its usage will be mandatory for the business process supported by the Directorate-General for Health and Food Safety.22 IMSOC: information management system for official controls; Article 134 of Regulation (EU) 2017/625 on official controlsSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201828The Directorate-General for Health and Food Safety has taken actions without delay also onrecommendation 2 on information technology security: the weaknesses identified by the Internal AuditService are addressed mainly by developing an ‘Access Control and Authentication ManagementPlan’ and a ‘logging and monitoring policy document’; it is also reinforcing its code review procedure and seeing to the full implementation of the existing information technology security plan. The procedure of vulnerability assessment and performance testing, as applied since a few years, was formalised in late 2018.Audit on monitoring and enforcement of EU health law in DG SANTEThe objective of the audit was to assess whether the Directorate-General for Health and Food Safety has put in place internal control systems that ensure the effective and efficient monitoring and enforcement of EU health law.There are no reservations in the 2017 annual activity report of this Directorate-General that relate to the area/process audited. The fieldwork was finalised on 2 October 2018. All recommendations relate to the situation as of that date.The auditors recognise the ongoing efforts made by this Directorate-General regarding theenforcement of EU health law and identified the following strength in particular:The Directorate-General for Health and Food Safety performs a six-monthly internal ‘coherence’ exercise. This consists of an internal review covering infringements registered in NIF (23), EU Pilot cases and complaints registered in CHAP (24). This exercise is used to prepare its six-monthly prioritisation of the cases and facilitates supervision by senior management as well as political oversight on alleged breaches of EU law.The Internal Audit Service did not formulate any critical or very important recommendations.23 NIF is the corporate EU law infringements database.24 CHAP is the corporate database for ‘Complaints Handling – Accueil des Plaignants’.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201829CohesionAudit on the evaluation process in DG EMPL and DG REGIO The objective of the audit was to assess if Directorates-General for Employment, Social Affairs and Inclusion and for Regional and Urban Policy effectively plan, design, conduct, report and follow-up on evaluations in accordance with the legal framework and Better Regulation requirements, and if they provide adequate methodological support to the evaluation activities by the Member States and makeproper use of their results.There are no observations/reservations in the 2017 annual activity reports of Directorates-General forEmployment, Social Affairs and Inclusion and for Regional and Urban Policy that relate to thearea/process audited. The fieldwork was finalised on 4 July 2018. All recommendations relate to the situation as of that date.The auditors recognised the ongoing efforts made by the Directorates-General for Employment, Social Affairs and Inclusion and for Regional and Urban Policy to continuously improve the evaluation process and strengthen the evaluation capacity in the Member States. More specifically, the audit highlighted the following strengths: the directorates-general provide regular methodological guidance and support to the Member States on monitoring and evaluation; in order to strengthen capacity building in the Member States, the directorates-general jointly set-up an Evaluation Helpdesk, which provides methodological support, training and adviceto the Member States in the areas of monitoring and evaluation. In addition, it supports thedirectorates-general in summarising the findings of the evaluations carried out by the Member States, which underpin the their various reports (e.g Summary Report, Strategic Report, Annual Activity Report, Annual Management and Performance Report, and Cohesion Report). Furthermore, it supports the directorates-general in performing an indepth review of the Member States’ evaluation plans and carries out evaluation peerreviews; the directorates-general closely cooperate and coordinate their approaches regarding monitoring and evaluation systems (e.g common guidance, consultation on each other’s evaluation strategies, joint analysis of the evaluation results for the multi-***fund*** Operational Programmes, collaboration on the directorates-general ex post evaluations). the Directorate-General for Regional and Urban Policy has followed up on the ex postevaluation 2007-2013 by creating a comprehensive action plan including outstanding actions to be completed which was approved by the Board of Directors; the Joint Research Centre in collaboration with the directorates-general provides - throughits Centre for Research and Impact Evaluations (CRIE) - methodological support to the Member States in carrying out counterfactual impact evaluations; communication of ex post evaluation results (e.g dedicated communication packagecovering visual communication methods on ex post evaluation results, public consultation, evaluation conference); the directorates-general are strongly engaged with all stakeholders including beneficiaries and scientific experts.The Internal Audit Service did not formulate any critical or very important recommendations.Review of the annual assurance packages by DGs EMPL, MARE andREGIOThe objective of the audit was to assess whether the review of the annual assurance packages (APs) by Directorates-General for Employment, Social Affairs and Inclusion and, for Maritime Affairs andSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201830Fisheries and for Regional and Urban Policy is effective in supporting the declaration of assurance by the Directors-General in their annual activity reports and is performed in a timely manner.The Directorate-General for Regional and Urban Policy and the Directorate-General for Employment, Social Affairs and Inclusion and made the following reservations in their 2017 annual activity reports concerning the area/process under the scope of this audit engagement:The Directorate-General for Regional and Urban Policy: concerning deficiencies in the management and control systems for the 2014-2020 programming ***period*** (PP) in nine Member States and one European territorial cooperation programme;The Directorate-General for Employment, Social Affairs and Inclusion: concerning deficiencies in the management and control systems for the 2014-2020 programming ***period*** in six Member States.The Directorate-General for Maritime Affairs and Fisheries did not include any reservation in its 2017 annual activity report regarding the 2014-2020 programming ***period*** (PP) or the area/process audited. The fieldwork of this audit was finalised on 27 July 2018, except for the follow-up work on the compliance audit missions, which was finalised on 18 September 2018. All recommendations relate to the situation as of those dates.The Internal Audit Service acknowledges the efforts made by Directorates-General or Employment, Social Affairs and Inclusion, for Maritime Affairs and Fisheries and for Regional and Urban Policy to improve and further develop the process for the review of the assurance packages. The audit highlighted the following strengths: Reinforced accountability, control and assurance framework for the 2014-2020 programming ***period***: the 2014-2020 programming ***period*** introduces the following major changes to the accountability provisions and the management and control systems (at Member State - Commission levels) compared to the previous programming ***period***, which, from a design point of view, strengthen the accountability, control and assurance framework: a twelve-month (i.e annual) accounting ***period*** running from 1 July to 30 June; a retention of 10% from each EU interim payment to protect the EU budget from legality and regularity issues, with reimbursement/recovery of the annual balance only due following the acceptance of the accounts by the Commission; The Member States submitting to the Commission an annual assurance package containing five documents. Three of these documents are key elements for the Commission’s assurance building process: (1) certified accounts for expenditure declared to the Commission in relation to the accounting ***period***, (2) an annual control report prepared by the Audit Authority which discloses a residual error rate after the Audit Authority’s verification of the financial corrections implemented by the Member States in the certified accounts, and (3) an audit opinion prepared by the authority on the accuracy of the accounts, the effective functioning of the system and the legality and regularity of the underlying transactions; the obligatory application of net financial corrections where the Commission or the European Court of Auditors detect irregularities demonstrating serious system deficiencies, unless the Member States already identified these irregularities in the assurance documents or other national audit reports submitted to the Commission or has taken remedial corrective measures by the time of detection by EU audits. Common/consistent approach for the review of the assurance packages: as stated in a previous Internal Audit Service audit report, the directorates-general have set up several mechanisms to improve consistency, increase synergies and use their available competences and expertise in an efficient manner. These mechanisms include, amongst others, the initiative of the Directorates-General for Employment, Social Affairs and Inclusion and for or Regional and Urban Policy to share and pool audit resources and activities for the 2014-2020 programming ***period*** and increased coordination between the three directorates-general through a network of auditors (i.e ‘auditNET’). In particular, concerning the review ofSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201831the directorates-general assurance packages, the three directorates-general have jointly developed: In May 2016, a common outline of the internal processes (including template letters and checklists) for the desk review of the assurance packages for the acceptance of accounts and the examination of legality and regularity aspects; In May 2017, a common methodology (i.e Enquiry Planning Memorandum – EPM) for carrying out on the spot work on the assurance packages with two major risk based audit activities: (1) fact-finding missions and (2) compliance audits.While there are certain differences between the three directorates-general in the practical implementation of the desk review process of the assurance packages (e.g timing of the review), they are taking a consistent overall approach for both control activities (i.e desk review and on the spot audit work) that support their review of the assurance packages. Continuous support to the Audit Authorities as acknowledged by the Internal Audit Service in a previous audit report, the directorates-general have put in place mature arrangements with the Audit Authorities to help them be better prepared to exercise their reinforced role in the 2014-2020 programming ***period***. These include two main mechanisms, namely: (1) guidance documents and (2) regular meetings including at least two technical group meetings per year, bilateral annual coordination meetings with the Audit Authority of each Member States and the annual ‘Homologues’ Group meeting. In the early stages of the 2014-2020 programming ***period***, the directorates-general focussed their support to the Member States on setting up their management and control systems and the designation process, while now the focus has naturally shifted to supporting the Member States to prepare the assurance packages adequately.The Internal Audit Service did not formulate any critical or very important recommendations.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201832Research, energy and transport Audit on ex ante controls on Horizon 2020 grant payments in DG CNECTThe objective of the audit was to assess the effectiveness of the ex ante controls on Horizon 2020 grant payments in the Directorate-General for Communications Networks, Content and Technology and their contribution to the overall assurance on the legality, regularity and sound financial management of the expenditure.There are no observations/reservations in the 2017 annual activity report of the Directorate-General for Communications Networks, Content and Technology that relate to the area/process audited. The fieldwork was finalised on 18 April 2018. All recommendations relate to the situation as of that date.The Internal Audit Service acknowledges the ongoing efforts made by the Directorate-General for Communications Networks, Content and Technology to ensure the effective implementation of ex antecontrols on Horizon 2020 grant payments. In particular, the Internal Audit Service highlights the following strengths: strong control environment: the strong control environment in the Directorate-General for Communications Networks, Content and Technology, including systematic reviews of the periodic reports by independent experts, is a solid basis on which the effective implementation of ex ante controls on Horizon 2020 grant payments is based; Operational Sector and Administrative and Financial Units (OS-AFU) Network: the agenda ofthe bimonthly meetings of the network systematically includes a point on Horizon 2020, todiscuss in particular the grant payments process and to ensure that there is a coherentapproach and overall coordination of the process.The Internal Audit Service did not formulate any critical or very important recommendations.Audit on legacy programmes in DG ENER - management of final payments and closureThe objective of the audit was to assess the compliance of the Directorate-General for Energy final payment (including implementation of ex post audit results) and closure processes for legacy programmes with the relevant rules and procedures.The 2016 annual activity report of the Directorate-General for Energy included a reservation specifically on the area/process under the scope of this audit engagement. In particular, for the Seventh Framework Programme (FP7), the Directorate-General for Energy estimated a ‘residual error rate’ of 3.68%, which remains persistently above the 2% materiality threshold, and thereforemaintained a reservation in line with similar reservations expressed by the other directorates-general of the research family. The fieldwork was finalised on 18 July 2018. All recommendations relate to the situation as of that date.The Internal Audit Service recognises the ongoing efforts made by the Directorate-General for Energy in ensuring the effective and timely processing of final payments and the closure of the legacy programmes with reduced staff numbers. The audit highlighted the following strengths: the Directorate-General for Energy has an effective ex post control function for the European Energy Programme for Recovery and Trans-European Networks for Energy programmes which ensures coverage of 100% of projects and beneficiaries; the Directorate-General for Energy has a well-established system for monitoring and reporting on the financial aspects of the implementation of the legacy programmes, which covers the most important areas such as invoice ageing, de-commitments, closed andterminated projects with ‘reste à liquider’/outstanding commitments.The Internal Audit Service did not formulate any critical or very important recommendations.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201833Audit on H2020 grant management (phase II) in ERCEAThe objective of the audit was to assess the effectiveness of the internal control system in place in the European Research Council Executive Agency to ensure the legality, regularity and sound financial management of Horizon 2020 grant payments and amendments.There are no observations/reservations in the 2017 annual activity report of the European ResearchCouncil Executive Agency relating to the area/process audited. The fieldwork was finalised on 25 September 2018. All recommendations relate to the situation as of that date.The Internal Audit Service did not formulate any critical or very important recommendations.Audit on grants management phase II: project management and payments for H2020 in INEAThe objective of the audit was to assess whether the Innovation and Networks Executive Agency has put in place:a) an effective project management process to ensure that beneficiaries implement the Horizon 2020 projects that have been ***funded*** in line with the grant agreement; and b) effective ex ante controls on Horizon 2020 grant payments (including Anti-Fraud checks andcorrective mechanisms) to provide its Authorising Officer by Delegation with reasonable assurance on the sound financial management of Horizon 2020 and the legality and regularity of the underlyingtransactions.There are no observations/reservations in the 2017 annual activity report of the Innovation andNetworks Executive Agency that relate to the area/process audited. The fieldwork was finalised on 22 October 2018. All recommendations relate to the situation as of that date.The audit highlighted the following strengths: to aid the project management process, the Innovation and Networks Executive Agency hasdeveloped a risk assessment document which is filled in per project after the grantagreement preparation phase that includes a description of several risk factors (e.g the number of partners, different ***funding*** ratios used). Based on this document, the Innovationand Networks Executive Agency decides on the type and intensity of monitoring activities proportionate to the project risk level/complexity. The document is updated at the key milestones (e.g end of the reporting ***periods***, at handovers to other Project Officers). This enables the Agency to revise the initial risk level of the project and to adapt the monitoring strategy for the project accordingly; the Innovation and Networks Executive Agency has developed a detailed checklist for exante controls that includes the main aspects not covered by the information-technology tools (Compass, Sygma) but which need to be verified by the Project Manager and the Financial Officer. It includes specific checks on the Certificate of Financial Statement, costs related tosubcontracting or third parties, other direct costs, etc.The Internal Audit Service did not formulate any critical or very important recommendations.Audit on nuclear decommissioning and waste management programme implementation in JRCThe objective of the audit was to assess whether Joint Research Centre has set up adequate and effective management and control systems to implement the nuclear decommissioning and waste management programme.There are no observations/reservations in the 2017 annual activity report of Joint Research Centre that relate to the area/process audited. The fieldwork was finalised on 13 November 2018. All recommendations relate to the situation as of that date.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201834The audit highlighted the following strengths: the creation of a special Nuclear Decommissioning Department (G.III) and the centralisation of all Joint Research Centre nuclear Units in Directorate G (as part of the Joint Research Centre reorganisation in 2016); the involvement of Joint Research Centre senior management to manage long-pendingstrategic issues. Furthermore, discussions at directorate-general level and in the High Level Steering Committee helped to better cope with licensing and stakeholder management issues and to get a better insight, on the future development of the programme; the recent positive results in managing the Italian liabilities; the high level of professionalism and dedication of decommissioning staff and the demonstrated ability to cope with the short-term impact of long-term limitations on the implementation of the programme; the participation of the nuclear decommissioning Unit in the technical advisory group of the Organisation for Economic Co-operation and Development operative programme in nucleardecommissioning. This enables establishing contacts, sharing practical experiences and exchanging costs/failures that can help in managing difficulties encountered with the decommissioning and waste management programme.Concerning the public procurement process: the increasing use of direct contracts with specific deliverables rather than quoted times andmeans contracts under a framework contract; the attempt to limit using expensive intra muros contractors permanently; the training of decommissioning staff on how to use correctly framework contracts.The Internal Audit Service identified one issue concerning HR management and formulated the following very important recommendation:Joint Research Centre should adequately staff the sites where decommissioning and wastemanagement programme related activities are performed. Staff should have the relevant expertise and operational staff managing decommissioning procurement procedures and contracts should getadequate support from specialists.Additional information provided by Joint Research Centre on the measures defined and/or implemented following the Internal Audit Service auditThe Joint Research Centre is reviewing existing competences and will elaborate a Human Resources plan in the field of decommissioning and waste management, for addressing the Internal Audit Servicerecommendations. The Joint Research Centre action plan was approved by the Internal Audit Service. More specifically, the Joint Research Centre sets out mitigating measures in the short and long run. Inthe short run, a thorough analysis-assessment of scenarios for all four relevant Joint ResearchCentre’s sites is scheduled for end 2019, in the long term the appropriate timetable and strategy for the acquisition of missing staff/competences will be defined. Functions and competences of existing staff will be complemented by adequate training.Audit on HR management - recruitment of temporary scientific staff in JointResearch CentreThe objective of the audit was to assess whether the management and control system set up by Joint Research Centre for the timely identification of the competences needed to achieve the objectives of the directorate-general and the recruitment of temporary scientific staff that match those needs is adequately designed, compliant with the applicable rules and effectively implemented.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201835There are no observations/reservations in the 2017 annual activity report of Joint Research Centre that relate to the area/process audited. The fieldwork was finalised on 29 November 2018. All recommendations relate to the situation analysed as of that date.Joint Research Centre has shown the strong will to invest into the development of its staff (includingscientific staff) as a means to fulfil its future policy objectives. In its Strategy 2030, Joint ResearchCentre clearly states how recruitment, development and care of staff are central for the achievement of its strategic objectives.The Internal Audit Service identified two issues concerning the recruitment strategy and the monitoring of the recruitment process and formulated the following very important recommendations:Recruitment strategyJoint Research Centre should complete the ongoing competency mapping at individual staff member level, carry out the subsequent gap analysis and develop subsequent consolidated human-resource recruitment plans.Monitoring the recruitment processJoint Research Centre should revise the existing indicators used for monitoring recruitment by settingspecific targets for each indicator, periodically re-assessing those targets and ensuring that indicators provide meaningful information on the entire process. Joint Research Centre should also defineindicators to measure the effectiveness of its actions to attract staff. Periodical updates on the evolution of the indicators should be provided to senior management.Additional information provided by Joint Research Centre on the measures defined and/or implemented following the Internal Audit Service auditThe Joint Research Centre has adopted a tool for competency mapping after a pilot phase, and has analysed competency requirements per policy area allowing it to identify existing competences as well as recruitment needs. The staff competence mapping is ongoing and scheduled to be finalised by end 2019. An inventory of recruitment needs will be established per Directorate, covering a 2-yearly timespan as of beginning of 2020. A consolidated recruitment plan will be updated regularly as of2020. Related indicators are currently under revision and their calculation methods will be defined formeasuring the effectiveness for attracting new staff. In the meantime, the existing core indicators provide a control instrument for the overall recruitment process. The Joint Research Centre action plan was approved by the Internal Audit Service.Audit on REA’s preparedness to deliver SEDIA-related services Since the Single Electronic Data Interchange Area project is still being rolled out, the Internal Audit Service decided to assess the current state of preparedness of the Agency to effectively deliver Single Electronic Data Interchange Area-related services, in order to highlight at an early stage any weaknesses that could later jeopardise the full achievement of the project’s goals. The audit was dueto examine the establishment of the necessary operational processes for the effective and efficientdelivery of the services for which the Research Executive Agency is responsible.In the ***period*** July to September 2018, the audit team performed the preliminary survey focusing their analysis on the following main areas: project governance arrangements and the Research Executive Agency organisational structure for providing Single Electronic Data Interchange Area-related services; processes and procedures; human resources; monitoring and supervision.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201836The Internal Audit Service noted that: the project governance arrangements introduced by the Research Executive Agency for the provision of the legal validation and financial verification services under the Single Electronic Data Interchange Area framework are adequate, and the Research Executive Agency’s organisational structure supports the delivery of new services. the Agency has, together with stakeholders, put in place adequate processes and procedures for the provision of the validation services to clients. there are adequate business ***continuity*** arrangement in place. human-resource related aspects are adequately managed in terms of quantity and quality of staff necessary to deliver the services. The main challenges are well known and are being closely monitored. the Agency has designed an adequate monitoring and reporting system on the provision of Single Electronic Data Interchange Area-related services.In view of these positive observations, the Internal Audit Service decided to close the audit after the preliminary survey. No formal audit report, as envisaged in the Mutual Expectations Paper, was issued, but the results of the Internal Audit Service preliminary survey were communicated to theAgency in a closing note.Audit on H2020 grant management (phase II - project monitoring and ex ante controls) in REAThe objective of the audit was to assess whether the Research Executive Agency has put in place (1)an effective project management process (ensuring that projects are effectively implemented by thebeneficiaries in line with the grant agreement), and (2) effective ex ante controls on Horizon 2020 grant payments (contributing to the assurance concerning the legality, regularity and sound financial management of the expenditure).There are no observations/reservations in the 2017 annual activity report of the Research Executive Agency that relate to the area/process audited. The fieldwork was finalised on 24 September 2018. All recommendations relate to the situation as of that date.The Internal Audit Service acknowledges the ongoing efforts made by the Research Executive Agencyin ensuring effective project monitoring and the implementation of ex ante controls on Horizon 2020 grant payments in the context of an increasing workload. In particular, the Internal Audit Service highlights the strong control environment implemented in the Research Executive Agency, includingreviews of the periodic reports by independent experts and the internal networks of Project Officers, Financial Officers, Ethics Correspondents and Legal Officers, which is a solid basis for the effective implementation of the project management and ex ante controls on Horizon 2020 grant payments.The Internal Audit Service did not formulate any critical or very important recommendations.Audit on ex ante controls on H2020 grant payments in DG RTDThe objective of the audit was to assess the effectiveness of the ex ante controls on Horizon 2020 grant payments in the Directorate-General for Research and Innovation and their contribution to the overall assurance on the legality, regularity and sound financial management of the expenditure.There are no observations/reservations in the 2017 annual activity report of the Directorate-General for Research and Innovation that relate to the area/process audited. The annual activity reportconcludes that the overall control system including ex ante controls and ex post controls, has achieved its objective of keeping the error rate within the target range of 2 to 5%. The fieldwork was finalised on 12 June 2018. All recommendations relate to the situation as of that date.The Internal Audit Service did not formulate any critical or very important recommendations.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201837SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201838External actionAudit on the Partnership Instrument in FPIThe objective of the audit was to assess the effectiveness and efficiency of the governance, risk management and control processes put in place by the Service for Foreign Policy Instruments for the selection and implementation of the Partnership Instrument (PI) operations, including the coordination of these processes with other directorates-general/services involved and the EU delegations (EU delegations).The 2017 annual activity report of the Service for Foreign Policy Instruments included a reservationlinked to the material multi-annual error rate for the former programme Cooperation with Industrialised Countries (ICI) which ended in 2013 but whose completion budget line is in the same budget chapter/activity as the PI. The fieldwork was finalised on 10 September 2018. All recommendations relate to the situation analysed as of that date.The Internal Audit Service identified one issue concerning the Implementation of PI projects: Control environment and HQ supervision and formulated the following very important recommendation:The Service for Foreign Policy Instruments should update the manual for supervision missions and ensure the independence of the function responsible for designing and implementing the control on the implementation of the financial circuits. Moreover, the Service for Foreign Policy Instrumentsshould take measures to strengthen the control environment in the EU delegation US and ensure thatthe shortcomings found during the audit are addressed and do not reoccur in the future.Additional information provided by the Service for Foreign Policy Instruments on the measures defined and/or implemented following the Internal Audit Service auditThe second recommendation (classified as very important) requested FPI: a) to remedy the weaknesses identified in the set-up of the control environment at HQ and EU Delegation US level; b)to ensure the independence between the design and the control functions of financial circuits, and c) to update the process manual for supervision missions and ensure appropriate reporting to the FPIAuthorising Officer by Delegation on the outcome of supervision mission findings and the actions taken with regard to recommendations issued.The Service for Foreign Policy Instruments accepted both recommendations and established an action plan to address them.Concerning recommendation 2 a) the Service for Foreign Policy Instruments has already implemented the mitigating measures by ensuring that financial verification is undertaken by the Regional Team Americas within the financial circuit. In addition, Service for Foreign Policy Instruments has recruited an additional contractual agent for operational verification in the US delegation in line with the action plan.The action addressing recommendation 2 b) ‘in order to ensure the independence between the designand the control functions of financial circuits, the responsibility for each individual supervision mission is henceforth entrusted to a Service for Foreign Policy Instruments Head of Unit outside the contractand finance unit that is not directly concerned by the specific mission’, has already been implemented as of October 2018.The remaining recommendations will be implemented by the deadlines foreseen in the action plan (see immediately above) or latest end Q3 2019.Audit on the Neighbourhood Investment Facility and the Western Balkans Investment Framework in DG NEARThe objective of the audit was to assess the adequacy and effectiveness of the management andcoordination activities of the Directorate-General for Neighbourhood and Enlargement Negotiations forSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201839the implementation of the Neighbourhood Investment Facility (NIF) and the Western Balkans Investment Framework (WBIF).There are no observations/reservations in the 2017 annual activity report that relate to the area/process audited. The fieldwork was finalised on 6 September 2018. All recommendations relate to the situation as of that date.The auditors recognise the ongoing efforts made by the Directorate-General for Neighbourhood and Enlargement Negotiations to improve the design and implementation of the Neighbourhood Investment Facility and the Western Balkans Investment Framework. For example, in 2017 the Directorate-General for Neighbourhood and Enlargement Negotiations produced a vademecum that encompasses and clarifies all rules and guidance related to the Western Balkans Investment Framework. The Manual of procedures for the Directorate-General for Neighbourhood and Enlargement Negotiations also provides a useful explanation of the processes and key information sources regarding the Neighbourhood Investment Facility and the Western Balkans Investment Framework as well as the applicable rules and agreements with all International Financial Institutions involved.The Internal Audit Service also identified some good practices during the audit fieldwork among which is the reporting on the financial leverage and the status of the loans associated with the Western Balkans Investment Framework grants and the guidelines for EU visibility that the EU delegation to Georgia shares with its implementing partners.The Internal Audit Service identified four issues on Neighbourhood Investment Facility: financial management, Neighbourhood Investment Facility: Commission monitoring and reporting at facility level, WBIF: monitoring at the facility level and Western Balkans Investment Framework: financial management and financial reporting and formulated the following very important recommendations:Neighbourhood Investment Facility: financial managementThe Directorate-General for Neighbourhood and Enlargement Negotiations should clarify the rules for the calculation of the International Financial Institutions’ remuneration for hybrid projects and provide guidance on the establishment of the final amount of the remuneration for those projects.Neighbourhood Investment Facility: Commission monitoring and reporting at facility levelThe Directorate-General for Neighbourhood and Enlargement Negotiations should establish a reporting mechanism and consolidate the information on the status and actual amount of the loans provided by the International Financial Institutions in order to calculate the actual leverage and ensure that the Neighbourhood Investment Facility annual report contains information on the ongoing and completed projects in terms of achievements and performance. The Directorate-General for Neighbourhood and Enlargement Negotiations should also revise the methodology for the calculation and reporting of the expected and achieved leverage on the basis of the signed contracts, signed loan agreements and the implementation reports of the International Financial Institutions.Western Balkans Investment Framework: monitoring at the facility levelThe Directorate-General for Neighbourhood and Enlargement Negotiations should ensure that the authority and responsibility of all the actors involved in the Western Balkans Investment Framework reporting process are clearly defined and reassess the scope of the monitoring responsibilities of the Western Balkans Investment Framework Secretariat. The Directorate-General for Neighbourhood and Enlargement Negotiations should clarify within the annual activity report the scope of the management declaration and ensure that the declarations provided by the partner International Financial Institutions are in compliance with the contractual arrangement i.e adequately cover the Western Balkans Investment Framework contributions to the European Western Balkans Joint ***Fund*** and all ongoing individual European Western Balkans Joint ***Fund*** grants.WBIF: financial management and financial reportingThe Directorate-General for Neighbourhood and Enlargement Negotiations should revise the guidelines on the preparation of the project forms to clarify when the payment schedules for the grantsSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201840to be ***funded*** by the European Western Balkans Joint ***Fund*** should be prepared. In addition, The Directorate-General for Neighbourhood and Enlargement Negotiations should ensure that in the future the payments under WB-EDIF (25) equity ***funds*** are based on adequate disbursement forecasts to avoid excessive amounts of unused ***funds***. The rules for the calculation of the fees due for cancelled or partially implemented grants should be clearly defined. The Directorate-General for Neighbourhood and Enlargement Negotiations should request from the EBRD (26) regular financial information on the commitments and disbursements at project level, the fees due and paid and perform the clearing of the open pre-financing as appropriate.Additional information provided by Directorate-General NEAR on the measures defined and/orimplemented following the Internal Audit Service auditFollowing the Internal Audit Service recommendations, the Directorate-General for Neighbourhoodand Enlargement Negotiations will reinforce its financial monitoring and reporting, update guidelines and rules of procedures of the two investment facilities.The Directorate-General for Neighbourhood and Enlargement Negotiations clarified minimum thresholds and provided guidance on the establishment of the final amount of remuneration for hybrid projects by the December 2018 fees agreement. The Directorate-General for Neighbourhood and Enlargement Negotiations will clarify the rules for the inclusion of the communication and visibility and audit costs in the basis of the calculation.The Directorate-General for Neighbourhood and Enlargement Negotiations will propose a revision of the Western Balkans Investment Framework Rules of Procedure within the review of its architecture.The Directorate-General for Neighbourhood and Enlargement Negotiations will clarify within the annual activity report the scope of the management declaration and ensure that the declarations provided by the partner International Financial Institutions are in compliance with the contractual arrangement. Some of the issues were already addressed in the meeting between the Directorate-General for Neighbourhood and Enlargement Negotiations and the European Bank for Reconstruction and Development as Joint ***Fund*** Manager and will be further followed up.Audit on grant and procurement award process under European Neighbourhood Instrument direct management in DG NEARThe objective of the audit was to assess whether the Directorate-General for Neighbourhood and Enlargement Negotiations Headquarter and the EU delegations manage grant and procurement award procedures under the European Neighbourhood Instrument in direct management effectively, efficiently and in accordance with the applicable procedures and guidelines to ensure legality andregularity of the underlying transactions.The following observations/reservations were made in the 2017 annual activity report of the Directorate-General for Neighbourhood and Enlargement Negotiations concerning the area under the scope of this audit engagement:Reservation 1: difficulties in monitoring adequately all projects (including grant and procurement under direct management) in Libya and Syria. The Directorate-General for Neighbourhood and Enlargement Negotiations is not in a position to perform all the checks it needs to do due to the instability in the countries and the lack of access to supporting documents.Reservation 2: error rate above 2% in direct management grants covering the European Neighbourhood Instrument and other instruments managed by the Directorate-General forNeighbourhood and Enlargement Negotiations.The fieldwork was finalised on 10 December 2018. All recommendations relate to the situation as of that date.The audit highlighted the following strengths:25 Western Balkans Enterprise Development Innovation Facility.26 European Bank for Reconstruction and Development.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201841 the guidance documents (Practical guide – PRAG, Manual of procedures - MAP) are quite comprehensive and detailed; staff are knowledgeable overall; the paper files are in general well maintained, procurement/grant award procedures are in general well documented, and the audit trail is ensured.The Internal Audit Service identified one issue concerning supervision missions and formulated thefollowing very important recommendation:The Directorate-General for Neighbourhood and Enlargement Negotiations should revise the Process Manual for Supervision Missions to Delegations to improve the effectiveness of the supervision missions, in particular by: a) introducing risk-based planning of supervision missions; b) revising missions frequency; c) adapting the length of the on-the-spot visits to the requirements of the manual;d) issuing instructions on the finalisation phase of the mission (validation of issues, acceptance of recommendations, preparation of an action plan, follow-up), and e) establishing a procedure to disseminate the best practices identified and to anticipate potential problems in other EU delegations. the Directorate-General for Neighbourhood and Enlargement Negotiations should also ensure that theprovisions of the Process Manual are adequately followed.Additional information provided by Directorate-General NEAR on the measures defined and/orimplemented following the Internal Audit Service auditThe Directorate-General for Neighbourhood and Enlargement Negotiations will update the Process Manual to improve the effectiveness of its supervisory missions to delegations. The Directorate-General for Neighbourhood and Enlargement Negotiations will also coordinate the annual andmultiannual indicative planning of missions, in collaboration with contracts and finance units and therelevant operational units in order to adhere to the provisions of the process manual (including frequency, performance and follow-up). The Annual and Multiannual indicative plan will be submitted for the approval of the Financial Assistance Steering Committee at the beginning of each year.Audit on the assurance building process in headquarters in DG DEVCOThe objective of the audit was to assess the adequacy of the design and the efficiency and effectiveness of the governance, risk management and internal control processes put in place for the assurance building process in the Directorate-General for International Cooperation and Development headquarters (HQ).There are no observations/reservations in the 2017 annual activity report of the Directorate-General for International Cooperation and Development that relate to the process audited. The fieldwork was finalised on 5 December 2018. All recommendations relate to the situation as of that date.The audit work highlighted the following strengths: the overall efficiency of the process to prepare the annual activity report taking into account the need to consolidate information from a high number of EU delegations and the tightdeadlines (External Action Management Reports - EAMRs - of 86 EU delegations to be submitted by end of January, External Action Management Reports of headquarters andTrust ***Funds*** (TF) managers’ activity reports to be submitted by 15 to 20 February at the latest, draft annual activity report to be submitted to central services by end of February); the level of process automation reached in the External Management Reports of headquarters, since data are automatically uploaded into the application from the EUdelegations’ External Action Management Reports, the Key Performance Information dashboard and the audit module; the knowledgebase website of the Directorate-General for International Cooperation and Development includes all available guidance and instructions on the assurance-building process;SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201842 the support provided by Directorate DEVCO.R staff to EU delegations and Directorates during the External Action Management Reports and External Action Management Reports of headquarters exercise; the overall periodic Key Performance Indicators monitoring process, involving Directorate DEVCO.R staff, finance and contract Units in each Directorate, geographic desks and EU delegations.The Internal Audit Service identified one issue concerning guidance, instructions and management declarations and formulated the following very important recommendation:The Directorate-General for International Cooperation and Development should establish specific guidance on the information to be summarised or reported for the status of management declarations in the External Action Management Reports of headquarters and monitor and report on it. It should also provide information in the annual activity report on the definition and content of this control element as well as on the status of management declarations and on their contribution to the assurance building process.Additional information provided by Directorate-General DEVCO on the measures defined and/or implemented following the Internal Audit Service auditThe final audit report was published on 21 January 2019. The Directorate-General for International Cooperation and Development services proposed an action plan to address the recommendation, which has been accepted by the Internal Audit Service. The Directorate-General for International Cooperation and Development has implemented the actions defined in the action plan. Changes were made to the External Action Management Reports of headquarters for the reporting on 2018, which now include instructions and guidance on the definition of materiality at Directorate level. These reports were adapted to include specific guidance for the annual management declarations (specifying which information needs to be provided and what type of monitoring to be conducted). The 2018 annual activity report included information on the definition and content of this control element as well as on the status of management declarations and on their contribution to the assurance building process.The Directorate-General for International Cooperation and Development considers that the recommendation has been fully implemented with the 2018 annual activity reporting process and is ready for review by the Internal Audit Service.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201843Education and citizenshipAudit on DG EAC’s ex post financial audits, independent audit bodies’ opinions and controls on grant proposal evaluation for Erasmus+ actions implemented by national agenciesThe objective of the audit was to assess whether the audited key building blocks of control strategy of the Directorate-General for Education, Youth, Sport and Culture, for the Erasmus+ programme actions implemented by the National Agencies are adequate and effectively implemented to provide reasonable assurance on the legality and regularity of the underlying transactions executed by the National Agencies.There are no observations or reservations in the 2017 annual activity report of the Directorate-General for Education, Youth, Sport and Culture that relate to the areas/processes audited. The fieldwork was finalised on 4 December 2018. All recommendations relate to the situation as of that date.The Internal Audit Service recognises the Directorate-General for Education, Youth, Sport andCulture's efforts to manage the implementation of the Erasmus+ programme in a complex environmentinvolving a large number of implementing bodies (National Agencies, national authorities and Internal Audit Bodies). In particular, the Directorate-General for Education, Youth, Sport and Culture: regularly updates its control strategy based on lessons learnt by making changes to theprocedures and revising guidance for the implementing bodies; ensures that its approach to various controls in the National Agencies is balanced by coordinating the audits and control visits, while applying the single audit principle to minimise the burden for beneficiaries and the National Agencies; staff implementing the control strategy are knowledgeable and motivated and have accumulated valuable experience in supervising the programme implementing bodies.The Internal Audit Service did not formulate any critical or very important recommendations.Audit on Erasmus+ and Creative Europe grant management Phase II (from project monitoring to payment) in EACEAThe objective of the audit was to assess if the Education, Audiovisual and Culture Executive Agency put in place an effective project management process to ensure that (1) beneficiaries implement the E+ and Creative Europe projects in line with the grant agreement, and (2) the underlying transactions (including payments) are legal and regular in order to provide the Authorising Officer by Delegation (AOD) with reasonable assurance regarding the sound financial management of the E+ and CE programmes.The fieldwork was finalised on 17 December 2018. All recommendations relate to the situation as of that date.In its 2017 annual activity report the Agency made a reservation related to “Internal control system partially functioning due to Internal Control Component III ‘Control Activities’ and IV ‘Information andCommunication’ needs major improvements in terms of documentation of the Education, Audiovisual and Culture Executive Agency procedures, guidelines and controls over their implementation.” This reservation also concerns the area under the scope of this audit engagement.The Internal Audit Service recognises the Education, Audiovisual and Culture Executive Agency’s ongoing efforts to: implement the recommendations of the Internal Audit Service audit on grant management phase I (from the call to the signature of contracts) in order to improve its internal controlSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201844environment (27). In particular, in terms of guidelines, the Agency launched a cleaning up exercise and created a single entry point, i.e a dedicated section ‘Procedures’ of its intranet which contains the procedures, instructions and checklists developed at Agency level. Moreover, the Agency has re-assessed its financial circuits taking into consideration the risks and the cost-effectiveness of controls and has identified the necessary changes that will be submitted to the attention of the incoming Director; improve the functionalities of PEGASUS (the local IT application for grant management) to make it more fit-for-purpose; train its staff to perform better their tasks; provide systematic statistical reports to support the monitoring of the main steps of the grant management process (i.e payment execution, ex post audits, appeals, litigation cases).The Internal Audit Service identified three issues concerning the internal control system related to project management and payments, project monitoring and assurance on the functioning of the internal control system and formulated one critical and two very important recommendations:Internal control system related to project management and payments (very important)The Education, Audiovisual and Culture Executive Agency should monitor centrally the correct implementation of the Agency’s central guidance, including the alignment of the units’ specific working arrangements with the central guidance. Attendance at mandatory training courses by the relevant staff members should also be monitored.Project monitoring (very important)The Education, Audiovisual and Culture Executive Agency should complete the central guidance on devising a monitoring strategy at unit level and on assessing risks at project level, and verify centrally the units’ monitoring strategies to assess their compliance with the central guidance and to enable achieving their objectives. Projects’ risk profiles should be systematically recorded in PEGASUS throughout the projects’ lifecycle, and this information should be used to steer the monitoring activities.Assurance on the functioning of the internal control system (critical)The Education, Audiovisual and Culture Executive Agency should ensure that the Authorising Officers by Sub Delegation provide coherent information on the state and effectiveness of the internal controls in the units under their responsibility and the related results.Moreover it should better manage the exception and non-compliance events by a) providing support and advice to the operational units in the identification phase of exceptions and non-compliance events, b) ensuring that these cases are adequately assessed and justified and exhaustive information is provided to the Director when taking decisions (including on the mitigating actions proposed), c) monitoring the effective implementation of the mitigating actions to avoid the recurrence of exceptions and non-compliance events and periodically report on it to the Authorising Officer by Delegation. Finally, the central register for exceptions and non-compliance event should be maintained and monitored regularly and the Director should receive a bi-annual report summarising, via a management tool or dashboard, all exceptions and non-compliance events, the control deficiencies identified, their severity and the affected internal control principles, the mitigating actions taken and their state of implementation.Additional information provided by the Director of EACEA on the measures defined and/or implemented following the Internal Audit Service audit27 In 2018, the Internal Audit Service carried out two follow-up audit engagements which enabled to close three recommendations, including the critical one on the Role of the Evaluation Committee. At the date of the present report, all the remaining recommendations stemming from the audit phase I were reported as ready for review by the Agency. They will be followed-up in Q1 2019.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201845The Education, Audiovisual and Culture Executive Agency proactively took mitigating measures as faras possible between the end of the fieldwork and the issuing of the final report on 31 January 2019.In addition, the Agency has provided the Internal Audit Service with an action plan mitigating the identified risks, which has been accepted. The action plan is to be implemented during 2019 in response to the final audit report.Based on a limited follow-up audit of the actions that have been implemented since the end of the audit fieldwork phase and up to 7 March 2019, the Agency was informed on 14 March that the Internal Audit Service considers ‘that the underlying risks have been partially mitigated and will thereforedowngrade the rating of the recommendation from ‘critical’ to ‘very important’.The Directorate-General for Communications Networks, Content and Technology closely monitors theimplementation of the action plan by the Education, Audiovisual and Culture Executive Agency.Audit on monitoring the implementation and performance of 2014-2020national programmes by DG HOMEThe objective of this audit was to assess whether the Directorate-General for Migration and Home Affairs effectively monitors the implementation and performance of the Asylum, Migration and Integration ***Fund*** and Internal Security ***Fund*** national programmes (NPs) for the 2014-2020programming ***period***.The fieldwork was finalised on 30 June 2018. All recommendations relate to the situation as of that date.The audit highlighted the following strengths: the Directorate-General provides regular methodological guidance and support to the Member States on monitoring and evaluation. Member States are able to submit questions to this Directorate-General and obtain answers to these queries via the 'Frequently asked questions' mechanism as well as via direct contact with the responsible Desk Officers; the Directorate-General for Migration and Home Affairs maintains a constructive dialogue with the Member States by establishing Asylum, Migration and Integration ***Fund***/Internal Security ***Fund*** Committees and organising dedicated workshops/seminars on a regularbasis; the Directorate-General carried out intensive monitoring activity of the Member States during the ***period*** 2015-2017 in order to assess progress on EU co-financed actions in the Member States; the Directorate-General for Migration and Home Affairs representatives were present in atleast one Monitoring Committee meeting held per Member State/***Fund*** during the period2016-2017 (for the sample of Member States reviewed by the Internal Audit Service); the Directorate-General has created an SFC (28) support portal bringing together information on the legal bases as well as the conclusions that were reached during the Asylum,Migration and Integration ***Fund*** and Internal Security ***Fund*** Committee meetings, workshops and meetings held by the Asylum, Migration and Integration ***Fund*** and Internal Security ***Fund*** Evaluation networks; in accordance with Article 1 of the Commission Delegated Regulation (EU) 2017/207 the directorate-general has put in place a European Evaluation and Monitoring Network for Asylum, Migration and Integration ***Fund***/Internal Security ***Fund*** composed of the national evaluation coordinators that were appointed by the Member States. This network is tasked with, among other duties, providing contributions to the implementation of the common 28 Shared ***Fund*** Management Common System.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201846monitoring and evaluation framework that forms the basis for the monitoring and evaluation performed for both ***Funds***.The Internal Audit Service did not formulate any critical or very important recommendations.Audit on risk management in DG HOME The objective of the audit was to assess the effectiveness of the risk management process in Directorate-General for Migration and Home Affairs in identifying, assessing, and managing critical and significant risks.There are no observations/reservations in the 2017 annual activity report of Directorate-General forMigration and Home Affairs that relate to the area/process audited. The fieldwork was finalised on21 June 2018. All recommendations relate to the situation as of that date.The auditors recognise the ongoing efforts made by Directorate-General for Migration and Home Affairs to further develop their risk management process. The audit highlighted the following strengths: Unit HOME.E4 organised a workshop for the staff involved in the 2018 risk assessment exercise. The objective was to bridge the knowledge gap by providing basic training on risk assessment and risk management principles. It was very well received by staff; the Directorate-General for Migration and Home Affairs’ risk management guide for 2018 was deemed to be appropriate and clear by the staff involved in the risk assessment exercise. The Internal Audit Service noted that the 2018 guide was more comprehensivethan the guidance for previous years (2017 and 2016); the successive validation of risks: first by the Heads of Unit of each directorate, then by the Director. The risks are reviewed and validated before they are sent to Unit HOME.E4 forconsolidation in the Directorate-General’s risk register.The Internal Audit Service identified two issues concerning the integration of the risk managementprocess in the organisation’s culture and systems and the risk identification, assessment and risk response and formulated the following very important recommendations:Integration of the risk management process in the organisation’s culture and systems The Directorate-General for Migration and Home Affairs should develop risk management so that it becomes a continuous, proactive and systematic process that is fully embedded in the Directorate-General’s core business activities, is integrated into all steps of the Strategic Planning and Programming cycle, and is subject to regular senior management steer and involvement. It needs toclearly describe the roles, responsibilities and tasks of the key actors in the risk management process and ensure that they have sufficient knowledge by identifying and addressing any training needs.Finally, the directorate-general should properly document the identification and assessment of risks related to decentralised Agencies and take into account risks concerning information technology support services provided by the Directorate-General for Justice and Consumers and report on these to the coordinating Units HOME.E4 and A1.Risk identification, assessment and risk responseThe Directorate-General for Migration and Home Affairs should strengthen its guidance andmethodology used for identifying and assessing risks (including lost opportunities), by considering other risk identification methodologies which may be better matched to its specific circumstances. The Directorate-General should duly take into account the criteria defined in the corporate risk management guidance for assessing and identifying critical risks, clarify how to deal with crosscutting risks at corporate level and at directorate-general level, and ensure that risks not deemed significant enough to be included in the Directorate-General’s central risk register are regularly identified, assessed, documented and monitored in risk registers at Directorate and Unit level. The Directorate-General should review its definition of acceptable risk level, update its guidance accordingly and ensure its consistent implementation across the Directorate-General. In the Directorate-General’s central risk register the risk response should be clearly indicated for all the identified significant andSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201847critical risks. Finally, action plans should include clearly formulated and effective mitigating actions with clearly assigned process owners, milestones and deadlines.Additional information provided by Directorate-General HOME on the measures defined and/or implemented following the Internal Audit Service auditThe recommendation ‘Integration of the risk management process in the organisation’s culture and systems’ is scheduled to be implemented in July 2019. The Directorate-General for Migration and Home Affairs is well on track with the implementation; some of the actions had already beenproactively implemented by the Directorate-General for Migration and Home Affairs, even before the final audit report was issued; e.g before the official launch of the annual risk exercise for 2019, top management of the Directorate-General for Migration and Home Affairs defined the scope of the exercise, taking into account the nature of the operations of the Directorate-General for Migration and Home Affairs and the environment in which it operates, and the exercise was regularly discussed in the senior management meetings of the directorate-general.The recommendation ‘Risk identification, assessment and risk response’ is scheduled to be implemented in July 2019. The Directorate-General for Migration and Home Affairs is well on track with the implementation; some of the actions had already been pro-actively implemented by the Directorate-General for Migration and Home Affairs, even before the final audit report was issued, e.g before the official launch of the annual risk exercise for 2019, top management of the Directorate-General for Migration and Home Affairs determined which risks are to be included its risk register,considering the specificities of this Directorate-General.Audit on risk management in DG JUSTThe objective of the audit was to assess the effectiveness of the risk management process in the Directorate-General for Justice and Consumers in identifying, assessing, and managing critical and significant risks.There are no observations/reservations in the 2017 annual activity report of the Directorate-General for Justice and Consumers that relate to the area/process audited. The fieldwork was finalised on 19 June 2018. All recommendations relate to the situation as of that date.The auditors recognise the ongoing efforts made by the Directorate-General for Justice and Consumers to further develop its risk management process. The following strengths were identified during the audit: senior management’s involvement in the risk management process; in its meetings, senior management discussed the 2018 risk assessment exercise, and 2017mid-term review of risks before they were officially launched by Unit JUST.01; senior management reviewed the 2018 risk register before it was endorsed by the Director-General; risk management is a regular agenda point at senior management meetings; Unit JUST.01 organised a workshop with a presentation on risk management, which was addressed to the risk management task force members. The purpose of the workshop was to bridge the knowledge gap through the provision of basic training on risk assessment and risk management principles. The presentation was very well received by the TF members; at the time of the audit, the directorate-general was in the process of updating its directorategeneral-wide manual of procedures. An updated version of the guide on procedures of the directorate-general was published on the intranet on 4 June 2018 and communicated to staff. This includes a dedicated part on risk management, which has also been updated;SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201848 Intranet page of the Directorate-General for Justice and Consumers has a dedicated section on risk management which contains guidance and other information on risk management, as well as the current risk register; the directorate-general regularly reports to the Cabinet on the development of actions for mitigating politically important significant risks.The Internal Audit Service identified one issue concerning the risk identification, assessment and risk response and formulated the following very important recommendation:The Directorate-General for Justice and Consumers should strengthen its guidance and methodology for identifying and assessing risks to include the consideration of lost opportunities, external dimensions and crosscutting risks and the possibility of using different risk identification methodologies which are better matched to its specific circumstances. The directorate-general should apply the criteria defined in corporate risk management guidance for assessing and identifying critical risks and ensure that risks not deemed significant enough to be included in the Directorate-General’s central risk register are regularly identified, assessed, documented and monitored in risk registers at Directorate or Unit level. The directorate-general should review its definition of acceptable risk level, update its guidance accordingly and ensure consistent implementation across the directorate-general. In the central risk register of the directorate-general, the risk response should be indicated for all the significant and critical risks identified and action plans should include clearly formulated and effectivemitigating measures with clearly assigned process owners, milestones and deadlines.Additional information provided by Directorate-General JUST on the measures defined and/or implemented following the Internal Audit Service auditAll recommendations stemming from this audit were accepted by the Directorate-General for Justice and Consumers, and the action plan was partially implemented in 2018. The risk management guidewas updated accordingly. Two workshops have been organised in the light of the 2019 risk management exercise. At Directorate’s and Horizontal Unit’s levels a risk register is kept and regularly monitored. The methodology used for identifying and assessing risks was revised. A mini-sessionmeeting with the new members of the Task Force (representative staff appointed by each Director/Head of Unit to assist in compiling and assessing potential risks identified within their Directorate/Horizontal Unit) took place at the beginning of the 2019 risk management exercise, followed by two workshops. The risk management exercise was launched at the same time as the Management Plan and the assessment of risks started from the objectives of the directorate-general.Audit on procurement in DG JUSTThe objective of the audit was to assess the adequacy of the design and the effective implementation of the Directorate-General for Justice and Consumers’ internal control systems for the management of the procurement process and the effectiveness and efficiency of the related financial circuits.There are no observations/reservations in the 2017 annual activity report of Directorate-General forJustice and Consumers that relate to the area/process audited. The fieldwork was finalised on 20 July 2018. All recommendations relate to the situation as of that date.The audit highlighted the following strengths: the ongoing efforts and improvements made by Unit JUST.04 after having taken over the tasks of the Shared Resource Directorate in the procurement process; The Directorate-General for Justice and Consumers prepared the ‘Red flags – information note on fraud indicators’ as an annex to its 2012 Anti-Fraud Strategy (AFS). Although theannex needs to be slightly updated following the adoption of the new Anti-Fraud Strategy, itsets out fraud indicators in a very clear and comprehensive manner; the review of ABAC access rights for the Directorate-General for Justice and Consumers is performed by the Directorate-General for Migration and Home Affairs. This approach is inSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201849line with the Directorate-General for Budget recommendation that this review should be assigned to a neutral verifier.The Internal Audit Service identified one very important issue concerning the preparation of procurement procedures and formulated the following very important recommendation:The Directorate-General for Justice and Consumers should ensure that the needs analysis is properly documented and signed off by the responsible Authorising Officer and update the needs analysis before the launch of the procurement procedure. The needs analysis should include: the estimated amount of the contract, properly supported by relevant information as to how it was determined; an explanation of what other options were considered before deciding to launch a new call for tender; the lessons learnt during the execution of the contract currently in force and how any identified issues were addressed in the new calls for tender, where relevant; and justification of the outsourcing option, where relevant.Additional information provided by Directorate-General JUST on the measures defined and/or implemented following the Internal Audit Service auditIn order to improve the needs assessment, the Directorate-General for Justice and Consumers has introduced in April 2019 an ‘Orientation Document’ containing the main elements to launch a procurement file. This document enables policy units to confirm the need to have a procurement activity implemented, identified earlier, during the preparation of the Annual Work Programmes. The ‘Orientation Document’ accompanies any new request for a procurement activity to be charged on the Annual Work Programme 2019. This is complemented by a register of all planned procurement activities, to be signed-off by the responsible Authorising Officers by Delegation.All recommendations stemming from this audit were accepted by the Directorate-General for Justice and Consumers and will be implemented in 2019.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201850Economic and financial affairsConsulting engagement on document management in DG ECFINThe objective of the consulting engagement was to provide advice to the Directorate-General forEconomic and Financial Affairs on its document management system with a view to improving its effectiveness and efficiency.As this was a consulting engagement and not an audit, no audit recommendations were formulated and the Internal Audit Service will not undertake follow up work.Audit on effectiveness and efficiency of DG FISMA’s performance management systemThe objective of the audit was to assess whether the Directorate-General for Financial Stability, Financial Services and Capital Markets Union’s performance management system is adequate in theareas of planning, monitoring and reporting on the delivery of both its key legislative and administrativepolicy objectives.There were no reservations in the 2017 annual activity report of this Directorate-General that relate to the process audited. The fieldwork was finalised on 7 December 2018. All recommendations relate tothe situation as of that date.The audit highlighted the following strengths: the Directorate-General for Financial Stability, Financial Services and Capital Markets Union used the expertise available across all its Directorates to undertake the preparation of the 2016-2020 Strategic Plan and the first Management Plan under the revised strategic planning and programming reporting structure. A special project team (29) was created for this purpose and composed of representatives from across the directorate-general; the directorate-general has set up and effectively applies a ‘Traffic Light system’ in their mid term review process to provide assurance on the achievement of ‘target dates’. The different colours provide immediate information to management on the level of achievement of key objectives.The Internal Audit Service did not formulate any critical or very important recommendations.Audit on the adequacy of DG GROW’s preparation and supervision of the parts of the COSME work programmes delegated to EASMEThe objective of the audit was to assess whether the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs has put in place adequate control processes for preparing and supervising the parts of the COSME programme delegated to the Executive Agency for Small and Medium-sized Enterprises, in order to enable their efficient and effective implementation by the Agency.There are no observations/reservations in the 2017 annual activity report of the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs that relate to the area/process audited. The fieldwork was finalised on 12 September 2018. All recommendations relate to the situation as of that date. 29 In 2016, the Directorate-General for Financial Stability, Financial Services and Capital Markets Union established “Project Teams” to improve transparency and the efficiency of crosscutting policy work. Each team comprises staff from at least two directorates and has clearly defined deliverables and deadlines. Their work is overseen by the Financial Services Policy Group (FSPG).SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201851The Internal Audit Service recognises the Directorate-General for Internal Market, Industry,Entrepreneurship and SMEs efforts to put in place effective supervisory and monitoring arrangements for the implementation of the parts of the COSME programme delegated to the Executive Agency forSmall and Medium-sized Enterprises. In particular, the audit highlighted the following strengths: in March 2018, the Directorate responsible for the COSME programme in the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs and the Executive Agencyfor Small and Medium-sized Enterprises established a COSME Code of good practices on the coordination of calls for tender and calls for proposals. The document lists the agreed measures to strengthen the coordination of their services and to facilitate a timely andefficient implementation of the corresponding COSME actions; in collaboration with the Agency, the Directorate-General for Internal Market, Industry,Entrepreneurship and SMEs improved and streamlined the template used to prepare the roadmaps of delegated actions and SMs in order to better meet the Agency’s planning needs following the adoption of the COSME annual work programme.The Internal Audit Service did not formulate any critical or very important recommendations.Audit on supervision of project management and payment for Galileo in DG GROWThe objective of the audit was to assess the design and effective implementation of the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs internal controls for (1) the supervision of the Galileo programme implemented by the European Space Agency and the GNSS Supervisory Authority and (2) the processing by the Directorate-General for Internal Market, Industry,Entrepreneurship and SMEs of the related financial transactions in order to ensure their legality and regularity.There are no observations/reservations in the 2017 annual activity report of the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs that relate to the area/process audited. The fieldwork was finalised on 6 December 2018. All recommendations relate to the situation as of that date.The Internal Audit Service recognises the Directorate-General for Internal Market, Industry,Entrepreneurship and SMEs efforts to ensure effective supervision of the project management and timely payment for the Galileo programme. In particular, the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs developed specific checklists to monitor the operational and financial progress of the programme in the progress reports submitted by the European Space Agency and the GNSS Supervisory Authority.The Internal Audit Service did not formulate any critical or very important recommendations.Audit on the supervision of the implementation of the Copernicus Programme in DG GROW - Phase II: management of the cooperation and coordination between the different implementing entitiesThe objective of the audit was to assess if the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs effectively ensures cooperation and coordination between the differentimplementing entities. The audit aimed at assessing the adequacy and effectiveness of the tools available to the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs tomonitor the activities of the implementing entities, to ensure corrective actions when necessary and tocoordinate the different contributions so that the programme achieves its objectives.The Internal Audit Service decided to close the audit after the preliminary survey. No formal audit report, as envisaged in the Mutual Expectations Paper, was issued.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201852Audit on DG TAXUD’s preparation of legislative initiativesThe objective of the audit was to assess the adequacy of the design and the effectiveness of internal control system of the Directorate-General for Taxation and Customs Union for the preparation of its legislative initiatives.There are no observations or reservations in its 2017 annual activity report related to the audited processes. The fieldwork was finalised on 21 September 2018. All recommendations relate to thesituation as of that date.The auditors recognise the ongoing efforts made by the Directorate-General for Taxation and Customs Union to continuously improve the process of preparation of legislative initiatives and highlight thefollowing good practices: when preparing its legislative proposals, the Directorate-General for Taxation and Customs Union organises the work across Directorates in multi-unit project teams. One recentexample of this working method was the preparation of the legislative initiative ‘Fair taxationin the digital economy', for which some 25 operational staff from two directorates and threeUnits were involved; the evaluation and impact assessment support function (EIASF) (which assists the operational units in the legislative proposals’ preparation) organised regular and good quality internal training sessions on how to prepare an impact assessment. These trainings werehighly appreciated by the staff of the directorate-general.The Internal Audit Service did not formulate any critical or very important recommendations.Audit on financial management of procurement contracts and grants in DG TRADEThe audit objective was to assess in the Directorate-General for Trade (1) the adequacy of the design and the effective implementation its internal control system for the management of procurement andgrants, and (2) the efficiency and effectiveness of the related financial circuits.There are no observations/reservations in the 2017 annual activity report of the Directorate-General for Trade that relate to the processes audited. The fieldwork was finalised on 3 September 2018. All recommendations relate to the situation as of that date.In the course of the audit, the Internal Audit Service noted the following strengths in the financial management of procurement and grants by the Directorate-General for Trade: This Directorate-General has developed a webpage which includes the key information on framework contracts such as terms of references, internal procedures and templates used when procuring services under these contracts; Unit TRADE.A.1 (‘Finance and Strategic Planning team’) effectively supports operational units in the management of procurement and grant contracts (in particular on the framework contracts on evaluation services) and has established a good communication network within the Directorate-General. The Unit is also regularly in contact with the Directorate-General for Budget on implementing its updates in the financial regulation at local level or consulting onprocedural issues.The Internal Audit Service did not formulate any critical or very important recommendations.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201853General servicesAudit on financial management of grants in DG ESTATThe objective of the audit was to assess the adequacy of the design and the effective implementationof Eurostat’s internal control systems for the management of the grant process, and the effectivenessand efficiency of the related financial circuits.There were no reservations in the 2017 annual activity report of Eurostat that relate to the processaudited. The fieldwork was finalised on 23 May 2018. All recommendations relate to the situation as ofthat date.In the course of the audit, the Internal Audit Service noted the following strengths in the financialmanagement of grants by Eurostat: over the last few years, the directorate-general has developed a set of standardisedprocedures and related checklists for the management of grants, which are available on theintranet of the directorate-general; Eurostat has simplified its grant management procedures by introducing a unit cost systemfor the staff costs of beneficiaries in 2015, and the e-grants system in 2018; Unit A.4 (‘Budget, financial management and internal control') plays a key supportive role forall units in charge of the operational management of grants.The Internal Audit Service did not formulate any critical or very important recommendations.Audit on effectiveness of DG ESTAT’s cooperation with externalstakeholdersThe objective of the audit was to assess whether Eurostat’s management and control systems ensure that it effectively cooperates with its external stakeholders.There are no observations/reservations in the 2017 annual activity report of Eurostat that relate to the area audited. The fieldwork was finalised on 2 October 2018. All recommendations relate to the situation as of that date.The Internal Audit Service recognises the ongoing efforts made by Eurostat to establish and maintaineffective cooperation with its external stakeholders. The Internal Audit Service identified the followinggood practices: a clear division of responsibilities and well-established cooperation arrangements have beenformally agreed between Eurostat and the European Central Bank aimed at achieving anefficient exchange of data and preventing conflicting requests being sent to Member Statesfrom Eurostat and European Central Bank; a system for joint data collection with the Organisation for Economic Co-operation andDevelopment, World Health Organisation and the United Nations Educational, Scientific andCultural Organisation exists for statistical indicators in the areas of education and healthstatistics. This enables Eurostat to optimise the collection of data from the Member States,apply common concepts and definitions, and avoid duplication of efforts.The Internal Audit Service identified one issue concerning the cooperation arrangements withEurostat’s external stakeholders and formulated the following very important recommendation:Eurostat should further develop and formally adopt a policy for cooperation with its externalstakeholders. The directorate-general should also complete and update the list of the organisations with which it cooperates, set up criteria for establishing formal cooperation arrangements and define a procedure for regularly reviewing and updating them.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201854Additional information provided by Directorate-General ESTAT on the measures defined and/or implemented following the Internal Audit Service auditAn action plan to implement this recommendation has been established and agreed to by the Internal Audit Service. Eurostat started to develop a strategy for international cooperation and to define the criteria for the establishment of formal cooperation arrangements as well as its key partners.Furthermore, Eurostat started to establish a list of the organisations with which the directorate-general cooperates, including the type of working arrangements and the cooperation activities in place.Existing cooperation agreements with external stakeholders are currently reviewed and will be revised if necessary. A procedure will be implemented to request from the responsible directors to signal oncea year to the responsible unit possible need for changes in the cooperation agreements under their responsibility.Consulting engagement on accounting for JSIS direct billing in PMOThe objective of the engagement was to review and provide advice on the effectiveness and efficiency of the workflow for the direct billing process both from the business and information technology perspective. It also covered management reporting to the Joint Sickness and Insurance Scheme’s Comité de Gestion d’Assurance Maladie. Finally, the Internal Audit Service reviewed the compliance of the Office for the Administration and Payment of Individual Entitlements (PMO) proposals forimproving the accounting treatment against the applicable accounting rules and standards.As this was a consulting engagement and not an audit, no audit recommendations were formulated and the Internal Audit Service will not undertake follow-up work.Audit on control strategy for the Joint Sickness and Insurance Scheme, including accidents insurance (design and implementation) in PMOThe objective of the audit was to assess whether the design and implementation of the Office for the Administration and Payment of Individual Entitlements’ control strategy for the Joint Sickness andInsurance Scheme (JSIS) and accidents insurance is effective and efficient in ensuring that the Office for the Administration and Payment of Individual Entitlements has reasonable assurance on thelegality and regularity of the underlying transactions. This included assessing whether the control strategy effectively addresses the risks related to legality, regularity and fraud and whether the results are systematically monitored and adequately reported in the annual activity report. The audit also examined whether the control strategy ensures that corrective measures are taken promptly and proportionately.There are no observations/reservations in the 2017 annual activity report of the Office for the Administration and Payment of Individual Entitlements that relate to the area/process audited. The fieldwork was finalised on 26 November 2018. All recommendations relate to the situation as of that date.The Internal Audit Service recognises the ongoing efforts made by the Office for the Administrationand Payment of Individual Entitlements to streamline and adapt the Joint Sickness and InsuranceScheme internal processes and to accommodate the recent developments in the medical sector. The audit highlighted the following strengths: harmonisation efforts: the Office for the Administration and Payment of Individual Entitlements handles the reimbursement of medical claims from a large number of countries (e.g for 2017 around 170 countries). In this context, weekly coordination meetings between the three Settlements Offices (SO) take place in order to improve the harmonisation of thepractices and processes. The Office for the Administration and Payment of Individual Entitlements set up in 2017 Centres of Excellence to build expertise in specific areas. This process aims to align the application of the Joint Sickness and Insurance Scheme rules,regardless the country where the medical services were provided. Ispra Settlements Office has already prepared an action plan for its ‘Overseas and CHC Centre of Excellence’, whichprovides a brief overview of the scope, objectives, organisational structure, workflows and human resources necessary for the implementation of the actions. This constitutes a good practice which could be extended further in the Joint Sickness and Insurance Scheme;SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201855 newly introduced Vade-mecums for the Office for the Administration and Payment of Individual Entitlements’: the vade-mecums on tarification of hospital invoices, accidents and subrogation of rights represent a good practice as regards guidelines and instructions to its staff. Going forward, these can help with a more harmonised application of Joint Sickness and Insurance Scheme rules by the Settlements Offices, particularly if updated on a regular basis to take account of lessons learned; customisation of Assmal 2 tool for business needs: the development of the Joint Sickness and Insurance Scheme online tool (30) facilitates the interaction between the Joint Sickness and Insurance Scheme and affiliates as it enables the latter to submit electronic claims and supporting documents. In addition, all documents issued by the Joint Sickness and Insurance Scheme (decisions, letters, account sheets, certificates) are sent to affiliates via this tool. In 2017, the tool was enhanced with new features that better respond to the needs of the service, for example allowing accident files to be recorded in Assmal 2 and a facility to search for double payments; handling time of requests: in recent years, the Office for the Administration and Payment of Individual Entitlements has made significant improvements in the time taken to process reimbursement claims and the payment of hospital invoices, which has helped to improve client satisfaction. This is particularly challenging given, as noted above, that the medical domain is evolving at a rapid pace and consequently the Office for the Administration and Payment of Individual Entitlements staff and medical advisers need to keep their knowledge up to date in order to take informed decision.The Internal Audit Service identified two issues concerning the review and documentation of JSIS control strategy and the effectiveness and efficiency of ex ante and ex post controls and formulated the following very important recommendations:Review and documentation of JSIS control strategyThe Internal Audit Service recommended that the Office for the Administration and Payment of Individual Entitlements review the various components which make up its control strategy for Joint Sickness and Insurance Scheme and accidents and bring these together in a more formalised and consolidated control strategy document. This should clearly describe the control objectives, the main actors and their roles and responsibilities, the risk analysis and its output (i.e Joint Sickness Insurance Scheme risk register), and the intensity and frequency of the ex ante and ex post controls for direct billing and direct reimbursement (including the sampling methods used). It should also include the automated IT controls embedded in Assmal 2, the Anti-Fraud measures put in place, the reporting on the results of controls together with their evaluation and follow-up. This document should be regularly reviewed and updated in case significant changes occur in the functioning of the Joint Sickness and Insurance Scheme (e.g update of the legal base or rules) and approved by the Authorising Officer by Delegation.Effectiveness and efficiency of ex ante and ex post controlsThe Internal Audit Service recommended that the Office for the Administration and Payment of Individual Entitlements seeks the necessary statistical assurances as to whether its modified sampling approach allows it to arrive at a representative error rate and if not then it should ensure the correct application of a statistical sampling method for ex ante (or ex post controls), which allows results to be extrapolated for the entire population. The criteria for using derogations should be clarified in order to ensure a harmonised approach and AIPNs should briefly describe in Assmal 2 the underlying reasons when taking a decision. Assmal 2 should be used to provide a regular overview report on all derogations to allow an analysis of the root causes. The results of ex post controls should be reported on a more timely basis to support the assurance building process for the reference ***period*** concerned. Finally, the Office for the Administration and Payment of Individual Entitlements should strengthen its Anti-Fraud Strategy with regard to Joint Sickness Insurance Scheme, notably by defining more precise Anti-Fraud actions, ensuring for example that transactions with similar characteristics/details are tested as part of ex ante controls.30 Consult your membership rights, apply for medical authorisations and consult the reimbursement history, submit claims for reimbursement online and upload the scanned supporting documents.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201856Additional information provided by Director PMO on the measures defined and/or implemented following the Internal Audit Service auditThe Office for the Administration and Payment of Individual Entitlements has agreed on an action plan with the Internal Audit Service on the recommendations put forward: organise a task force to coordinate all information on control strategy in the Joint Sickness Insurance Scheme. Publish the updated procedures, as well as a formal document comprising all elements (February 2020); prepare a specific Joint Sickness Insurance Scheme risk register for 2019, disclosing high and critical risks (February 2020); organise meetings with central services to assess the representativeness of the current monetary unit sampling (MUS) technique – otherwise determine the best method for ex post control (October 2019); introduce deadlines so that ex-post controls are used for the current reporting ***period*** (March 2020); strengthen anti-fraud strategy by defining clear measures and by monitoring and reporting on them. In case of similar transactions, include in the ex ante controls (October 2019); define derogations in procedures and regularly review those during the coordination meetings (October 2019).SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201857Information technology auditsAudit on information technology project management in DG REGIOThe objective of the audit was to assess the adequacy of the design and the effectiveness and the efficiency of the governance, management and control systems put in place by the Directorate-General for Regional and Urban Policy to manage its information technology projects WAVE and SFC, which are the flagship information technology projects for the directorate-general and representative of the overall the Directorate-General for Regional and Urban Policy information technology projectmanagement practices.There were no observations/reservations in the 2016 annual activity report of the Directorate-General for Regional and Urban Policy that relate to the area/process audited. The fieldwork was finalised on 22 March 2018. All recommendations relate to the situation as of that date.The Internal Audit Service recognises the efforts made by the Directorate-General for Regional andUrban Policy to continuously improve its project management practices, in order to enable the directorate-general to respond to their business objectives. A number of important controls are in place to ensure the success of the projects. In particular, the WAVE project makes extensive use of Business Process Management practices for modelling and designing the business processes. Moreover, the Directorate-General for Regional and Urban Policy use the corporate tool ARIS (Architecture of Integrated Information Systems) to model and support the different business workflows.The Internal Audit Service did not formulate any critical or very important recommendations.Audit on information technology governance at DG DEVCOThe objective of the audit was to evaluate the current IT governance arrangements in the Directorate-General for International Cooperation and Development with a particular focus on the following main areas: the effectiveness of the oversight for information technology-related issues and whetherthere are clear roles and responsibilities in place; the effectiveness and efficiency of the processes which evaluate, direct and monitor valuecontribution, risk optimisation and resource optimisation of information technology systems and services in the achievements of the Directorate-General for International Cooperation and Development business objectives.There are no observations/reservations in the 2017 annual activity report of the Directorate-General for International Cooperation and Development that relate to the area/process audited. The fieldwork was finalised on 16 October 2018. All recommendations relate to the situation as of that date.However, the Directorate-General for International Cooperation and Development informed us thatfurther to the entry into force of their new organisation chart on 1 November 2018, all activities and staff relating to OPSYS were transferred from Unit 04 to Unit R4.The Directorate-General for International Cooperation and Development management exercises asound and professional oversight of the information technology issues, in line with the Commission principles for IT governance established in 2004 (31). In particular, the audit highlighted the following strengths: the Directorate-General for International Cooperation and Development information technology governance model makes a clear distinction between business and IT responsibilities, under the strong coordination role of Unit 04;31 Communication to the Commission SEC(2004)1267 on the improvement of information technology governance in the Commission.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201858 for the OPSYS programme there is close cooperation between the Directorate-General for International Cooperation and Development (as representative of the RELEX family) on the business side and the Directorate-General for Informatics and the other information technology solution providers on the other side; a close and dual oversight of the OPSYS programme is exercised through its management board (OMB) and the specialised project steering committees; risk management processes are well designed in the areas of project management and information security, and supported by an information technology application making it possible to capture, analyse and report on risk management related data in an extended and automated manner;The business processes of the Directorate-General for International Cooperation and Development are formally designed, with responsibilities clearly identified to ensure that the business process models remain up-to-date and are used for the development of new information technology systems.The Internal Audit Service identified two issues concerning the IT governance framework and data governance and formulated the following very important recommendations:IT governance frameworkThe Directorate-General for International Cooperation and Development should adapt its information technology governance framework to ensure effective oversight of its full portfolio of information technology-related processes, data and systems. This could take the form of a layered model encompassing the following three levels; at the top level a single Information Technology Steering Committee accountable for overall information technology governance in the directorate-general; at a second level, dedicated steering committees chaired by business representative and responsible for the oversight of individual or group of information technology systems and components, and; at a lower level, dedicated groups responsible for (family of) process(es) and data set(s). Under the lead of a central co-ordination team in the Directorate-General for International Cooperation and Development, these groups representing the user community should liaise with the system owner(s) and IT suppliers.As a complementary measure, the Directorate-General for International Cooperation and Development should consolidate the current state and medium to long-term vision of its information technology landscape in a revised version of its information technology strategy and reinforce its enterprise architecture function. Finally, the Directorate-General for International Cooperation and Development should liaise with information technology service providers and notably The Directorate-General for Informatics to define regular reporting requirements on the service levels achieved, based on Key Performance Indicators.Data governanceThe Directorate-General for International Cooperation and Development should strengthen its governance on data architecture and ensure it retains ownership of the data supporting its operational processes. To complement this, the Directorate-General for International Cooperation and Development should assess, decide and clearly communicate its data convergence options in order to properly prepare for the transition between legacy systems and OPSYS. This should also include the reporting changes needed to integrate OPSYS data.Additional information provided by Director DEVCO on the measures defined and/or implemented following the Internal Audit Service auditSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201859The action plan of the Directorate-General for International Cooperation and Development to address the recommendations was accepted by the Internal Audit Service on 20 December 2018. The Directorate-General for International Cooperation and Development has set up a Relex Family Data Governance Board to ensure oversight of the data architecture and its different components. Relex Family Data Governance Board meetings have already taken place; the Data Governance Board will be reflected in the new governanceSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201860framework of the Directorate-General for International Cooperation and Development. The directorate-general has drafted and started to implement a strategy for data convergence. OPSYS, theoperational information system under development, will be integrated into the Data Warehouse by the third quarter of 2019. To improve its information technology governance framework, the Directorate-General for International Cooperation and Development has merged the different Project Steering Committees of the OPSYS programme into a single Programme Steering Committee, which reports tothe IT Board of the Directorate-General for International Cooperation and Development and theOPSYS Management Board. The Directorate-General for International Cooperation and Developmentwill adopt a revised Governance Policy document and draft an IT strategy for 2019-2022 by the end of September.Audit on IT security management for Common Support Centre H2020 grant lifecycle systems in DG RTDThe objective of the audit was to assess the adequacy of the design and the effectiveness of the implementation of the internal controls put in place by the Directorate-General for Research and Innovation, and more specifically by the Common Support Centre (CSC), for protecting electronic information and assets and for grant lifecycle systems supporting the Horizon 2020 programme.There were no observations/reservations in the 2017 annual activity report of the Directorate-General for Research and Innovation that relate to the area/process audited. The fieldwork was finalised on 23 November 2018. All recommendations relate to the situation as of that date.The Internal Audit Service noted a number of good practices within the Common information technology Support unit and the Common Support Centre regarding security management and business management of the processes. Each of these practices helps to improve the effectiveness and efficiency of the security management process, focusing on prevention and ensuring that identifiable security risks are managed before they occur: tracking of the status of security measures: the Common Support Centre tracks the defined standard and specific security measures and exceptions in the Rational Team Concert security measures tool. This enables a continuous and complete follow up of the progress made in implementing security measures; source code reviews: source code reviews are performed both using an automated tool (Sonar) covering most of the developed source code and by peer/colleague reviews. This ensures increase of quality of the code developed and identification of issues or bugs beforedeploying the code for further testing. At the same time, it enables the team to identify common mistakes and builds knowledge by sharing their own expertise among each otherduring the peer reviews; automatic access management: automatic rules are implemented in Secunda+ (user authorisation tool) for adding/updating/removing access rights based on the nightly update with Common Reference – staff reference database for Commission information technology systems (COMREF). This shows an efficient approach to access management in cases when access rights can be automated and standardised. This approach also represents a strong mitigating control in case human intervention to remove or change access rights uponchanges in an employee status fails; business process view over information technology systems: the establishment of business process owner roles supports a transversal view across the Research family and ensures a better coverage of business and security requirements increasing harmonisation, simplification and automation; automation of security tests during information technology system development: theautomation of security tests in place and penetration testing (performed on a pilot) increases the speed of testing process. In addition, it helps to identify vulnerabilities before systems are deployed in the production environment and exposed to users.The Internal Audit Service did not formulate any critical or very important recommendations.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201861SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201862Section 2Follow-up engagements (summarised)Follow-up audit on the management of grants under the 2014-2020consumer and health programmes in CHAFEABased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 1 (very important): internal grant management proceduresRecommendation N° 2 (important): evaluation committees for the consumer programmeRecommendation N° 3 (important): evaluation processRecommendation N° 4 (important): guidance and interpretationThe following recommendations were assessed as not fully and/or adequately implemented and were re-opened:Recommendation N° 5 (important): double ***funding***, with original target date for implementation of 31 December 2016, revised to 31 December 2017 after the first follow-up auditChapter 4 of the Consumers, Health, ***Agriculture*** and Food Executive Agency’s new Handbook ofProcedures reflects the Directorate-General for Budget revised approach to double ***funding***. Under the revised approach, a beneficiary receiving an operating grant is now entitled to declare indirect costs under an action grant if the operating grant covers only part of their usual activity if the beneficiary is able to demonstrate clearly that the operating grant does not cover any costs (including overheads) that may be covered under the action grant. It is up to the beneficiary to demonstrate this and theDirectorate-General for Budget vademecum details how this is to be done.However, as the Consumers, Health, ***Agriculture*** and Food Executive Agency’s financial control strategy is not finalised yet, the Internal Audit Service is not in a position to determine conclusively the extent to which recipients of operating grants are subject to reinforced controls at the time of payment, and if instructions on documentation of conclusions and/or further actions to be undertaken following double ***funding*** controls are adequately defined.Recommendation N° 6 (important): grant agreement, with original target date for implementation of31 December 2016, revised to 31 December 2017 after the first follow-up auditThe Consumers, Health, ***Agriculture*** and Food Executive Agency provided evidence that decisions to award a grant retroactively are based on well justified requests by the beneficiaries and are well documented in the grant preparation report before the signature of the authorising officer.However, on the basis of the evidence provided, the Internal Audit Service has not been able to conclude satisfactorily that the basis for decisions on pre-financing rates is adequately documented. Moreover, an internal guidance document on issues concerning the financial viability of beneficiaries referenced in chapter 7 of the Consumers, Health, ***Agriculture*** and Food Executive Agency’s Handbook of Procedures is still under preparation.Follow-up audit on CHAFEA’s management and control system for the implementation of the measures for the promotion of ***agricultural*** productsBased on the results of the follow-up audit, the Internal Audit Service concluded that the followingrecommendations were adequately and effectively implemented and were closed:Recommendation N° 2 (important): grant managementSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201863Recommendation N° 3 (important): selection of experts Recommendation N° 4 (important): high-level missions The following recommendation was assessed as not fully and/or adequately implemented and was reopened:Recommendation N°1 (important): overall internal control framework, with original target date forimplementation of 31 July 2018.The Consumers, Health, ***Agriculture*** and Food Executive Agency has developed a payments strategy for grants which is now being implemented and in addition, complementary checks to address the risk of double-***funding*** for certain beneficiaries have been designed in coordination with the Directorate-General for ***Agriculture*** and Rural Development. However, although it has started to work on its multiannual financial control strategy, this has yet to be formally endorsed and registered. In addition, this still needs to be complemented, as necessary, by any control objectives which are identified as aresult of the update of the risk assessment scheduled for autumn 2018. Finally, the Consumers, Health, ***Agriculture*** and Food Executive Agency still has to update annex V ‘Internal Control Template(s) for budget implementation’ to reflect those controls and control objectives specific topromotion activities.Follow-up audit on staff allocation and process management in response to staff reduction in DG ENVBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 1 (important): activities and skills mappingRecommendation N° 2 (very important): workload assessmentRecommendation N° 4 (important): efficiency gainsFollow-up audit on early implementation of European Structural andInvestment ***Funds*** control strategy 2014-2020 in DG MAREBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 4 (very important): control-related simplification measuresRecommendation N° 5 (very important): designation process and reviewRecommendation N° 7 (very important): early preventive system audits (EPSA)Recommendation N° 8 (very important): review of national audit strategiesRecommendation N° 9 (very important): audits on ‘Performance data reliability’Recommendation N° 11 (important): coordination arrangementsFollow-up audit on amendments of 2014-2020 operational programmes in DGs REGIO, EMPL and MARE - DG EMPLBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 1 (very important): consistency, effectiveness and timeliness of the OP amendment processSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201864Recommendation N° 2 (important): internal methodology and horizontal aspects of the OP amendment processFollow-up audit on early implementation of European Structural and Investment ***Funds*** control strategy 2014-2020 in DG EMPLBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 4 (very important): control-related simplification measuresRecommendation N° 5 (very important): designation process and reviewRecommendation N° 7 (very important): early preventive system audits (EPSA)Recommendation N° 8 (very important): review of national audit strategiesRecommendation N° 9 (very important): audits on ‘Performance data reliability’Follow-up audit on amendments of 2014-2020 operational programmes inDGs REGIO, EMPL and MARE - DG REGIOBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 1 (very important): consistency, effectiveness and timeliness of the OP amendment process Recommendation N° 2 (important): internal methodology and horizontal aspects of the OP amendment processFollow-up audit on early implementation of European Structural and Investment ***Funds*** control strategy 2014-2020 in DG REGIOBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 4 (very important): control-related simplification measuresRecommendation N° 5 (very important): designation process and reviewRecommendation N° 7 (very important): early preventive system audits (EPSA)Recommendation N° 8 (very important): review of national audit strategiesRecommendation N° 9 (very important): audits on ‘Performance data Reliability’Follow-up audit on major projects in DG REGIOBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:Recommendation N° 2 (important): planning and reception of major project applicationsSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201865Follow-up audit on the supervision of ITER in DG ENERBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:Recommendation N° 1 (very important): DG ENER’s supervision strategy for the ITER organisation and projectThe following recommendation was assessed as not fully and/or adequately implemented and was reopened:Recommendation N° 2 (very important): supervision and monitoring of F4E activities with original target date 31 July 2017The Directorate-General for Energy established a supervision strategy for Fusion for Energy (F4E) and, based on assessment of the impact of recent changes, prepared a draft revised version of the Administrative Arrangement with Fusion for Energy. A dedicated annex outlines the ‘Working relations with Fusion for Energy ', which provide for efficient and transparent coordination between Fusion forEnergy and the relevant European Commission services. Nevertheless, the AdministrativeArrangement has not yet been signed and the standard formats for the Fusion for Energy reporting to the Directorate-General for Energy have not been finalised yet.Follow-up audit on the supervision of ITER in DG ENERBased on the results of the follow-up audit, the Internal Audit Service concluded that the followingrecommendation was adequately and effectively implemented and was closed:Recommendation N° 3 (important): supervision objectives at Unit levelFollow-up audit on competitive activities in Joint Research CentreBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 2 (important): planning processRecommendation N° 3 (important): guidance and supporting IT toolsRecommendation N° 4 (important): administrative managementFollow-up audit on the implementation of the FP7 ex post audit strategy by the Common Audit Service in DG RTDBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:Recommendation N° 1 (very important): delivery of individual audit engagementsThe following recommendations were assessed as not fully and/or adequately implemented and were re-opened:Recommendation N° 2 (very important): audit planning, monitoring and reporting, with original target date for implementation of 01 May 2018The Common Audit Service drafted a detailed audit plan for 2019 in order to track the status ofindividual audit files and established budgets for in-house and outsourced audits, which will enable acomparison against actual time spent. The Common Audit Service also established a process to track key audit milestones against target dates and to justify delays. It also developed operational objectives for the annual audit plan. In addition, the Common Audit Service monitors the inflow of cost statements and revises the annual targets for audits accordingly. However, the following elements of the actionplan still have to be fully implemented: (1) an enhanced tool to manage auditors’ capacity andSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201866workload in order to identify resource planning issues on time; (2) a dashboard with aggregated indicators and corresponding targets on the timely delivery of audits; (3) performance indicators andcorresponding targets in order to measure and to report on the strategic objectives of the Horizon 2020 audit strategy. Although the recommendation is not fully implemented, significant progress has been achieved. Consequently, the Internal Audit Service decided to re-open the recommendation but downgrade it from ‘very important’ to ‘important’.Recommendation N° 3 (important): Anti-Fraud objectives and testing during ex post audits The Common Audit Service has established specific and measurable objectives for fraud-risk basedaudits. It has also developed guidance for the auditors on dealing with the risk of fraud and in January 2018, it revised the methodology in order to improve the documentation of fraud-risk based audits.However, the revised methodology has only been applied in one on-going audit so far. Therefore, it is premature for the Internal Audit Service to conclude on its effective implementation.Recommendation N° 4 (important): supervision and quality assurance functions The Common Audit Service implemented arrangements for reciprocal ‘peer’ assessments with the expost control directorate in the Directorate-General for Regional and Urban Policy. The Common Audit Service also revised the audit methodology in order to clarify which engagement standards the auditors have to comply with in the performance of their work. It also established aggregated indicators to measure the performance of the external audit firms. If systemic issues are detectedduring quality control, the Common Audit Service now organises training sessions for the auditors. Finally, the audit methodology is revised on a regular basis.However, the fact that improvements are still needed in the documentation of in-house audit files (see Recommendation No 5 below) indicates that the peer reviews performed by auditors are not yetsufficient. The Common Audit Service should therefore revise the supervision and the quality control on the documentation of in-house audit files.Recommendation N° 5 (important): documentation of in-house audits The Common Audit Service performed a cost-benefit analysis and decided to develop an auditmanagement tool internally. The current estimated target date for implementation is September 2019. In the meantime, although there are some improvements in the completion of audit programmes and mandatory checklists, the audit working papers are not cross-referenced and do not include the audit conclusions. As a result, there are no links between the adjustments in the audit report, the audit programmes, and the working papers, which may affect the ability of an independent party to review the audit file and arrive at the same conclusions.Follow-up audit on the H2020 project management in DG RTDBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 1.b (very important): determining the level of monitoring for projects (RTD)Recommendation N° 2.b (important): guidance, support and training (RTD)The Internal Audit Service concluded that the following recommendations were not assessed as fully and/or adequately implemented and were re-opened:Recommendation N° 1.a (very important): determining the level of monitoring for projects (Common Support Centre), with original target date for implementation of 31 July 2017The Common Support Centre has fully implemented one of two actions covered by this recommendation. In particular, it has reached a consensus at the level of Research and innovation family services on the baseline requirements and principles to ensure the implementation of risk based project monitoring (additional checks or reviews for highly risky projects and limited checks for less risky projects). The guidance document was adopted by the Common Support Centre Steering Board on 18 December 2018.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201867The remaining action (to clarify the use of ‘technical audits’) is yet to be finalised. As reported by the Common Support Centre, the revised Vademecum, currently under review by the legal service,explains that the project reviews will be used instead of technical audits. This approach was already communicated to the implementing bodies via GoFund Wiki noticeboard. However, the Common Support Centre is yet to align the corresponding procedures, concepts and terminology in the various guidelines covering the business processes and audits.Considering the actions already taken, the Internal Audit Service decided to downgrade therecommendation from ‘very important’ to ‘important’ as the Common Support Centre has addressed the risks of inconsistent and inefficient project monitoring, and has partially mitigated the risk of suboptimal requests for technical audits due to unclear guidelines addressed to the responsible officers.Recommendation N° 2.a (important): guidance, support and training (Common Support Centre)The Common Support Centre has implemented four of the five actions covered by this recommendation. In particular, it completed the guidance on project monitoring by clarifying: (1) the use of project checks versus project reviews; (2) the documentation and dissemination of the project officers’ assessment report; (3) the assessment of publishable summaries; (4) the documentation of the justification for the amendments.The remaining action to clarify the concept of reinforced monitoring is yet to be finalised. As reportedby the Common Support Centre, explanations will be available once the revision of the guidance document on ex ante controls for interim and final payments is completed.Follow-up audit on the design and set-up of the internal control systems for Horizon 2020 in DG RTDBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 2 (important): guidance for drafting the work programme/callsRecommendation N° 4b (important): evaluation procedures and lessons learned (RTD)Follow-up audit on DG DEVCO payment deadlines Based on the results of the follow-up audit, the Internal Audit Service concluded that the followingrecommendations were adequately and effectively implemented and were closed:Recommendation N° 1 (very important): encoding of payment requests in DG DEVCORecommendation N° 2 (important): processing of payments in DG DEVCO The following recommendation was assessed as not fully and/or adequately implemented and was reopened:Recommendation N° 3 (very important): monitoring of the payment process in DG DEVCO with original target date for implementation 31 December 2017The Directorate-General for International Cooperation and Development has modified the Key Performance Indicators on payment delays replacing the internal target of 30 days with the contractual payment deadlines. Moreover, it has launched several data quality campaigns on payments with longsuspension ***periods*** and has improved the new guide on Programme Estimates (article 3.1.2) which now clearly states the deadlines for payment.Concerning the monitoring of the payment process (including the suspensions), the directorategeneral has so far implemented a temporary solution based on the use of PMD. The long-termsolution will be based on the single integrated corporate system COMPASS/SYGMA which will beimplemented as a pilot in January 2019. Pending the implementation of the long-term solution, the Internal Audit Service considers that the recommendation is not fully implemented. However, it considers the risk partially mitigated and decided to downgrade it from ‘very important’ to ‘important’.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201868Follow-up audit on the management of the African Peace Facility in DG DEVCOBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 2 (originally very important, downgraded to important during previous followups): design and effectiveness of the remedial/mitigating measures at contract levelRecommendation N° 3 (originally very important, downgraded to important during previous followups): governance and coordination between DG DEVCO - EU Delegations – EEASRecommendation N° 5 (important): external audits and follow-up of external audit findingsThe following recommendation was assessed as not fully and/or adequately implemented and was reopened:Recommendation N° 1 (very important) on institutional assessment and monitoring by DG DEVCO ofthe partnership with the AUCThe Internal Audit Service acknowledges that the updated pillar assessment roadmap/action plan (last update February 2018) and the related Assessment Report (April 2018) provide assurance on theimprovements made by the African Union Commission (AUC) in each of the pillars. In addition, a structured monitoring system of the African Peace Facility, based on the new aide-mémoire, has been put in place. However, though planned for Q4 2018, the new pillar assessment recommended by Ernst & Young in their April 2018 final monitoring report has not been launched yet, pending completion by the African Union Commission of assets identification and valuation exercise (necessary to comply with IPSAS requirements).Follow-up audit on the performance management system in DG DEVCOThe following recommendation was assessed as not fully and/or adequately implemented and was reopened:Recommendation N° 2 (very important): monitoring of and reporting on DEVCO’s performancetowards achieving its objectivesWhile sub-recommendations 2.2, 2.3, 2.5 and 2.6 have been adequately and effectively implemented, other sub-recommendations remain to be implemented. In particular for sub-recommendation 2.7 itappeared that OPSYS Track 1 (results and monitoring) is not yet fully available and was not used forthis year’s exercise’ and this release is planned for February 2019. Consequently, it is premature toconsider sub-recommendation 2.7 implemented on the basis of the OPSYS release in July 2018.Follow-up audit on procurement under Instrument for Pre-Accession (direct management and indirect management with beneficiary countries) –Phase I – in DG NEARBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 2 (important): registration and filing of procurement documentationRecommendation N°4 (important): exchange of expertise among the staff of the EU Delegations implementing IPAFollow-up audit on procurement under Instrument for Pre-Accession (direct management and indirect management with beneficiary countries) –Phase II – in DG NEARBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201869Recommendation N° 2 (very important): implementation of control plans by the EU Delegation to TurkeyFollow-up audit on past Internal Audit Service audits in DG HOMEAudit on coordination and working arrangements with EU Decentralised AgenciesBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 1 (important): role and responsibility of the partner DG towards its Agencies Recommendation N° 2 (very important): overall strategy of the partner DG towards its Agencies –ProgrammingRecommendation N° 5 (important): organisational structure of the partner DG to interact with its Agencies The following recommendations were assessed as not fully and/or adequately implemented and werere-opened:Recommendation N° 3 (very important): overall strategy of the partner DG towards its Agencies –Monitoring with original target date for implementation of 31 December 2016 The Directorate-General for Migration and Home Affairs, within its overall responsibility as a member of the Agencies’ Management Board, has strengthened its monitoring of Agencies’ performance (32).Also, the directorate-general has contributed to the implementation of the principles of the Common approach and Roadmap actions by its Agencies (e.g support for the establishment of Anti-fraudStrategies and Conflict of Interest Policies as well as strategies for external communications). However, there is no evidence of monitoring by the Directorate-General for Migration and HomeAffairs of the implementation of the Roadmap actions by its Agencies, as envisaged by the Internal Audit Service recommendation and the Directorate-General’s action plan. The Directorate-General confirmed to the Internal Audit Service that a follow-up table will be developed to check whether each individual Agency is on track in implementing the Roadmap actions.Therefore, this recommendation cannot be closed at the moment, as one action still needs to be implemented. However, taking into consideration the actions already implemented by the Directorate-General for Migration and Home Affairs, the Internal Audit Service considered that the residual risk has been partly mitigated and decided to downgrade the recommendation from ‘very important’ to‘important’.Recommendation N° 4 (very important): overall strategy of the partner DG towards its Agencies –Control & building-up assurance with original target date for implementation of 30 June 2017The Directorate-General for Migration and Home Affairs has strengthened the design of the controls towards its Agencies. In particular, a control strategy for the budget managed through decentralised Agencies was adopted in January 2018. However, a separate control strategy for Agencies (and other bodies) with delegated budget implementation tasks (i.e Delegation Agreements) still has to be established as recommended by the Internal Audit Service. On the reinforcement of the building blocks supporting the Authorising Officer by Delegation’s declaration of assurance, the following aspects should be noted:The Authorising Officer by Sub Delegation (AOSD) reporting (template and accompanying instructions) has been strengthened. However, these have not yet been effectively implemented inpractice by all the AOSDs dealing with Agencies (33).32 For example, the implementation of the Agencies’ work programme, including reporting on key performance indicators, is regularly discussed in the Agencies’ Board meetings.33 In particular, either no or insufficient information is provided in the authorising officer by sub-delegation report on the following aspects which are requested in the instructions for the preparation of that report: 'present briefly the open auditSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201870The Internal Audit Service recommended that the Directorate-General for Migration and Home Affairs use its independent sources of assurance more efficiently by: (1) encouraging that evaluation and audit reports on the Agencies are shared with the Directorate-General for Migration and Home Affairs on a timely basis and regularly followed up; (2) establishing a mechanism to forward, if appropriate, issues for Internal Audit Service consideration; and (3) analysing the possibility to set up Audit Committees for the Agencies where audit activity is particularly important. However, no evidence has been provided to the Internal Audit Service on the effective implementation of these three actions.Considering the timing gap that exists between the submission of the annual activity report(31/03/N+1) of the directorate-general and of the agencies’ annual activity report (01/07/N+1), theInternal Audit Service recommended that the Directorate-General for Migration and Home Affairs establish a more systematic way of obtaining key information it needs from the Agencies to support its annual activity report. In this context, the Directorate-General for Migration and Home Affairs requested that the Agencies notify the directorate-general (by 01/02/N+1) of significant events whichcould have a possible impact on the annual activity report of the directorate-general. However, only three of the six agencies provided the information on time. For the other three agencies, one did notreply and the other two replied only after the Internal Audit Service issued a request in the context of this follow-up. Therefore, this procedure, although well-designed, has yet to be effectively implemented in practice. While the Internal Audit Service acknowledges that the Directorate-General for Migration and Home Affairs is dependent on the agencies for receiving the requested information, we consider that the directorate-general should monitor the agencies more proactively to ensure thatthey provide this information on time, as it could potentially have a significant impact on the annual activity report of the directorate-general and the authorising officer by delegation’s declaration of assurance.Finally, the Directorate-General for Migration and Home Affairs encouraged the agencies to prepare adequate Anti-Fraud Strategies and conflict of interest policies. Given the key importance of theseissues and the level of scrutiny exercised by the Budgetary Control (CONT) Committee, we recommended that those strategies/policies are approved by their respective Management Boards. As at the date of this note, two Agencies had not yet adopted a conflict of interest policy. Therefore, theInternal Audit Service recommends that the Directorate-General for Migration and Home Affairs continue its efforts, via its representation in the respective Management Boards, and advocate that the conflict of interest policy in eu-LISA (currently being drafted) is finalised and adopted by the Board and that an overarching conflict of interest policy is established by Frontex (as recommended by theEuropean Court of Auditors as well in its Special report 12/2016) and adopted by its Board. Therefore, this recommendation cannot be closed at the moment, as several actions still need to be implemented. However, taking into consideration the actions already implemented by the Directorate-General for Migration and Home Affairs, the Internal Audit Service considered that the residual risk has been partly mitigated and decided to downgrade the recommendation from ‘very important’ to‘important’.Follow-up audit on enforcement of the EU antitrust policy in DG COMP:cooperation with EU national competition authorities and national courtsBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:Recommendation N° 1 (very important): cooperation with the national courtsFollow-up audit on enforcement of the EU antitrust policy in DG COMP:cooperation with EU national competition authorities and national courts Based on the results of the follow-up audit, the Internal Audit Service concluded that the followingrecommendations were adequately and effectively implemented and were closed:Recommendation N° 2 (important): cooperation with the national competition Authoritiesrecommendations of the internal auditors of the agency and in case of very important or critical recommendation, detail the action plan proposed by the agency and the impact on the assurance'.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201871Recommendation N° 3 (important): European Competition NetworkFollow-up audit on past Internal Audit Service audits in DG EAC: performance management systems in DG EAC, including the contributionsof executive Agencies and national Agencies to the achievement of policy objectivesBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:Recommendation N°3 (important): exploitation of best practice between the different policy areasFollow-up audit on Erasmus+ and Creative Europe – grant management phase I (from the call to the signature of contracts) in EACEA Based on the results of the first follow-up work , the Internal Audit Service concluded that sufficient progress had been made to partially mitigate the underlying risks and decided to downgrade the ratings of the following recommendations:Recommendation N° 2 (original rating: critical, downgraded to very important): role of the evaluationCommitteeRecommendation N° 9 (original rating: very important, downgraded to important): calculation of time to inform and time to contractRecommendation N° 10 (original rating: very important, downgraded to important): distribution schemes under the MEDIA sub-programmeFollow-up audit on Erasmus+ and Creative Europe – grant management phase I (from the call to the signature of contracts) in EACEA (34)Based on the results of the second follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 2 (original rating: critical, downgraded to very important after the 1st follow-up): role of the evaluation CommitteeRecommendation N° 6 (important): consolidation of assessment results of the external expertsRecommendation N° 10 (original rating: very important, downgraded to important after the 1st followup): Distribution Schemes under the MEDIA sub-programmeFollow-up audit on past Internal Audit Service audits in DG ECFINAudit on evaluation in DG ECFINBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:Recommendation N° 3 (important): coverage of the evaluation plan34 Based on the results of the last follow-up audit (results issued on 14 March 2019), the Internal Audit Service concludedthat all remaining recommendations were adequately and effectively implemented and were closed:Recommendation N° 1(very important): Control Environment for Grants; Recommendation N° 3 (very important): Organisation of Evaluation Process; Recommendation N° 4 (very important): External Experts; Recommendation N° 5 (very important): Effectiveness of the Evaluation Process; Recommendation N° 7 (very important): Actions preceding the award decision; Recommendation N° 8 (very important): Non-Retroactivity Principle; Recommendation N° 9 (original rating: very important, downgraded to important after the 1st follow-up): Calculation of Time to Inform (TTI) and Time to Contract (TTC).SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201872Follow-up audit on the setting of objectives and measurement of performances in DG GROW Based on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 1 (very important): DG GROW performance frameworkRecommendation N° 3 (important): process for preparing the MP/SP Based on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was not fully and/or adequately implemented and was re-opened:Recommendation N° 2 (very important): monitoring of and reporting on performance in the context of the SPP cycle The Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs ensures consistency and comparability of the indicators included in the different Strategic Planning and Programming documents. In addition, it prepared a ‘Repository of objectives and indicators together with the services responsible for their follow-up’. However, the repository does not include exhaustive information about the service responsible for the monitoring of the indicator, the data sources used, the methodology to calculate the indicator and how the reliability of data is checked. Moreover, the directorate-general has not designed a procedure for the measurement and monitoring of the resultindicators included in the Strategic Plan and in the Programme Statement.However, given the actions taken to date, the Internal Audit Service considers that the related risks have been partially mitigated. Therefore, the Internal Audit Service decided to downgrade therecommendation from very important to important.Follow-up audit on the performance of DG GROW’s supervision of ESA’s implementation of GalileoBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 2 (important): cooperation between DG GROW and ESA Recommendation N° 4 (important): management and coordination of the Galileo programmesupervision risksRecommendation N° 5 (important): Key Performance Indicators Based on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was not fully and/or adequately implemented and was re-opened:Recommendation N° 1 (important): implementation of the procurement activitiesIn line with the recommendation and the agreed action plan, the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs has defined the role of unit GROW 02 in the review of the Acquisition Plan. The units concerned have also prepared a procedure on the Acquisition Plan process, describing the different steps in the approval process, the roles and responsibilities of the different units and checklists to be used. However, the procedure does not establish clear deadlines for the contributions of the different units, which would help in preventing or minimising any delay inprocessing the Acquisition Plan. Moreover, the procedure has not yet been formally approved.Follow-up audit on ethics in DG TRADEBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:Recommendation N°2 (important): contacts with interest groups and requests for access to documentsSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201873Follow-up audit on performance of Anti-Fraud activities in the own resource and taxation areas in DG BUDGBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed.Recommendation N°3 (very important): roles and responsibilities in the Traditional Own Resources areaFollow-up audit on performance of Anti-Fraud activities in the own resource and taxation areas in DG BUDGBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed.Recommendation N° 4 (important): performance monitoring and reporting on Anti-Fraud activities in the TOR area a) Quality of data in OWNRESFollow-up audit on the procurement process in DG DIGITBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:Recommendation N° 4 (important): ex post controls Follow-up audit on performance of EUROSTAT’s support to the Europe 2020 strategy and the new Commission prioritiesBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 2 (important): operational planning and monitoring of the production of Europe2020 statistics and other key indicatorsRecommendation N° 4 (important): European statistics quality assurance and data validation checksFollow-up audit on former IAC and Internal Audit Service audits in OIBInternal Audit Service Audit on the procurement process in Office for Infrastructure and Logistics in BrusselsBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:Recommendation N° 2 (very important): ex post controls methodology and implementationFollow-up audit on the procurement process in OILBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:Recommendation N° 2 (very important): ex post controls Follow-up audit on the governance, planning, monitoring andimplementation of the budget line of the OLAF Supervisory CommitteeThe Internal Audit Service conducted two follow-up engagements in 2018 in relation to the audit.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201874During the first follow-up, the following recommendations were assessed as not fully and/or adequately implemented and were re-opened:Recommendation N° 1 (very important, downgraded to important): roles and responsibilities, budget planning and monitoring.Recommendation N° 2 (very important): budget executionFollow-up audit on the governance, planning, monitoring andimplementation of the budget line of the OLAF Supervisory CommitteeBased on the results of the second follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:Recommendation N° 1 (rated important after the first follow-up): roles and responsibilities, budgetplanning and monitoringThe following recommendation was not fully and/or adequately implemented and was re-opened:Recommendation N° 2 (very important downgraded to important): budget execution, with original target date for implementation of 31 January 2018, revised to 30 June 2018The recommendation consisted of five actions (2.1 to 2.5) for which the Office for the Administration and Payment of Individual Entitlements proposed an action plan, which the Internal Audit Service assessed as satisfactory. The first follow-up audit showed that the Office for the Administration andPayment of Individual Entitlements had satisfactorily implemented two (2.1 and 2.3) of the five actions. Notably, the roles and responsibilities for the procedure to certify expenditure as ‘correct’ have been clarified. Furthermore, the IT tool for the management of missions and of the related expenditure in the Commission (MIPS) is now systematically used, which ensures that management of the relatedexpenditure is more timely, regular and structured. In the second follow-up audit, the Internal Audit Service acknowledged in particular the specific context related to the creation of the European Public Prosecutor’s Office and its implications on the EuropeanAnti-Fraud Office’s activity, noted that progress still needs to be made in the implementation of two actions (2.2 and 2.4) and assessed as satisfactory the implementation of one action (2.5)..In the light of these results, Internal Audit Service assessed the level of implementation as sufficientoverall to reduce the level of residual risk, from high to medium and decided to downgrade the risk rating of this recommendation from very important to important.Follow-up audit on performance and coordination of Anti-Fraud activities in the Traditional Own Resources areas in OLAFThe Internal Audit Service conducted two follow-up engagements in 2018 in relation to the audit.Based on the results of the first follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 2 (very important): OLAF supportRecommendation N° 4 (important): performance monitoring and reporting on Anti-Fraud activities in the TOR Area b) Quality of reporting on performanceFollow-up audit on performance and coordination of Anti-Fraud activities in the Traditional Own Resources area in OLAFBased on the results of the second follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:Recommendation N° 5 (important): operational cooperationSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201875Follow-up audit on former IAC audits in PMOBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:IAC audit on the reimbursement of experts’ expenses managed by the PMORecommendation N° 3 (very important): compliance with applicable rules and regulations.IAC audit on management of accident’s insurance in PMO.3Recommendation N° 6 (important): review the control measures.IAC audit on contracts related to the management of missions in the PMORecommendation N° 2 (very important): completeness of transactionsRecommendation N° 3 (very important): ensure a secured access to AMEX dataRecommendation N° 7 (very important): relevant statistics made available to DGs in the framework ofthe next contract (2014)IAC audit on the effectiveness and efficiency of the mission management workflow in the PMORecommendation N° 4 (very important): risk based verifications and controlsRecommendation N° 6 (very important): redeployment of resourcesRecommendation N° 9 (important): reassessment of services for agencies and bodies.Based on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was not fully and/or adequately implemented and was re-opened:IAC audit on management of accident’s insurance in PMO.3Recommendation N° 5 (very important): reliable monitoring of accident files with original target date forimplementation of 31 December 2012, revised deadline of 31 March 2018The Office for the Administration and Payment of Individual Entitlements provided the Internal Audit Service with evidence that shows that it now records deadlines for accident files in ASSMAL2. This ITsystem also includes automatic checks and controls to ensure correct reimbursements. However, in the current version of ASSMAL2, it is not yet possible to have an overview of the deadlines linked to all accident files at the different stages of the process for treating them. Meanwhile, the Office for the Administration and Payment of Individual Entitlements is using a set of custom-made reports tomonitor the accident files.Follow-up audit on business ***continuity*** in DG COMMBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 1 (very important): business impact analysisRecommendation N° 3 (important): business ***continuity*** documentationFollow-up audit on security of IT applications supporting nuclear accountancy and inspection processes in DG ENERBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:Recommendation N° 4 (important): change management in infrastructure configuration.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201876Follow-up audit on security of IT applications supporting nuclear accountancy and inspection processes in DG ENERBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:Recommendation N° 3 (important): user access managementFollow-up audit on management of local IT in DG ESTATBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was not fully and/or adequately implemented and was re-opened:Recommendation N° 4 (very important): information system securityThe last part of the recommendation – to develop and implement security plans for all active information technology systems and services based on the security requirements identified for eachsystem – is not yet fully implemented. Eurostat has developed information technology security plans by family of standard systems, grouped along the three main aspects of data exchange, data processing and data dissemination. However, only over half of the operational information technology systems fit into those three categories and there is not yet a security plan in place which covers the remaining information technology systems.Follow-up audit on IT governance and portfolio management in DGGROWBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:Recommendation N° 1 (very important): IT strategy, IT-related risk management, and functioning of the ITSCThe recommendation listed below was assessed as not fully and/or adequately implemented and was re-opened:Recommendation N° 4 (important): IT service documentation and communication, with original targetdate for implementation of 30 June 2018The Internal Audit Service considers that although progress has been made, the action plan has not been fully implemented yet. The services documentation has only been partially completed and therefore only partly published. Furthermore, the service catalogue documentation is currently notinformation system/service specific. Therefore, the risks remain that relevant knowledge may be lostand that communication with the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs internal or external customers/stakeholders is inefficient, both of which can lead todifficulties in managing expectations and ultimately low levels of stakeholder satisfaction.Follow-up audit on the former IAC audit on the performance of the Anti-Fraud information system (AFIS) in OLAFBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:Recommendation N° 9 (important): user account managementFollow-up audit on IT logical security controls in OLAFThe following recommendation was assessed as not fully and/or adequately implemented and was reopened:SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201877Recommendation N° 3 (very important): Local Information Security Officer and deputy Local Information Security Officer, with original target date for implementation of 30 March 2018At the time of the follow-up, the Internal Audit Service noted that only three out of five parts of the recommendation had been implemented. After the follow-up of the Internal Audit Service, OLAF took measures to implement the outstanding actions, i.e organisation of monthly meetings between the Director-General and the Local Information Security Officer and the establishment of a revamped 2018 Local Information Security Officer annual report. Since end of March 2019, OLAF considers the action plan as fully implemented. The effective implementation will be assessed by the Internal Audit Service in due course as part of a second follow-up audit.Follow-up audit on business ***continuity*** management in Publications Office of the European UnionBased on the results of the follow-up audit, the Internal Audit Service concludes that the following recommendations were adequately and effectively implemented and were closed:Recommendation N° 3 (very important): inadequate business impact analysis not delivering intended resultsRecommendation N° 4 (important): gaps in the application level documentation and IT documentationscattered over different mediaFollow-up audit on business ***continuity*** management in Publications Office of the European UnionBased on the results of the follow-up audit, the following recommendation was assessed as not fully implemented and was re-opened:Recommendation N° 5 (important): testing of business ***continuity*** insufficiently co-ordinated and logged, with original target date for implementation of 31 October 2017The Publications Office of the European Union is in a ***transitional*** ***period*** as regards the migration of its IT activities to the Commission data centre managed by the Directorate-General for Informatics. The full implementation of the service level agreement between the Publications Office of the European Union and the Directorate-General for Informatics will affect the measures on business ***continuity*** coordination and logging. The full integration is currently expected to be completed by the end of 2019. However, a multi-annual testing programme has yet to be established, covering also the transition ***period***.For the time being, the critical systems of the Office remain in the former datacentres. According to the IT infrastructure consolidation convention of the Publications Office of the European Union, thesedatacentres are considered to be under the responsibility of the Directorate-General for Informatics as from 1 January 2018. However, the information technology incident exercises, which are performed regularly by the Directorate-General for Informatics, do not cover these datacentres.The Publications Office of the European Union performs a full switchover of applications from one data centre to the other at least twice per year as part of the operational maintenance of the building, whenpower cut exercises are performed. However, these tests are not properly documented for business ***continuity*** purposes and the results are not reported to senior management. To cover this gap, there needs to be proper failover documentation, which aims to prove the system’s ability to move critical operations from the main datacentre to back-up systems and vice versa.Follow-up audit on HR IT corporate application – NAP in PMOBased on the results of the follow-up audit, the Internal Audit Service concluded that the following recommendation was adequately and effectively implemented and was closed:Recommendation N° 12 (important): NAP 1st level supportSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201878Follow-up audit on supervision of outsourced IT operations in DG TAXUDBased on the results of the follow-up audit, the following recommendation was assessed as not fully and/or adequately implemented and was re-opened:Recommendation N° 3 (important): audit arrangements, with original target date for implementation of 01 January 2018The Internal Audit Service acknowledges that the change of service provider for the QA contract (QA3 to QA4) delayed the implementation of this recommendation. Nevertheless, the following actions havenot yet been fully implemented: (1) consultation between the Directorate-General for Taxation andCustoms Union resources and governance sector and the QA contractor to improving the auditmethodology, and the resulting amendment of TEMPO methodology; (2) definition and implementation of rules for ownership, retention, hand over and deletion of audit records (test results, minutes of interviews, etc.) and preparation of key deliverables (audit plan and audit report), in line with Commission’s document management practices; (3) creation of a post-audit action list with a defined follow-up process on past audit recommendations stemming from QA audits; (4) twice-yearly presentation of the follow-up action list to the Groupe de Coordination Informatique; (5) monthly progress reporting per sector on the audit actions for which they are responsible; (6) presentation of the follow-up action list to the Information Technology Steering Committee.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201879List of follow-up audits performed in 2018 for which all recommendations have been closed after the follow-upBased on the results of the follow-up audits performed in 2018, the Internal Audit Service assessed that the following audits listed below could be fully closed as all the recommendations had been adequately implemented.Audit Title53. Follow-up audit on DG AGRI’s management and control system for Voluntary Coupled Support54. Follow-up audit on the limited review on the reporting on the corrective capacity in DG AGRI55. Follow-up audit on public procurement in DG CLIMA56. Follow-up audit on LIFE+ phasing out in DG ENV57. Follow-up audit on monitoring and enforcement of EU environmental law in DG ENV58. Follow-up audit on DG SANTE and HOME coordination and working arrangements with EU Regulatory Agencies59. Follow-up audit on the adequacy and effective implementation of Anti-Fraud Strategy in DG SANTE60. Follow-up audit on pilot projects and preparatory actions in DG SANTE61. Follow-up audit on the former IAC audit on the management of ***funds*** in DG SANTE Veterinary Programmes62. Follow-up audit in DG MARE on amendments of 2014-2020 operational programmes in DGs REGIO, EMPL and MARE63. Follow-up audit of former IAC audits in DG REGIO: interruptions and suspensions of payments, performance framework64. Follow-up audit on procurement in DG CNECT65. Follow-up audit on project management in DG CNECT66. Follow-up audit on the supervision of the implementation of Connecting Europe Facility in DG ENER67. Follow-up audit on governance and supervision of the Nuclear Decommissioning Assistance Programme in DG ENER68. Follow-up audit on past Internal Audit Service audits in ERCEA: closure of FP7 projects, HR management69. Follow-up audit on the former IAC audit on document management in Joint Research Centre70. Follow-up audit on SPP/ABM in Joint Research Centre71. Follow-up audit on the former IAC audit on Nuclear Decommissioning and Waste Management ProgrammeSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 20188072. Follow-up audit on monitoring of the aviation and maritime security policies, including related working arrangements with the EMSA Regulatory Agency in DG MOVE73. Follow-up audit on the supervision of the implementation of Connecting Europe Facility in DG MOVE74. Follow-up audit on the Participant Guarantee ***Fund*** in DG RTD75. Follow-up audit on FP7 control systems in DG RTD76. Follow-up audit on the set up of the Common Support Centre for H2020 in DG RTD77. Follow-up audit on the limited review on the reporting on the corrective capacity in DG RTD78. Follow-up audit on design and implementation of EU trust ***funds*** in DGs DEVCO, NEAR and BUDG –DG DEVCO79. Follow-up audit on the limited review on the reporting on the corrective capacity in DG DEVCO80. Follow-up audit on the former IAC audit on DG DEVCO’s management system of audit recommendations81. Follow-up audit on DG DEVCO EDF grants82 and 83. Follow-up audit on procurement under decentralised management mode in DG DEVCO (two follow-up audits performed)84. Follow-up audit on objective setting process in the context of preparation of Management Plans in DG ECHO85. Follow-up audit on FPI control strategy86. Follow-up audit on DG NEAR’s residual error rate methodology and calculation87. Follow-up audit on design and implementation of EU trust ***funds*** in DGs DEVCO, NEAR and BUDG – DG NEAR(p.m ) (35). Follow-up audit on past Internal Audit Service audits in DG EAC: audit on performance of National Agencies in DG EAC, audit on the effectiveness and efficiency of the Erasmus+ Control Strategy in the Education, Audiovisual and Culture Executive Agency (EACEA) and in National Agencies in DG EAC88. Follow-up audit on the objective setting process in the context of preparation of Management Plans in DG HOME89. Follow-up audit on DG HOME’s management of Emergency Assistance in the context of the migration crisis(p.m ) Follow-up audit on past Internal Audit Service audits in DG HOME: audit on DG HOME’s preparedness for 2014-2020 legislation under shared management90 and 91. Follow-up audit on grant management in DG JUST (two follow-up audits35 Pro-memory: Follow-up audit already mentioned before. During this audit recommendations from several audits were followed-up. Only for some of these audits this resulted in the closure of all recommendations.SWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201881performed)92. Follow-up audit on past Internal Audit Service audits in EASME: audit on the preparedness of the management and control system for the implementation of LIFE 2014-202093. Follow-up audit on the effectiveness of the management of the COSME programme by EASME94. Follow-up audit on the limited review on the reporting on the corrective capacity in EASME(p.m ). Follow-up audit on past Internal Audit Service audits in DG ECFIN: financial management and grant process95. Follow-up audit on financial management of procurement and grants in DG FISMA96 and 97. Follow-up audit on the limited review of the calculation and the underlying methodology of the residual error rate for the 2016 reporting year in DG GROW (two follow-up audits performed)98. Follow-up audit on the former IAC audit on the internal control strategy of the GSA over the budget delegated by DG ENTR (current DG GROW)99 and 100. Follow-up audit on performance and coordination of Anti-Fraud activities in the Traditional Own Resources area in DG TAXUD (two follow-up audits performed)101. Follow-up audit on financial and procurement management in DG TRADE102. Follow-up audit on design and implementation of EU trust ***funds*** in DEVCO, NEAR and BUDG – DG BUDG103. Follow-up audit on the former IAC audit on external staff management in DG DIGIT104. Follow-up audit on management and supervision of contracts for outsourced IT services (IT contract management) in DG DIGIT105. Follow-up audit on financial management in the Legal Service(p.m ) Follow-up audit on former IAC and Internal Audit Service audits in OIB: IAC audit on concept and reproduction in OIB106. Follow-up audit on the efficiency and effectiveness of the design and implementation of the financial circuits in OIB107. Follow-up audit on the procurement process in OP108. Follow-up audit on the procurement process in DG SCICSWD accompanying the Annual report to the Discharge Authority on internal audits carried out in 201882109. Follow-up audit on effectiveness of measures to handle manual interventions in ABAC in DG BUDG110. Follow-up audit on management of local IT in DG COMP111. Follow-up audit of the former IAC audit on the adequacy of the application CECIS and conformity to Commission rules in DG ECHO112 and 113. Follow-up audit on management of EESSI project in DG EMPL (two follow-up audits performed)114. Follow-up audit on information security governance in the Commission83Section 3 Summary of long outstanding recommendations (state of play as at 31 January 2019)No.DGAudit titleRecommendationCommentsFinal report dateOriginal due dateRevised due dateIAGRIInternal Audit Service Audit of the processes for managing and sharing data on agri-environmental-climate issues in DG AGRI, DG CLIMA and DG ENVMapping of information needs and available data related to agri-environmental-climate issuesMeetings and presentations between and by AGRI, CLIMA, ENV and Eurostat regarding agri-environmental indicators and statistics have been carried out. DG ENV has created an indicator inventory which DG AGRI has contributed to. A set of draft context indicators and their methodological fiches are under development. The inventory of ‘other statistics’ is currently being updated by Eurostat. During the impact assessment for the new CAP, DG AGRI worked extensively with the Joint Research Centre to ensure that agri-environmental interaction was taken into account in the modelling. Further progress is dependent on the revision of the CAP.A follow-up audit is currently ongoing.Expected delay compared to the original due date of 18 months.12-01-201730-06-201831-12-2019IICLIMAInternal Audit Service Audit of the processes for managing and sharing data on agri-environmental-climate issues in DG AGRI, DG CLIMA and DG ENVMapping of information needs and available data related to agri-environmental-climate issuesMeetings and presentations between and by AGRI, CLIMA, ENV and Eurostat regarding agri-environmental indicators and statistics have been carried out. DG ENV has created an indicator inventory which DG AGRI has contributed to. A set of draft context indicators and their methodological fiches are under development. The inventory of ‘other statistics’ is currently being updated by Eurostat.A follow-up audit is currently ongoing.Expected delay compared to the original due date of 18 months.12-01-201730-06-201831-12-2019IIICLIMAInternal Audit Service Audit of the processes for managing and sharing data on agri-environmental-climate issues in DG AGRI, DG CLIMA and DG ENVCoordination of Member States reporting requirements and reuse of dataSubstantial progress has been made in its implementation.The Legal Service was consulted on the sharing of other IACS data and the other EU institutions as well as Member States were consulted on their willingness to share such data through an e.survey In addition, the three audited DGs had several meetings between themselves, with other services concerned (ESTAT, JRC, GROW), with Member States and with the EEA. A roadmap will be established with Joint Research Centre and involving other DGs: ENV, CLIMA, ESTAT, JRC, GROW and the EEA.To ensure an effective data sharing at mid- and long-term and to provide legislative certainty to the Member States, Article 65 on ‘Data keeping and sharing” is included in the proposal for the regulation on the financing, management and monitoring of the future CAP post 2020.A follow-up audit by the Internal Audit Service is currently ongoing.Expected delay compared to the original due date of 13 months.12-01-201701-03-201831-03-201984No.DGAudit titleRecommendationCommentsFinal report dateOriginal due dateRevised due dateIVEMPLInternal Audit Service audit on early implementation of European Structural and Investment ***Funds*** control strategy 2014-2020AUDITS ON ‘FINANCIAL INSTRUMENTS’The delay in the implementation of this recommendation is due to (a) the relatively low level of implementation of FI so far which directed DGs’ audit resources towards other priorities and (b) the necessary discussions and coordination arrangements with the Audit Authorities on an appropriate methodology for auditing these instruments. While the recommendation is not fully implemented yet, important measures have already been taken.A follow-up by the Internal Audit Service will take place as soon as the recommendation is reported as ‘ready for review’ by DG EMPL.Expected delay compared to the original due date of 18 months.20-12-201630-06-201831-12-2019VENVInternal Audit Service Audit of the processes for managing and sharing data on agri-environmental-climate issues in DG AGRI, DG CLIMA and DG ENVMapping of information needs and available data related to agri-environmental-climate issuesMeetings and presentations between and by AGRI, CLIMA, ENV and Eurostat regarding agri-environmental indicators and statistics have been carried out. DG ENV has created an indicator inventory which DG AGRI has contributed to. A set of draft context indicators and their methodological fiches are under development. The inventory of ‘other statistics’ is currently being updated by Eurostat. During the impact assessment for the new CAP, DG AGRI worked extensively with the JRC to ensure that agri-environmental interaction was taken into account in the modelling. Further progress is dependent on the revision of the CAP.A follow-up audit is currently ongoing.Expected delay compared to the original due date of 18 months.12-01-201730-06-201831-12-2019VIMAREInternal Audit Service audit on early implementation of European Structural and Investment ***Funds*** control strategy 2014-2020AUDITS ON ‘FINANCIAL INSTRUMENTS’The delay in the implementation of this recommendation is due to (a) the relatively low level of implementation of FI so far which directed DGs’ audit resources towards other priorities and (b) the necessary discussions and coordination arrangements with the Audit Authorities on an appropriate methodology for auditing these instruments. While the recommendation is not fully implemented yet, important measures have already been taken.A follow-up by the Internal Audit Service will take place as soon as the recommendation is reported as ‘ready for review’ by DG MARE.Expected delay compared to the original due date of 9 months.20-12-201630-06-201831-03-201985No.DGAudit titleRecommendationCommentsFinal report dateOriginal due dateRevised due dateVIIREGIOInternal Audit Service audit on early implementation of European Structural and Investment ***Funds*** control strategy 2014-2020AUDITS ON ‘FINANCIAL INSTRUMENTS’The delay in the implementation of this recommendation is due to (a) the relatively low level of implementation of FI so far which directed DGs’ audit resources towards other priorities and (b) the necessary discussions and coordination arrangements with the Audit Authorities on an appropriate methodology for auditing these instruments. While the recommendation is not fully implemented yet, important measures have already been taken.A follow-up by the Internal Audit Service will take place as soon as the recommendation is reported as ‘ready for review’ by DG REGIO.Expected delay compared to the original due date of 18 months.20-12-201630-06-201831-12-2019VIIIOLAFInternal Audit Service audit on IT Logical security controls in OLAFLocal Information Security Officer and deputy Local Information Security OfficerOLAF reported this recommendation to the Internal Audit Service as ‘ready for review’ on 27 June 2018. Since then, at the time of the follow-up, the Internal Audit Service noted that only three out of five parts of the recommendation had been implemented. After the follow-up of the Internal Audit Service, OLAF took measures to implement the outstanding actions.The Internal Audit Service will perform a second follow-up of this recommendation in the first half of 2019.Expected delay compared to the original due date of 12 months.02-05-201730-03-201831-03-2019IXDEVCOInternal Audit Service audit on African Peace Facility in African UnionINSTITUTIONAL ASSESSMENT AND MONITORING BY DG DEVCO OF THE PARTNERSHIP WITH THE AUCAlthough planned for Q4 2018, the new pillar assessment recommended by the external contractor in their April 2018 final monitoring report has not been launched yet, pending completion by the African Union Commission of the identification and valuation of assets exercise (necessary to comply with IPSAS requirements).No further mitigating measures can be taken as the closure of the recommendation is dependent on the African Union Commission’s readiness to launch the pillar assessment.The Internal Audit Service will launch a follow-up once the recommendation is marked as ‘ready-for-review’ by management.Expected delay compared to the original due date of 32 months.21-01-201631-12-201631-08-2019XENVInternal Audit Service Audit of the processes for managing and sharing data on agri-environmental-climate issues in DG AGRI, DG CLIMA and DG ENVCoordination of Member States reporting requirements and reuse of dataSubstantial progress has been made in its implementation.The Legal Service was consulted on the sharing of other IACS data and the other EU institutions as well as Member States were consulted on their willingness to share such data through an e.survey In addition, the three audited DGs had several meetings among themselves, with other services concerned (ESTAT, JRC, GROW), with Member States and with the EEA.A follow-up audit is currently ongoing.Expected delay compared to the original due date of 13 months.12-01-201701-03-201831-03-201986No.DGAudit titleRecommendationCommentsFinal report dateOriginal due dateRevised due dateXIOLAFInternal Audit Service audit on IT Logical security controls in OLAFOVERALL IT SECURITY ROLES AND PROCEDURESAccording to OLAF, most of the actions have been implemented, with the remaining action (the review of the internal security framework of Units C2 and D4) planned to be completed by the end of March 2019.The Internal Audit Service will perform a first follow-up of this recommendation in the first half of 2019.Expected delay compared to the original due date of 14 months.02-05-201731-01-201831-03-2019XIIPMOInternal Audit Service audit on charge-back in PMOSERVICE-LEVEL AGREEMENTS (SLAS)A new draft catalogue of services has been prepared and communicated to all interested parties on a dedicated page in MyPMO. PMO has initiated the revision of the cost methodology and had consultations with internal and external stakeholders.The Internal Audit Service will perform a follow-up during the first half of 2019.Expected delay compared to the original due date of 11 months.19-01-201731-03-201828-02-2019XIIIPMOInternal Audit Service audit on charge-back in PMOCOST METHODOLOGYAccording to PMO, the revision of the cost methodology is finalised and follows the latest corporate guidance of DG BUDG. PMO will no longer apply any discounts to its services and a dedicated section on this matter will be available on PMO’s website (or information upon request for the potential clients with no access to the website).The Internal Audit Service will perform a follow-up during the first half of 2019.Expected delay compared to the original due date of 11 months.19-01-201731-03-201828-02-2019XIVOIBInternal Audit Service audit on Procurement process in OIB, OIL and DG BUDGPROCUREMENT PROCEDURESA working document including a proposal for a substantially revised ‘Kallas procedures’ has been prepared by OIB and submitted to DG HR members of the working group at the end of September 2018. A meeting regarding the revision of the procedure between OIB and DG HR is scheduled for the end of March 2019. Once an agreement is reached with DG HR, all the relevant actors will be consulted through an inter-service consultation.The Internal Audit Service will launch a follow-up once the recommendation is marked as ‘ready-for-review’ by management.Expected delay compared to the original due date of 16 months.20-01-201722-12-201730-04-2019XVOLAFInternal Audit Service audit on IT Logical security controls in OLAFKEY OCM PROJECT DOCUMENTATION AND LOGGING CONTROLSAccording to OLAF, most of the actions have been implemented, including the formalisation of the OCM and IT infrastructure logging and monitoring policy. However, the implementation of the policy within the OCM application and the roles on the administration of log files is still missing (expected to be implemented by the end of February 2019).The Internal Audit Service will perform a first follow-up of this recommendation in the first half of 2019.Expected delay compared to the original due date of 14 months.02-05-201731-12-201728-02-201987No.DGAudit titleRecommendationCommentsFinal report dateOriginal due dateRevised due dateXVIOLAFInternal Audit Service audit on Performance of Anti-Fraud activities in the own resource and taxation areasANTI-FRAUD STRATEGIES IN OWN RESOURCES AT COMMISSION AND DG LEVEL (OLAF)The Internal Audit Service has not yet been able to conduct a follow up audit due to the continued extension in the date of implementation of the recommendation. This arises from the delay in the finalisation of a revised Commission Anti-Fraud Strategy (CAFS). One of the principal reasons for the delay in the finalisation of the revised CAFS has been the necessity to take into account findings and recommendations of the ECA in its special report on fighting fraud in EU spending (issued on 10 January 2019). According to the latest information received from OLAF on 11 March 2019, the recommendation will be fully implemented in the revised CAFS, the adoption of which is scheduled for the end of March 2019.The Internal Audit Service will launch a follow-up once the recommendation is marked as ‘ready-for-review’ by management.Expected delay compared to the original due date of 15 months.5-12-201631-12-201731-03-2019 (36)XVIIOLAFInternal Audit Service audit on Performance of Anti-Fraud activities in the own resource and taxation areasROLES AND RESPONSIBILITIES IN THE TOR AREA (OLAF)The Internal Audit Service has not yet been able to conduct a follow up audit due to the continued extension in the date of implementation of the recommendation. This arises from the delay in the finalisation of a revised Commission Anti-Fraud Strategy (CAFS). Several key elements of the recommendation await the agreement on the revised CAFS. According to the latest information received from OLAF on 11 March 2019, the recommendation will be implemented in the revised CAFS, the adoption of which is scheduled for the end of March 2019.The Internal Audit Service will launch a follow-up once the recommendation is marked as ‘ready-for-review’ by management.Expected delay compared to the original due date of 15 months.5-12-201631-12-201731-03-2019 (37)XVIIIPMOInternal Audit Service audit on effectiveness of the management of absenteeism in the Offices (OIB, OIL and PMO)PMO\_MONITORING AND ANALYSIS OF ABSENCES AT OFFICE LEVELAt the cut-off date of this report this recommendation was still pending, however PMO has updated the status on 11 February 2019 and considers the recommendation as ‘ready for review’.The Internal Audit Service will perform a follow up in the first quarter of 2019.Expected delay compared to the original due date of 18 months.6-10-201530-06-201711-02-201936 Revised on 11 March 2019 from 28 February 2019 to 31 March 2019.37 Revised on 11 March 2019 from 28 February 2019 to 31 March 2019.

**Load-Date:** July 1, 2019

**End of Document**



[***Council of the European Union: Report on EU-Armenia relations in the framework of the revised ENP PDF document ST 9487 2019 INIT21-05-2019***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5W60-JPY1-F0YC-N343-00000-00&context=1516831)

Impact News Service

May 22, 2019 Wednesday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 10608 words

**Body**

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

9487/19 CPF/llRELEX 2.A ENCouncil of theEuropean UnionBrussels, 21 May 2019(OR. en)9487/19COEST 118WTO 147COHOM 63JAI 563COTER 68ENER 276TRANS 353ENV 504COSCE 6COVER NOTEFrom: Secretary-General of the European Commission,signed by Mr Jordi AYET PUIGARNAU, Directordate of receipt: 20 May 2019To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council ofthe European UnionNo. Cion doc.: SWD(2019) 191 finalSubject: Report on EU-Armenia relations in the framework of the revised ENPDelegations will find attached document SWD(2019) 191 final.Encl.: SWD(2019) 191 finalEN ENEUROPEAN COMMISSION HIGH REPRESENTATIVE OF THE UNION FOR FOREIGN AFFAIRS AND SECURITY POLICY Brussels, 20.5.2019 SWD(2019) 191 final JOINT STAFF WORKING DOCUMENT Partnership Implementation Report on Armenia1JOINT STAFF WORKING DOCUMENTPartnership Implementation Report on Armenia1. Introduction and SummaryIn line with the revised European Neighbourhood Policy1, this report focuses on the efforts undertaken by Armenia to carry out reforms and to implement the EU-Armenia Comprehensive and Enhanced Partnership Agreement2 (CEPA), particularly in the priority areas identified by the EU-Armenia Partnership Priorities3 since the first meeting of the EU-Armenia Partnership Council4 of 21 June 2018 and ahead of its next meeting in June 2019.Following mass peaceful protests in spring 2018 in Armenia (the so-called ‘Velvet revolution’), which brought democratic change in the country, early parliamentary elections were held in December 2018, which respected fundamental freedoms and enjoyed broad public trust5. This marked an important difference from previous parliamentary polls marred by malpractice and lack of a genuinely democratic environment6. The EU supported the elections with technical and financial assistance as well as actions focused on democratic engagement and civic participation7.The new government committed itself to democracy-building, modernisation of the country with a special focus on building an open economy, and announced a series of reforms in early February 2019 with a new five-year Government Programme. Good governance and fight against corruption as well as the rule of law are indicated as the main pre-requisites for the success of the reforms. The government also reiterated its full commitment to the implementation of the CEPA. Furthermore, enhanced protection of human rights and mobilisation of human capital are among the key priorities. The reform process remains at an early stage. The government’s work on a CEPA Implementation Roadmap will be an important instrument in advancing reform plans.The new government reiterated that no major shifts were expected in the country's foreign policy8 based on its strategic partnership and allied relationship with Russia (Armenia is a member of the Eurasian Economic Union/EEU and the Collective Security Treaty Organisation/CSTO) as well as on developing and deepening its partnership and cooperation with the EU and with the United States, including through the Partnership for Peace with the North Atlantic Treaty Organisation (NATO).1 JOIN(2015) 50 final of 18 November 2015.2 [*https://cdn3-eeas.fpfis.tech.ec.europa.eu/cdn/farfuture/S17QI437S\_ttyiGoqFm6o6ecE564mEUsiCPcYbga97s/*](https://cdn3-eeas.fpfis.tech.ec.europa.eu/cdn/farfuture/S17QI437S_ttyiGoqFm6o6ecE564mEUsiCPcYbga97s/) mtime:1514986780/sites/eeas/files/eu-armenia\_comprehensive\_and\_enhanced\_partnership\_agreement\_cepa.pdf 3   [*https://eeas.europa.eu/sites/eeas/files/eu-armenia\_partnership\_priorities\_0.pdf*](https://eeas.europa.eu/sites/eeas/files/eu-armenia_partnership_priorities_0.pdf) 4 The Partnership Council is the highest body established under the Agreement to supervise its implementation.5 Statement of Preliminary Findings and Conclusions of the International Election Observation Mission (9 December 2018 elections):   [*https://www.osce.org/odihr/elections/armenia/405890?download=true.6*](https://www.osce.org/odihr/elections/armenia/405890?download=true.6) OSCE/ODIHR Election Observation Mission Final Report (2 April 2017 elections):   [*https://www.osce.org/odihr/328226?download=true.7*](https://www.osce.org/odihr/328226?download=true.7) Support provided within the Annual Action Programme 2018 ‘EU4Citizens’: Deepening Democracy:   [*https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/c\_2018\_7717\_f1\_annex\_en\_v2\_p1\_1000254.p*](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/c_2018_7717_f1_annex_en_v2_p1_1000254.p) df.8   [*https://armenpress.am/eng/news/944902.html*](https://armenpress.am/eng/news/944902.html) 2The EU continued to fully support the confidence/peace-building and conflict prevention activities of the Co-Chairs of the OSCE (Organisation for Security and Cooperation in Europe) Minsk Group. The High Representative of the Union for Foreign Affairs and Security Policy / Vice-President of the European Commission (HR/VP) supported continued efforts towards peace, which included holding bilateral meetings with the leadership of Armenia and Azerbaijan and providing support through the EU Special Representative (EUSR) for the South Caucasus and the crisis in Georgia.The EU is the key reform partner for Armenia. Over the reporting ***period***, the EU and Armenia have further intensified their relations, demonstrated also by the number of meetings organised recently. The second EU-Armenia High-Level Mobility Partnership meeting took place in Brussels on 23 January 2018. After the first Partnership Council meeting held on 21 June 2018, the first Partnership Committee in trade configuration took place on 25 September 2018 in Yerevan. A Justice Policy Dialogue in support of the ongoing reforms in the justice sector was launched in September 2018. A strategic dialogue on education was launched in March 2019. The fourth meeting of the EU-Armenia ‘People to People’ Sub-Committee9 took place on 11 October 2018. The first Partnership Committee in general configuration followed on 27 November 2018 in Yerevan and discussed the CEPA Implementation Roadmap developed by the new Armenian authorities. The sixth EU-Armenia Sub-Committee Meeting on Energy, Transport, Environment, Climate Action and Civil Protection took place on 11 and 12 March 2019 in Brussels. The first EU-Armenia Sub-Committee on Economic and other sector cooperation took place on 12 March 2019 in Yerevan. The tenth EU-Armenia Human Rights Dialogue and the tenth Sub-Committee Meeting on Justice, Freedom and Security were held on 8 and 9 April 2019 in Brussels.While remaining strong, Armenia’s economic growth moderated in the course of 2018 as a result of a weak ***agricultural*** harvest, a tightened fiscal policy and a worsening external environment. The EU remained Armenia’s main export market and second largest source of imports.The EU is the largest donor to Armenia. The Single Support Framework (SSF) for Armenia for 2017-202010, which lays the foundations for EU financial support and programming of financial assistance to Armenia, is based on the EU-Armenia Partnership Priorities (adopted on 21 February 2018) and contributes to the implementation of the ‘20 Deliverables for 2020’11 agreed in the context of the Eastern Partnership (EaP).2. Strengthening Institutions and Good Governance2.1 Good Governance, Democracy, Rule of Law and Human RightsSignificant steps were taken to improve good governance and the rule of law following the democratic change brought by the ‘Velvet revolution’, including early parliamentary elections. According to The Economist Intelligence Unit’s Democracy Index 201812, Armenia9 EU-Armenia Sub-Committee 'People to People' on employment and social affairs, public health, training, education and youth, culture, information society, audio-visual, and science and technology.10   [*https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/armenia\_ssf\_2017-2020\_final.pdf*](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/armenia_ssf_2017-2020_final.pdf) 11   [*https://eeas.europa.eu/sites/eeas/files/20\_deliverables\_for\_2020.pdf*](https://eeas.europa.eu/sites/eeas/files/20_deliverables_for_2020.pdf) 12   [*https://www.eiu.com/topic/democracy-index.3has*](https://www.eiu.com/topic/democracy-index.3has) registered a notable improvement in democracy, having raised its score to 4.79 (from 4.11 in 2017) and moving from position 111 to position 103 (out of 165 independent states and two territories). Also, as reflected in the Freedom in the World 2019 Report13, the country has seen the largest surge, with an Aggregate Freedom Score of 51, which places it still among the ‘partly free’ countries.The one-year programme of the government, adopted on 8 June 2018, indicated a strong commitment to the overall democracy-building and outlined an ambitious reform agenda. As a key political development envisaged by the programme, early National Assembly elections were held on 9 December 2018. According to the Statement of Preliminary Findings and Conclusions of the International Elections Observation Mission, these elections ‘were held with respect for fundamental freedoms and enjoyed broad public trust that needs to be preserved through further electoral reforms’14. The general absence of electoral malfeasance, good administration and general adherence to procedures were highlighted by the international and domestic observers15. At the same time, the need for sustaining achievements and continuing the reforms was emphasised. The EU was the largest single contributor providing support to the elections in Armenia16 through technical and financial assistance (EUR 1.5 million), and democracy and civic participation actions in the context of holding free and fair elections (EUR 0.9 million).Following the elections, a five-year Government Programme was adopted on 8 February 2019. The programme outlines main directions and policies in the areas of foreign relations and domestic security; fight against corruption; dignity and freedom of the citizen; competitive and inclusive economy; territorial administration; high technologies, digitalisation and military industries; and public finance management. The programme declares a commitment to a ‘competitive and inclusive economy’, primarily driven by hi-tech industries. The government pledged to significantly improve tax administration, ease business regulations, guarantee fair competition, attract foreign investments, and stimulate exports and innovation. The programme shall be followed by a more detailed sectorial strategy and action plans to be adopted in 2019.The human rights situation was assessed by the Human Rights Watch World Report 201917, covering a range of issues associated with the peaceful transition, e.g elections, accountability for abuses of law-enforcement, disability and women’s rights, treatment of sexual minorities. There is an ongoing EU-***funded*** support to Human Rights Protection in Armenia reflecting the National Human Rights Action Plan for 2017-2019 which is based on the National Strategy on Protection of Human Rights of 201218. However, the Plan still lacks clear mechanisms for monitoring, evaluation and coordination. The government indicated its intention to revise the existing Plan in 2019 and update it in view of a new Plan for 2020-2022 and a new Human Rights Strategy, which are expected to be adopted in 2019. The civil society has demanded that the Strategy and the next Action Plan become more ambitious and a driver for more tangible progress with regard to the protection of human rights.13   [*https://freedomhouse.org/report/freedom-world/2019/armenia.14*](https://freedomhouse.org/report/freedom-world/2019/armenia.14)   [*https://www.osce.org/odihr/elections/armenia/405890?download=true.15*](https://www.osce.org/odihr/elections/armenia/405890?download=true.15) Ibid.16 More details in Section 6 (Financial Assistance).17   [*https://www.hrw.org/world-report/2019/country-chapters/armenia.18*](https://www.hrw.org/world-report/2019/country-chapters/armenia.18) According to quantitative data provided by the Ministry of Justice, half of the targets of the National Human Rights Action Plan (NHRAP) were implemented on time, 35 % were not implemented, 9 % with delay and 6 % were removed from the NHRAP.4The Armenian Human Rights Defender (National Human Rights Institution) was vocal throughout the reporting ***period*** on a number of issues, including, inter alia, on the revision of the legal framework and on the practice concerning the prevention of ill-treatment and torture, the freedom of assembly, the rights of vulnerable groups and the rights related to the Nagorno-Karabakh conflict.Ill-treatment, torture, inhuman and degrading treatment are explicitly prohibited by law. Development of specific legislative safeguards (e.g through amendments to the Criminal Procedure Code, new Law ‘On Pardon’) is underway. Concerns remain with regard to the continuing practice of ill-treatment and torture, particularly in police custody19, as well as with regard to mechanisms for accountability and opportunities for civic oversight of closed facilities. A death of an inmate in January 2019, which occurred following a hunger strike, should be thoroughly investigated. Following a delay in 2018, under the Support to Human Rights Protection in Armenia programme, 10 pilot police stations should benefit from installed video surveillance systems in interrogation rooms in 2019, which are aimed at decreasing the practice of ill-treatment and torture.On media environment, digital activism and live streaming were critical for the success of the ‘Velvet revolution’ and attested to significantly enhanced freedom of the Internet. According to the 2019 World Press Freedom Index20 Armenia scores 61st out of 180 countries in the world (an increase by 19)21. Moreover, Armenia was ranked as ‘free’ in the Freedom House’s Freedom of the Net 2018 review22. As an important progress in fostering transparency, the government reversed the former cabinet’s decision to ban live transmission of the government sessions and opened them for the media. While the new Law on the Freedom of Information is pending adoption in 2019, no progress has been reported in allowing regional multiplex operators’ digital broadcasting.No cases of intimidation or assault on journalists have been reported. However, in one instance, restrictive action by the national security service with regard to the ‘Yerevan Today’ online media outlet remains to be justified. Complaints were voiced by the journalistic community with regard to the pre-trial detention of one of the large media outlet owners on corruption charges. Cases of intolerant rhetoric bordering on hate speech have been recorded on social media, particularly during the pre-election campaigns as well as hate speech directed at lesbian, gay, bisexual, transgender and intersex (LGBTI) community. Following the government changes, freedom of assembly was generally respected, including during the pre-election campaigns. Trials in connection with the hostage-taking crisis in July 2016 are ongoing. Investigation was renewed into the post-election events of 1 March 2008 involving high-profile suspects, including Armenia’s second President Robert Kocharyan and the CSTO Secretary General Yuri Khachaturov.Equal treatment and anti-discrimination are enshrined in the Constitution. However, there is no comprehensive anti-discrimination legislation that would provide legal protection to the victims of discrimination. The government is planning to adopt the ‘Law on Ensuring Equality’ in 2019, which will be key to ensure equal treatment for all vulnerable groups in19   [*https://rm.coe.int/16806bf46f.20*](https://rm.coe.int/16806bf46f.20)   [*https://rsf.org/en/2019-world-press-freedom-index-cycle-fear.21*](https://rsf.org/en/2019-world-press-freedom-index-cycle-fear.21)   [*https://rsf.org/en/armenia.22*](https://rsf.org/en/armenia.22)   [*https://freedomhouse.org/report/freedom-net/2018/armenia.5line*](https://freedomhouse.org/report/freedom-net/2018/armenia.5line) with Armenia’s international legal commitments, the Council of Europe guidelines23 and in the context of Support for Human Rights Protection in Armenia programme.Discrimination and hate speech against LGBTI persons in Armenia continued, including an assault against nine LGBTI activists in Shurnukh village in August 2018 and death threats against a transgender woman who spoke at the National Assembly in April 2019. There was no adequate reaction by the political leadership. The protection of members of sexual minorities, the meaningful investigation of act of violence and abuse against them, and the provision of remedies to the victims remain issues of concern.As regards persons with disabilities and national minorities, further legal and practical changes are needed. In particular, employment, education and the right to vote as well as polling stations and attached facilities remain hardly accessible for people with disabilities. The government discusses modalities to address some of these issues in the draft law on the Rights of Persons with Disabilities. A draft law on National Minorities is being revised following the preliminary opinion expressed by the Office for Democratic Institutions and Human Rights (ODIHR) of the OSCE.A draft National Strategy and a draft Action Plan on Ensuring Equality between Women and Men for the ***period*** 2019-2022 addressed some shortcomings in the implementation of the previous Strategy, inter alia the lack of measurable targets with timelines24. The law will be adopted in 2019, according to the new Government’s Programme. The National Action Plan for implementing the United Nations Security Council Resolution 1325 on Women, Peace and Security was adopted on 28 February 2019. Armenia is a member of the United Nations (UN) Commission on the Status of Women. The 2017 ‘Law on the Prevention of Violence, Protection of Victims and Restoration of Cohesion within the Family’ requires further secondary legislation and amendments for its effective implementation. The Council for Prevention of Domestic Violence was set up by the Prime Minister in July 2018. The Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence (Istanbul Convention) signed by Armenia on 18 January 2018 has not yet been ratified.Positive trends were observed in terms of promoting political participation of women who were most actively engaged in the protest actions in April-May 2018. Armenia ranked 98th out of 144 countries in the World Economic Forum’s Global Gender Gap Index 201825. The first woman mayor was elected in August 2018. The Yerevan City Council election in late September 2018 resulted in the election of 20 women (31 % of 64 members)26. Thirty-two women (24 %) were elected to the National Assembly in December 2018, slightly exceeding the representation in the previous parliament (20 %), but still below the quota of 25 % established for the party candidate lists.On rights of the child, poverty and inequality, the ongoing de-institutionalisation reform is meant to address some of the problems of children with disabilities in residential23 European Commission against Racism and Intolerance (ECRI) General Recommendations.24 Recommendations by UN, civil society and other stakeholders to the CEDAW Review and to the Ministry of Labour and Social Affairs; official submission to UN Convention on Elimination of All Forms of Discrimination against Women (CEDAW) by civil society organisations in February 2016:   [*http://tbinternet.ohchr.org/\_layouts/treatybodyexternal/Download.aspx?symbolno=INT%2fCEDAW%2fNGO%2fARM%2f24954&Lang=en.25*](http://tbinternet.ohchr.org/_layouts/treatybodyexternal/Download.aspx?symbolno=INT%2fCEDAW%2fNGO%2fARM%2f24954&Lang=en.25)   [*https://www.weforum.org/reports/the-global-gender-gap-report-2017.26*](https://www.weforum.org/reports/the-global-gender-gap-report-2017.26)   [*https://www.elections.am/council/election-27551/.6institutions27*](https://www.elections.am/council/election-27551/.6institutions27), where their needs are not believed to be addressed adequately. Amendments to the Family Code were enacted from 2018 to allow for the development and strengthening of alternative care system in the country. The government has also adopted a Concept on the Development of Alternative Services (service centres, foster care and adoption mechanisms)28 and considers the possibility of delegating provision of these services to relevant civil society partners. State ***funding*** for the foster care was increased. The State ***funds*** 43 foster-care families but only three are specialised for children with disabilities. Armenia joined the Global Partnership to End Violence against Children as a Path-finding country in 2018.2.2 Foreign and Security PolicyArmenia’s foreign policy prioritises strategic partnership and allied relationship with Russia, including within the CSTO and the EEU, as well as the development and deepening of its partnership and cooperation with the EU and with the United States, including in the framework of the Partnership for Peace with NATO.The borders with Azerbaijan and Turkey remain closed. Since 2013, the EU has supported projects facilitating people-to-people contacts and dialogue contributing to the Armenia-Turkey Normalisation Process29.Armenia continues to align itself with EU statements delivered at international fora, as well as with Common Foreign and Security Policy statements. Military experts are actively engaged in a number of training activities in the framework of the EU Common Security and Defence Policy. Armenia attaches great importance to its participation in the UN-led and UN-supported peace operations, e.g in Afghanistan, Kosovo and Mali.Regarding the fight against terrorism, in 2018 a new methodology on combating money laundering, terrorism financing and proliferation financing was introduced for the training of all law-enforcement agencies.On the Nagorno-Karabakh conflict, the EU has continued to back fully the OSCE Minsk Group Co-Chairs mediation efforts to de-escalate tensions as well as their proposals to advance the peace process.On 11 July 2018, the Co-Chairs of the OSCE Minsk Group hosted an introductory meeting between the Foreign Ministers of Armenia and Azerbaijan in Brussels. It was the first high-level meeting between the sides in this format since elections in Armenia and Azerbaijan30. On 25-27 September 2018, the Co-Chairs and the Ministers met in New York, where they discussed the situation in the region and sought clarification on statements and incidents of concern. The Co-Chairs cautioned the Ministers about the dangers of escalation and called on the parties inter alia to engage constructively and to avoid inflammatory rhetoric. The Co-Chairs underscored that a comprehensive settlement would require compromises on all sides. The Ministers confirmed the importance of taking measures to intensify the negotiation process and take additional steps to reduce tensions.27   [*http://transmonee.org/country/armenia/.28*](http://transmonee.org/country/armenia/.28)   [*http://www.ohchr.org/\_layouts/15/WopiFrame.aspx?sourcedoc=/Documents/Issues/Disability/Provision*](http://www.ohchr.org/_layouts/15/WopiFrame.aspx?sourcedoc=/Documents/Issues/Disability/Provision) Support/NGOs/Save%20the%20Children%20Armenia.doc&action=default&DefaultItemOpen=1.29   [*http://www.armenia-turkey.net/en/programme.30*](http://www.armenia-turkey.net/en/programme.30)   [*https://www.osce.org/minsk-group/387683.7On*](https://www.osce.org/minsk-group/387683.7On) 28 September 2018, the Prime Minister of Armenia and the President of Azerbaijan addressed the situation during a meeting on the sidelines of the Commonwealth of Independent States Summit held in Dushanbe.The Foreign Ministers met again on 6 December 2018 in the margins of the OSCE Milan Ministerial Council meeting where they, together with the Heads of Delegation of the OSCE Minsk Group Co-Chair Countries, adopted a statement on the way forward31. The OSCE Minsk Group Co-Chairs visited Armenia on 20 February 2019. On 29 March 2019, the leaders of Armenia and Azerbaijan met in Vienna for the first time under the auspices of the Co-Chairs. The Foreign Ministers and the Co-Chairs issued a joint statement on outcomes of the Vienna meeting32. As a follow-up, the Foreign Ministers of Azerbaijan, Armenia, and Russia, and the Co-Chairs of the OSCE Minsk Group met in Moscow on 15 April 201933.During high-level bilateral meetings with the sides, the EU stressed that the conflict needs a political settlement in accordance with international law, including through a HR/VP statement following the meeting of the first EU-Armenia Partnership Council34. On 18 January 2019, the spokesperson of the HR/VP issued a statement35 welcoming recent developments toward the peaceful settlement of the conflict.The EUSR for the South Caucasus and the crisis in Georgia visited the region regularly for high-level meetings and maintained frequent contacts with the Co-Chairs and other relevant interlocutors. The EU has continued to call on the parties to refrain from actions and statements that could heighten tensions and undermine the peace process and to promote an environment conducive to settling the conflict by encouraging and supporting activities that promote confidence and people-to-people contacts.For this purpose the EU has notably made use of the European Partnership for the peaceful settlement of the conflict over Nagorno-Karabakh36.2.3 Justice, Freedom and SecurityEnhancing independence, accountability and efficiency of the judiciary has been in the focus of the new government. At the same time, with a view to both addressing systemic issues in the justice sector and conceptualising the strategy for the ***transitional*** ***period***, a public discourse on the introduction of ‘***transitional*** justice’ elements in Armenia has been launched by various civil society and academic stakeholders. However, no formal decision on launching ***transitional*** justice mechanisms has been made by the government.Despite the new government’s overall commitment to reforming the justice sector, public distrust in the system’s integrity remained high37. According to Freedom House annual Freedom in the World Report 201938, the courts face systemic political influence and judicial31   [*https://www.osce.org/minsk-group/405479.32*](https://www.osce.org/minsk-group/405479.32)   [*https://www.osce.org/minsk-group/415643.33*](https://www.osce.org/minsk-group/415643.33)   [*https://www.osce.org/minsk-group/417281.34*](https://www.osce.org/minsk-group/417281.34)   [*https://eeas.europa.eu/headquarters/headquarters-homepage/47043/remarks-hrvp-mogherini-joint-press-conference-following-1st-eu-armenia-partnership-council\_fr.35*](https://eeas.europa.eu/headquarters/headquarters-homepage/47043/remarks-hrvp-mogherini-joint-press-conference-following-1st-eu-armenia-partnership-council_fr.35)   [*https://eeas.europa.eu/headquarters/headquarters-homepage/56817/statement-spokesperson-recent-developments-toward-peaceful-settlement-nagorno-karabakh\_en.36*](https://eeas.europa.eu/headquarters/headquarters-homepage/56817/statement-spokesperson-recent-developments-toward-peaceful-settlement-nagorno-karabakh_en.36)   [*http://www.epnk.org/.37*](http://www.epnk.org/.37)   [*https://rm.coe.int/16806c2bd8.38*](https://rm.coe.int/16806c2bd8.38)   [*https://freedomhouse.org/report/freedom-world/2019/armenia.8institutions*](https://freedomhouse.org/report/freedom-world/2019/armenia.8institutions) are undermined by corruption. Authorities apply the law selectively and due process is not guaranteed in civil or criminal cases.Strategy and legal policy developments in the justice sector included drafting of the new Justice Reform Strategy 2019-2024 and its Action Plan, which is expected to be finalised by mid-2019. Following the launch of the EU-Armenia Strategic Policy Dialogue in the Justice Sector in September 2018, jointly-agreed Operational Conclusions and a Justice Reform Strategy Roadmap have been put into action to guide the drafting and completion of these documents. EU technical assistance will support CEPA implementation and assessing the initial costs of the reforms and the financial feasibility of the Action Plan as well as providing an impact assessment of past reforms under the previous judicial strategy. Also, diagnostic tools to measure the results of the justice reform are important both for guiding the future reform process and to regain public trust in the judiciary. Armenia participates in the joint justice survey project of the European Commission and the World Bank aimed to show experience and perception-based data about the performance of the justice system. Further resources can be mobilised to assist with a functional review of the justice system in view of a comprehensive reform.Progress39 has been recorded in the areas of penitentiary and probation legislation, with further reforms planned as regards budgeting and implementation. However, challenges with regard to conditions in places of detention remain pressing. A large-scale amnesty announced in November 2018 was applied to approximately 6 500 persons. Efforts have been made to discontinue the practice of excessive use of pre-trial detentions. Restructuring and legal policy review pertaining to the Police service is underway.Fight against corruption has been highlighted by the new government as one of its main policy priorities40. A number of investigations were launched to address the issue of high-profile corruption. A new Anti-corruption Strategy for 2019-2021 and its Action Plan are being drafted, and the establishment of an independent corruption prevention body with operative-investigative functions — the Commission for Prevention of Corruption — is underway. According to the Transparency International Corruption Perception Index, Armenia’s score in 2018 placed it on position 105 among 180 countries reviewed41, showing some improvement over the previous year, when it ranked 107th.Public administration reform (PAR) remains a key priority. The Civil Service Reform Strategy42 and Action Plan for 2016-2020 adopted in 2016 aim at modernising the system. While Armenia Development Strategy 2014-2025 and the Government Programme could be regarded as the overall strategic framework for the PAR, there is no PAR strategy to articulate clearly its vision. A new Development Strategy, which will become the main strategic document till 2030, is still expected to be adopted. In 2018, the EU provided support for Improvement in Governance and Management (SIGMA)43 baseline measurement exercise, which sets the basis for EU-Armenia policy dialogue on PAR in 2019. In 2017 and 2018, the39 2015 Report of the Commissioner for Human Rights of the Council of Europe:   [*https://rm.coe.int/16806db6db.40*](https://rm.coe.int/16806db6db.40)   [*http://www.primeminister.am/en/press-release/item/2018/05/18/Prime-Minister-Nikol-Pashinyan-introduced-SRC-chairman/*](http://www.primeminister.am/en/press-release/item/2018/05/18/Prime-Minister-Nikol-Pashinyan-introduced-SRC-chairman/). 41   [*https://www.transparency.org/cpi2018*](https://www.transparency.org/cpi2018). The index, which ranks 180 countries and territories by their perceived levels of public sector corruption according to experts and businesspeople, uses a scale of 0 to 100, where 0 is highly corrupted and 100 is very clean. Armenia's score in 2018 was 35.42   [*http://www.csc.am/documents/programs/strategy2016.pdf*](http://www.csc.am/documents/programs/strategy2016.pdf) 43 SIGMA is a joint initiative of the OECD and the EU, mainly financed by the EU, see:   [*http://www.sigmaweb.org/countries/armenia-sigma.htm*](http://www.sigmaweb.org/countries/armenia-sigma.htm) 9EU-government dialogue in the field of PAR (including e-Governance and Anti-Corruption) took place mainly in the context of the EUR 20 million Sector Reform Performance Contract (SRPC). Challenges identified by the government are assessed to be of a technical nature, while some delays are considered to be related to the transition from the presidential to the parliamentary system of governance and the ‘Velvet revolution’ of April 2018. The new government has, on numerous occasions, re-committed its support to the PAR.The legislation on refugees and asylum seekers is sound. In 2018, the granting of asylum status increased by about 40 % as compared with the previous year. The construction of a new reception centre is planned for 2019; it will be co-financed together with the Netherlands and Denmark. An inter-agency working group was established to elaborate a new integration strategy for all types of asylum seekers. Paper identity documents previously provided to the asylum seekers were replaced by new computer-printed plastic cards.In recent years, Armenia has received some 22 000 Syrian refugees of Armenian origin. EU support to Syrian refugees in Armenia continued in 2018 with a new project focusing on improving social and economic resilience of Syrian Armenians as well as of the host population, and on strengthening relevant institutional capacities for economic growth in Armenia.3. Economic Development and Market Opportunities3.1 Economic developmentFollowing a very strong growth in the first half of 2018, economic activity slowed down in the reminder of the year. This was due to a combination of tight spending policies by the government, weakening remittances and a poor ***agricultural*** harvest. Growth in investments, while remaining solid, also slowed down in the course of last year. Overall, the real GDP growth was 5.2 % in 201844.In view of the dynamics of the economic activity and subdued external price pressures, consumer price inflation moderated to 1.8 % year-on-year in December 201845, a level that is below the lower band of the target range of the Central Bank of Armenia. In this context, the Central Bank of Armenia reduced its key policy rate by 25 basis points in January 2019 to 5.75 %46. Following a considerable improvement in 2015-2017, Armenia’s external position worsened in 2018 as the current account deficit widened to 9.1 % of GDP in 2018 from 2.4 % in 201747. The main contributor was the growing trade deficit that was mainly driven by strong imports of capital goods. Weakening remittances and rising investment income outflows also played a role. As foreign direct investments (FDI) recorded only a moderate increase to 2.1 % of GDP in 2018, the current account deficit was financed mainly by debt-creating capital inflows and a slight reduction of the gross international reserves, which declined by 3 % over the year to EUR 2 billion at the end of 2018.44   [*https://www.armstat.am/en/?nid=157&id=643.45*](https://www.armstat.am/en/?nid=157&id=643.45)   [*https://www.cba.am/en/SitePages/statrealsector.aspx*](https://www.cba.am/en/SitePages/statrealsector.aspx) 46   [*https://www.cba.am/EN/News/Pages/news\_20-06-12.aspx#sthash.VEBK7VVF.dpbs*](https://www.cba.am/EN/News/Pages/news_20-06-12.aspx#sthash.VEBK7VVF.dpbs) 47   [*https://www.cba.am/en/SitePages/statexternalsector.aspx*](https://www.cba.am/en/SitePages/statexternalsector.aspx) 10In view of the tight expenditure policies and robust economic growth, the state budget deficit was reduced to 1.8 % of GDP from 4.8 % in 201748. As a result of the fiscal consolidation, Armenia’s public debt-to-GDP ratio declined by 3.1 percentage points in 2018 to reach 55.8 % at the end of that year. The 2019 budget assumes a budget deficit of 2.2 % of GDP.The Armenian financial system is dominated by banks49. The banking sector’s assets equal about 78 % of GDP (2017), and subsidiaries of foreign banks make up a sizable proportion of banking assets. Capital markets are thin and external financing is important for long-term financing, given a small domestic investor base. The Armenian banking sector is recovering from the 2014 economic slowdown, aided by additional capital injected by shareholders, several mergers, and improved regulation and supervision.The unemployment rate declined but remains very high among young people (over 30 %). Activity and employment rates remain very low especially in the case of women (around 52 % and 43 % respectively). There is a mismatch in many sectors between the education provided and the labour market needs. The 2013-2018 Employment Strategy is under review to improve policy coordination. New employment services are being piloted (with EU support) but the overall capacity of the State Employment Agency needs enhancement. Since the labour inspectorate was dismantled, there has been almost no supervision and control of labour standards, rights and working conditions. The intentions of the new government regarding the re-establishment of the inspectorate need to be confirmed.The overwhelming majority of firms are small and medium-sized enterprises (SMEs). They comprise 99 % of all enterprises in the business economy, account for 70 % of the total business employment and for 63 % of both total turnover and value added of the business sector. Moreover, 94 % of Armenian enterprises are micro-enterprises, i.e enterprises with less than 10 persons employed, and half of these micro-enterprises are non-employers. With one-third of the population living in the capital, Yerevan accounts for half of the enterprises in the country and for 70 % of business employment and turnover50. Within the framework of the 2016-2019 ‘Support to SME Development in Armenia’ project51, the EU contributes to the further development of innovation and the start-up ecosystem in Armenia.Armenia is a country with a developing tourism industry, based on a diverse historical, cultural, religious and natural heritage that provides further opportunities for a growing market. In 2017, the direct contribution of the tourism sector to the GDP was at 4.4 %, with an expected annual growth rate of 4 % until 202852. In terms of employment, the tourism sector in 2017 directly supported 44 500 jobs (3.9 % of total employment), with an anticipated annual growth rate of 1.4 % to 202853.In the ***agricultural*** sector, two of the EU-***funded*** programmes phased out in 2018. The European Neighbourhood Programme for ***Agriculture*** and Rural Development improved the ***agricultural*** institutions, encouraged development of farmers’ associations and improved48   [*https://www.armstat.am/en/?nid=12&id=17006&submit=Search.49*](https://www.armstat.am/en/?nid=12&id=17006&submit=Search.49) based on   [*https://www.imf.org/en/Publications/CR/Issues/2018/12/12/Republic-of-Armenia-Financial-Sector-Assessment-Program-Press-Release-Staff-Report-and-46461.50*](https://www.imf.org/en/Publications/CR/Issues/2018/12/12/Republic-of-Armenia-Financial-Sector-Assessment-Program-Press-Release-Staff-Report-and-46461.50) OECD Compendium of SME Indicators in Armenia 2018 (link to be added).51   [*http://www.eu4business.eu/programme/smeda-support-sme-development-armenia.52*](http://www.eu4business.eu/programme/smeda-support-sme-development-armenia.52) 2018 World Travel and Tourism Council Report:   [*https://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2018/armenia2018.pdf*](https://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2018/armenia2018.pdf) 53 Ibid.11access to more affordable food. The Organic ***Agriculture*** Support Initiative enhanced organic ***agriculture*** as a means to improve rural livelihoods in a sustainable manner.Moreover, in 2018 Armenia continued intensive regional development reforms with EU assistance. The Pilot Regional Development Programme 2016-2020 aims at achieving a more balanced social and economic development among the regions of Armenia, through job creation and increased competitiveness. Additionally, the ‘EU4Armenia’: Regional Development programme will include private sector growth in the areas of tourism, ***agriculture*** and creative industries, in particular in the three focal regions (Shirak, Lori and Tavush).As regards the mining sector, which plays an important role in Armenia’s economy, concerns relating to the environmental impact have been raised, in particular as regards the Amulsar gold mine. Following Armenia’s adherence to the Extractive Industries Transparency Initiative (EITI) in 2017, the first national EITI report was published. The findings of the report should contribute to the improvement of the management, transparency and accountability of Armenia’s mining sector.On information technology, in addition to previous cooperation (e.g e-civil status registry, ‘Mulberry’ paperless ministry, online business registry, e-penitentiary system, e-Apostille, e-draft interactive Portal to Enable Transparent and Easy Discussion over Draft Legal Acts, e-request on-Line Interactive Portal to enable requests, complaints or suggestions to the government, etc.), a new EU-***funded*** project aims at establishing a governmental interoperability platform, enabling simplified and standardised secure connectivity between all organisations of the public administration introducing also a One Stop Shop solution for the border crossing points. A new regional project ‘EU4Digital’ was launched in 2019 to promote key areas of the digital economy and society and establish EU4Digital as a recognised and well-communicated brand, encompassing EU support to the digital economy and society.Armenia adopted a new law on statistics in 2018. The country intends to promote the implementation of the law within its administration, including in support of establishing a population register and of the 2020 census.3.2 Trade and Trade Related MattersThe EU remains Armenia’s largest export market and second trading partner. EU imports from Armenia increased 14 % year-on-year and stood at around EUR 400 million in 2017. This represented 28 % of Armenia's total exports. EU exports to Armenia increased by 19 % and stood at around EUR 718 million, which represented 22 % of Armenia's total imports. Total EU-Armenia trade increased by 15 % and stood at EUR 1.1 billion. The trade balance was EUR 318 million54.Armenia benefits from the Special Incentive Arrangement for Sustainable Development and Good Governance (GSP+). More than 96 % of EU imports eligible for GSP+ preferences from Armenia entered the EU with zero duties in 2017. Out of the total EU imports from Armenia, 37 % (approximately EUR 135 million) entered under the GSP+ regime. The EU monitors Armenia’s progress and shortcomings as regards the effective implementation of 2754   [*https://webgate.ec.europa.eu/isdb\_results/factsheets/country/details\_armenia\_en.pdf*](https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_armenia_en.pdf) 12international conventions. The next biennial report on the effects of GSP+, covering the ***period*** 2018-2019, will be published at the end of 2019.Trends in FDI have been mixed, with a rise registered in 201855. The EU has been maintaining a high level of FDI net inflows to the Armenian economy during the reporting ***period***.4. Connectivity, Energy Efficiency, Environment and Climate ChangeThe extension of the core Trans European Transport Network (TEN-T) to Armenia was finalised as the European Commission adopted a Delegated Act on 9 November 2018 (which entered into force in February 2019). Armenia is currently upgrading several sections of the North-South Road Corridor (on the extended core TEN-T). The future investment priorities shall be aligned with the Indicative TEN-T Investment Action Plan56, published on 15 January 2019, which identifies priority investments of around EUR 12.8 billion up to 2030 in the EaP region. Road safety is one of the priorities under this Plan. The need for further road safety improvements was confirmed also by the EaP Road Safety Declaration that Armenia endorsed, together with other five countries, on 27 April 2018 in Ljubljana. The government’s approval for Armenia-Iran Meghri border-crossing point modernisation is expected in 2019. The State Revenue Committee has established a working group to steer the process.In the area of energy, the CEPA entails significant regulatory approximation to EU energy legislation (energy efficiency, renewable energy and nuclear safety regulation, electricity market reforms). Energy efficiency has good potential to contribute to energy security, independence and affordability. The EU has provided substantial support under the EU4Energy Programme by strengthening implementation of the existing legislative and regulatory framework in energy performance of buildings. Pilot investments strengthening energy efficiency and street lighting upgrades have also been made through the multi-donor Eastern Europe Energy Efficiency and Environment Partnership (E5P) Fund57. The potential of scaling up cooperation with International Financial Institutions (IFIs) in this area is being explored by launching a joint EU-IFIs dialogue with the Armenian government in spring 2019. In addition, renewable energy development has received significant EU financial support, including the construction of the solar power plant in Masrik and innovative projects with integration of solar energy into the grid.The nuclear power plant located in Metzamor cannot be upgraded to fully meet internationally accepted nuclear safety standards, and therefore requires an early closure and safe decommissioning, and rapid adoption of a road map or an action plan to that effect, taking into consideration the need for its replacement with new capacity to ensure the energy security of the country and conditions for sustainable development. The EU has supported Armenia in 2015-2016 in the implementation of EU stress tests, in accordance with the EU technical specifications58, and is now planning a follow-up mission at the end of 2019. Based on the conclusions of the 2018 EU-Armenia Partnership Committee, Armenia committed to following up with consultations at technical level and indicating, ahead of the next Partnership Council meeting, a date for the closure of the plant.55 According to the Central Bank of Armenia (   [*https://www.cba.am/en/SitePages/statmonetaryfinancial.aspx).56*](https://www.cba.am/en/SitePages/statmonetaryfinancial.aspx).56)   [*https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/ten-t\_iap\_web-dec13.pdf*](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/ten-t_iap_web-dec13.pdf) 57   [*https://e5p.eu*](https://e5p.eu) 58   [*http://www.ensreg.eu/sites/default/files/attachments/2016-07-20\_4259241\_armenia\_stress\_tests\_report-\_ensreg\_template\_final.pdf*](http://www.ensreg.eu/sites/default/files/attachments/2016-07-20_4259241_armenia_stress_tests_report-_ensreg_template_final.pdf) 13In the area of environment, the Ministry of Nature Protection drafted the National Strategy and Action Plan for environmental protection and use of natural resources, which is under consideration by the government. With EU support, the Ministry introduced a new policy and legislation on Integrated Pollution Prevention and Control, which includes the prohibition of some single-use plastics by 2020.With regard to water management, the Armenian Water Code was amended in 2018. Strengthening laboratory and monitoring capacities under the EU Water Initiative Plus programme will help Armenia to progress towards a systematic use of international best practices, notably the EU Water Framework Directive59. The commitment of the government to co-finance the laboratory equipment is the basis for the full sustainability of this intervention. Armenia has also developed solid waste projects and other projects focused on water in Yerevan and small municipalities, with support through the Neighbourhood Investment Platform (NIP)60.Armenia has advanced on biodiversity conservation and management of natural resources, notably regarding the improvement of legislative and institutional framework, especially as it relates to the management and establishment of the new Specially Protected Natural Areas, the development of management plans for national parks and reserves, and the development and implementation of species conservation programmes for rare or endangered species.Following the fifth and the sixth EU-Armenia Subcommittee meetings on Energy, Transport, Environment, Climate Action and Civil Protection, held respectively in January61 and November62 2018, and in the aftermath of the Nairit accident63, the EU confirmed its availability to provide assistance to Armenia for a wider plan against hazardous waste.5. Mobility and People-to-People ContactsArmenia has continued to implement the Visa Facilitation Agreement (VFA) and the Readmission Agreement (RA) with the EU in good faith. It has expressed the desire and readiness to launch a Visa Liberalisation Dialogue and the intention to put in place the set of reforms this process entails. The implementation of the two Agreements was assessed at the fourth meeting of the EU-Armenia Joint Visa Facilitation Committee and the fourth meeting of the EU-Armenia Readmission Committee, held simultaneously on 24 January 2018, as well as at the fifth EU-Armenia Readmission Committee meeting held on 2 April 2019.As regards the RA, the Member States deemed the practical cooperation with the relevant Armenian authorities satisfactory. The return rate (at 27.2 % in 2017, below the EU average), however, needs to be improved. The launch of an electronic Readmission Case Management System, which is operational since early 2019, should further facilitate the processing of59   [*http://ec.europa.eu/environment/water/water-framework/index\_en.html*](http://ec.europa.eu/environment/water/water-framework/index_en.html) 60   [*https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/neighbourhood-wide/neighbourhood-investment-platform\_en.61*](https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/neighbourhood-wide/neighbourhood-investment-platform_en.61)   [*https://eeas.europa.eu/delegations/armenia/38916/fifth-eu-armenia-subcommittee-meeting-energy-transport-environment-climate-action-and-civil\_en.62*](https://eeas.europa.eu/delegations/armenia/38916/fifth-eu-armenia-subcommittee-meeting-energy-transport-environment-climate-action-and-civil_en.62)   [*https://eeas.europa.eu/headquarters/headquarters-homepage/54509/joint-press-release-european-union-armenia-partnership-committee\_en.63*](https://eeas.europa.eu/headquarters/headquarters-homepage/54509/joint-press-release-european-union-armenia-partnership-committee_en.63) Reference to the accident which occurred in August 2017 at Yerevan's Nairit chemical plant (an explosion followed by a fire at the lacquer ethanol storage).14applications. This should also allow the Armenian State Migration System to effectively deal with the expected increase in readmission applications in the near future, once the high number of asylum applications lodged by Armenian citizens over the last few years (notably in Germany and France) are processed, and the persons not entitled to asylum are to be returned.The Joint Visa Facilitation Committee also confirmed the overall satisfactory implementation of the VFA by the Member States issuing visas in Yerevan64. No specific hindrances were raised by Armenia or by the Member States. Statistical data show that the number of visa applications lodged in Armenia has substantially increased compared with 2013, when the VFA had not entered into force yet. The rate of multiple entry visas issued represented 31.7 % of the total number of visas issued in 2017 and is also constantly increasing (18.4 % in 2013; 26.5 % in 2017). The refusal rate has slightly decreased in 2018 (11.8 %; 12.8 % in 2017) and remains in line with the average in the region65. The most common reasons for refusal appear to be the lack of reliable proof of purpose of travel to the Schengen area and the impossibility to prove the intention to return to Armenia before the expiry of the visa.The Mobility Partnership has enhanced approximation of migration and border management to EU standards, increased security and facilitated trade. The second High Level Meeting of the EU-Armenia Mobility Partnership took place on 23 January 2018.Under the project ‘Support to Migration and Border Management in Armenia’, the EU supports training on migration governance/management of remittances, asylum and integration, document security, border management and trade facilitation.The current Armenia Development Strategy identifies the education sector as a fundamental tool for the sustainable development of the country. Based on initial exchanges with the new government, this will continue to be the case and the EU-Armenia Education Policy Dialogue launched in March 2019 could contribute to further positive developments. Increasing quality assurance, effectiveness, relevance and access at all levels are top priorities.Higher education reforms have taken place in line with the Bologna process. With the support of the Erasmus+ capacity building projects, Armenian universities have been able to upgrade their administrative and organisational structures and modernise study programmes with a view to improving the match with labour market needs. More than 2 700 students and university professors have been involved in EU-Armenia academic exchanges and mobility through Erasmus+ since 2015, along with 40 grantees under Erasmus Mundus since 2015. Furthermore, 4 out of 30 students from among the EaP countries attending the Eastern Partnership European School during the first academic year 2018/2019 came from Armenia.Considerable progress has been registered with EU support in the Vocational Education and Training (VET) sector, in particular in terms of standards development, revision of qualifications and professions, teacher training, rehabilitation of 17 VET colleges and their transformation into Regional Centres of Excellence. The ongoing EU-***funded*** SRPC on ‘Better Qualifications for Better Jobs’ aims at improving the efficiency of the labour market64 As of January 2013, EU citizens are exempted from the visa requirement for short-stays in Armenian territory.65 The comparison with regional data is made with Azerbaijan (13.1 %) and Georgia (18 % - until 28 March 2017 – before visa exemption decision for biometric passport holders).15and the employability of the workforce with a particular emphasis on ***agricultural*** VET training.In 2018, four regional projects under the ‘EU4Youth’ initiative have been launched in Armenia. Their focus is on employability and business skills of (disadvantaged) youth. This adds to 20 projects implemented as Erasmus+ capacity building in the field of youth and involving more than 50 youth organisations from the country.At the end of 2018, a new ‘EU4Innovation’ programme worth EUR 23 million was launched focusing on youth. The EU together with the government aims to address the mismatch between knowledge and skills of university graduates and the labour market needs. The first of the two components will review all Science, Technology, Engineering and Mathematics (STEM) curricula and textbooks for secondary education and retrain all teachers in minimum one of our focal regions (Tavush) on new technics of delivering STEM knowledge, including the use of education technologies. The second component will develop this education technology material further (higher education). Notably, it will create an EU4Innovation TUMO66 Centre for universities and an EU Convergence Centre (EUR 12.5 million) with the aim to bring together universities and private sector around work-based projects and around shared-lab facilities. It will be complemented by an incubator for technology start-ups.The Young Expert Scheme ‘YES Armenia’ Programme, piloted since 2017-2018, provided an opportunity to 21 young Armenians aged 25-35 from diaspora and from Armenia to work in different ministries and government agencies alongside Deputy Ministers and heads of agencies on key reforms. 21 projects were implemented in eleven different sectors, covering diverse areas such as education, ***agriculture***, energy, health, environment, tourism and public investment. Among other achievements, the young experts participated in developing of around half a dozen laws and many by-laws, including developing government decisions. The continuation and scaling up of the ‘YES Armenia’ Programme, to also include support to local authorities, is currently under discussion.In 2018, around 500 new European Young Ambassadors were selected from among EaP and EU countries, with 44 of them coming from Armenia. The EU is the biggest donor to civil society in Armenia. The establishment of the Civil Society Platform envisaged under CEPA is under preparation.The national policy on culture67 provides for measures aimed at supporting individual artists and the creation of cultural products, enhancing cooperation with international networks. As of 1 January 2018, Armenia joined the Creative Europe Culture sub-programme and cross-cultural strand. The Creative Europe Armenia desk was established and became fully operational in 2018. The first grant was awarded to Armenia under the 2018 Creative Europe call for cultural cooperation projects. Armenia was active in highlighting the European Year of Cultural Heritage 2018 via various cultural events and activities in Yerevan and in the regions of Armenia (e.g the European Film Festival). The EU National Institutes for Culture Armenia Cluster has been established with the participation of National Institutes and EU Member State embassies accredited to Armenia, which — together with the EU Delegation — will support the cultural cooperation with Armenia.66   [*https://tumo.org/en/67*](https://tumo.org/en/67) See Chapter 24: Culture in the Development Strategy for Armenia for 2014-2025:   [*https://eeas.europa.eu/sites/eeas/files/armenia\_development\_strategy\_for\_2014-2025.pdf*](https://eeas.europa.eu/sites/eeas/files/armenia_development_strategy_for_2014-2025.pdf) 16Armenia’s participation in the Horizon 2020 programme68 has contributed to the country’s integration into the EU research and innovation systems. Armenia, fully associated to the programme since 2016, received an EU contribution amounting to EUR 1.2 million during the past three years under Horizon 2020. In April 2019, the Horizon 2020 Policy Support Facility69 specific support was launched, at the request of the Armenian authorities, to provide advice and recommendations on reforms linked to the evaluation of public research institutions, improvement of performance-based ***funding*** system and of science-business links. Armenia expressed interest to join the EURAXESS network addressing barriers to the mobility of researchers and enhancing scientific collaboration between Europe and the world. The country is represented on the Board of Governors of the EU Commission Joint Research Centre through the State Committee of Science of the Republic of Armenia.6. Financial AssistanceThe EU is the largest donor to Armenia and provides substantial financial assistance to support concrete reforms in the country based on the pace of their implementation. With the ‘20 Deliverables for 2020’, the Partnership Priorities agreed in 2018 and the 2017-2020 Single Support Framework, an ambitious agenda has been in place allowing for a delivery of tangible results for citizens, including through the swift implementation of the CEPA.The programmed EU assistance to Armenia under the European Neighbourhood Instrument (ENI) amounts to indicatively EUR 252 - 308 million over seven years (2014-2020). In the first five years of the ENI, Armenia’s assistance package amounted to EUR 164.5 million.Under the SSF 2017-2020, the EU assistance to Armenia was indicatively programmed to reach between EUR 144 and 176 million. The EU’s current portfolio comprises approximately EUR 300 million of ongoing and EUR 100 million of upcoming grant projects, which includes projects within the NIP in the form of blended loans and grants for energy, water infrastructure, irrigation as well as ***agriculture*** and transport sectors. Since 2014, Armenia has benefited from EUR 70 million of grants from the Neighbourhood Investment Facility leveraging EUR 412 million of investment, notably in infrastructure. This brought the current portfolio of ongoing blended investments up to EUR 800 million.In 2018, the EU committed EUR 46 million under bilateral cooperation programmes, including EUR 10 million under the NIP. Additionally, in 2018, together with Ukraine and Georgia, Armenia has benefited from umbrella funds70 (+ EUR 10 million). The indicative baseline allocation planned for 2019 stands at EUR 40 million. This amount does not include the likely additional allocation of umbrella ***funds*** based on the country’s performance in 2018.Support to economic development and market opportunities through the ongoing projects in Armenia amounts to EUR 51 million. The ‘EU4Business’ initiative addressed economic development and market opportunities with EUR 31.8 million focusing on improving business skills, strengthening the policy and regulatory framework, and improving the access to markets and to finance. Most recently, economy and private sector development needs have been addressed with the programme ‘EU4Armenia’: Regional Development. The programme68   [*https://ec.europa.eu/programmes/horizon2020/en/what-horizon-2020.69*](https://ec.europa.eu/programmes/horizon2020/en/what-horizon-2020.69)   [*https://rio.jrc.ec.europa.eu/en/policy-support-facility/specific-support-armenia.70*](https://rio.jrc.ec.europa.eu/en/policy-support-facility/specific-support-armenia.70)   [*https://eeas.europa.eu/headquarters/headquarters-homepage\_en/8410/Financing%20the%20ENP.17encourages*](https://eeas.europa.eu/headquarters/headquarters-homepage_en/8410/Financing%20the%20ENP.17encourages) shared and inclusive private sector growth in the areas of tourism, ***agriculture*** and creative industries, with particular focus on the three Northern regions of the country (Shirak, Lori and Tavush) that have been selected by the government as focal regions. In addition, EUR 51 million of EU assistance helped strengthen institutions and support good governance in Armenia. Support to human rights protection was introduced by an EUR 17 million pioneering Sector Reform Performance Contract, which aims at addressing shortcomings in the election process in the country, advancing the adoption of a law on preventing and combating domestic violence, assisting with the adoption of a legal package to provide social services to children with disabilities and amending the criminal law to align it with the relevant UN Conventions. The EU supported the holding of the early parliamentary elections on 9 December 2018 with a substantial package of EUR 2.4 million, which included technical assistance covering Information Technology hardware (voter authentication devices and cameras), livestreaming from polling stations (EUR 1.5 million from ‘EU4Citizens’: Deepening Democracy) and democracy and civic participation actions, including civil society monitoring (EUR 0.9 million, also comprising financing from previous programmes).A major EU contribution of EUR 20 million provided for the ***period*** 2017-2020 has been supporting public administration reform in Armenia and is focusing on a better service delivery through a more efficient and responsive public administration. EU support is now being made available in the form of technical assistance for the consolidation of the justice system in Armenia (EUR 4 million). Further resources can be mobilised to ***fund*** a more comprehensive reform through a sector reform performance contract. The EU is ready to assist with further assessment through the EU-***funded*** ‘Justice Survey’ project and a comprehensive functional review of the justice system depending on the needs and priorities of the Armenian counterparts.Connectivity, energy efficiency, environment and climate change are, inter alia, supported by an ambitious EUR 10 million EU programme focusing on irrigated ***agriculture*** development. It puts in place innovative sustainable mechanisms in the Ararat and Armavir regions to address the constraints of irrigated ***agriculture*** economic development and is developing financing tools to help farmers, farmers’ groups and cooperatives to invest in ***agricultural*** equipment and irrigation technologies. The EU programme ‘EU4Energy’, implemented by the Energy Community and the Energy Charter, provides technical assistance to enhance the energy efficiency policy frameworks. Additionally, in December 2018, the NIP Board adopted decisions on the modernisation of the Meghri border-crossing point (EUR 3 million) and the construction of the Masrik solar power plant (EUR 11 million).Mobility and people-to-people contacts have been addressed by a EUR 15 million EU programme on ‘Better Qualifications for Better Jobs’ focusing on ***agricultural*** vocational educational and training. A new ‘EU4Innovation’ initiative (EUR 23 million) will concentrate on enhancing education, focusing on science, technology, engineering and mathematics. Both actions aim at addressing key growth constraints related to the quality of education and matching skills and labour market needs. Through EU support to Armenian entities for participation in Horizon 2020, several Armenian entities participated in various calls for proposals. One company was ***funded*** under the SME Instrument Phase 1 and is the first one in the EaP region.Civil society in Armenia has been supported by a series of actions, including by enhancing civil society organisations’ (CSO) contribution to governance and development processes18between CSOs and local authorities, with a contribution of EUR 2.3 million as well as by actions ***funded*** under the European Instrument for Democracy and Human Rights (EUR 1.6 million) and via a EUR 4.7 million Civil Society Facility.7. Concluding remarks and outlook for the futureSince the recent political transition, Armenia has stepped up its efforts to reinforce and enhance its partnership with the EU, including with its Member States bilaterally, and has repeatedly acknowledged the significant role the EU can play in the ***smooth*** implementation of Armenia’s reform agenda, with the CEPA at its core.The new Armenian government has shown increased determination, substantiated by real action but still in need for a structured approach, in terms of the fight against corruption, consolidation of good governance, establishment of an independent, accountable and efficient judiciary, eradication of monopolies and creation of a competitive business environment. The new government has committed itself to implementing crucial reforms, as also reflected in the draft CEPA Implementation Roadmap71, especially in combating corruption, eliminating poverty and ensuring the positive dynamics for sustainable growth and good governance. Yet implementation remains key. The real impact of the new, enhanced partnership between the EU and Armenia will depend largely on the further determination of the Armenian stakeholders to pursue concrete political, economic and social reforms, and to consolidate the respect for the common values that constitute the foundation of the EU-Armenia relationship.The EU’s cooperation with Armenia aims at supporting the country’s resilience, security and prosperity built on democracy, human rights, the rule of law and sustainable economic growth as well as at strengthening transport connectivity, mobility of people and people-to-people contacts with the EU and the region. The EU stands ready to continue engaging in Armenia and providing support through political dialogue, financial and technical assistance, including blended investments to support the Armenian government ambitions to undertake further reforms for the benefit of the citizens of Armenia and of EU-Armenia cooperation.71   [*https://eeas.europa.eu/delegations/armenia/54509/joint-press-release-european-union-armenia-partnership-committee\_en*](https://eeas.europa.eu/delegations/armenia/54509/joint-press-release-european-union-armenia-partnership-committee_en).

**Load-Date:** May 24, 2019

**End of Document**



[***Council of the European Union: OUTCOME OF THE COUNCIL MEETING 3685 GENERAL AFFAIRS PDF document ST 8130 2019 INIT02-07-2019***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WGH-5FN1-JDG9-Y2XS-00000-00&context=1516831)

Impact News Service

July 3, 2019 Wednesday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 6085 words

**Body**

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

P R E S SRue de la Loi/Wetstraat 175 B – 1048 BRUSSELS Tel.: +32 (0)2 281 6319 / 6319 Fax: +32 (0)2 281 [*8026press.office@consilium.europa.eu*](mailto:8026press.office@consilium.europa.eu) [*http://www.consilium.europa.eu/press8130/19*](http://www.consilium.europa.eu/press8130/19) 1ENCouncil of theEuropean UnionEN8130/19(OR. en)PRESSE 19PR CO 19OUTCOME OF THE COUNCIL MEETING3685th Council meetingGeneral AffairsLuxembourg, 9 April 2019President George CiambaRomanian Minister Delegate for European Affairs9 April 20191 Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicatedin the heading for the item concerned and the text is placed between quotation marks.  Documents for which references are given in the text are available on the Council's internet site(   [*http://www.consilium.europa.eu*](http://www.consilium.europa.eu)).  Acts adopted with statements for the Council minutes which may be released to the public are indicated byan asterisk; these statements are available on the Council's internet site or may be obtained from the PressOffice.8130/19 2ENCONTENTS1ITEMS DEBATEDMultiannual financial framework for 2021-2027................................................................................. 5Conclusions on the reflection paper 'Towards a sustainable Europe by 2030' .................................. 6Respect for EU values in Hungary ....................................................................................................... 6Rule of law in Poland ........................................................................................................................... 6OTHER ITEMS APPROVEDGENERAL AFFAIRS– Amendment of Protocol No 3 on the Statute of the EU Court of Justice ................................................................ 7– Amendments to the Rules of Procedure of the Court of Justice .............................................................................. 7– Youth Employment Initiative .................................................................................................................................. 7– European Citizens' Initiative .................................................................................................................................... 8– Conclusions on including the Republic of North Macedonia in EUSAIR............................................................... 8ECONOMIC AND FINANCIAL AFFAIRS– Capital requirements for banks' non-performing loans ............................................................................................ 9– Wise persons group on financial architecture for development ............................................................................... 9– Recommendation on the economic policy of the euro area ................................................................................... 109 April 20198130/19 3ENJUSTICE AND HOME AFFAIRS– Directive on combating fraud and counterfeiting of non-cash means of payment ................................................ 10– European Criminal Records Information System (ECRIS) regulation and directive ............................................ 11– Visa-free travel after Brexit ................................................................................................................................... 11– European Border and Coast Guard Agency: EU-Bosnia and Herzegovina agreement ......................................... 11– Ratification of amended Convention 108 on data protection ................................................................................ 12– EPPO: ***transitional*** rules for the appointment of European prosecutors ................................................................ 12– Convention on integrated safety at football matches and other sports events ....................................................... 13TRADE– EU-Japan economic partnership agreement .......................................................................................................... 13– Customs duty on certain imports from the United States ...................................................................................... 13ENERGY– Ecodesign requirements for electronic displays .................................................................................................... 14– Ecodesign requirements for light sources and separate control gears.................................................................... 14– Ecodesign requirements for household dishwashers ............................................................................................. 15– Ecodesign requirements for external power supplies ............................................................................................ 15AGRICULTURE– Unfair trading practices ......................................................................................................................................... 16– Spirit drinks ........................................................................................................................................................... 16– Transport of liquid oils and fats by sea .................................................................................................................. 16– Feed additives ........................................................................................................................................................ 17INTERNAL MARKET AND INDUSTRY– Regulation on prolonging ***transitional*** use of electronic data-processing\* ............................................................ 17– Regulation on import of cultural goods ................................................................................................................. 18EMPLOYMENT AND SOCIAL POLICY– Directive on the accessibility requirements for products and services .................................................................. 189 April 20198130/19 4ENTELECOMMUNICATIONS– Cybersecurity Act .................................................................................................................................................. 18TRANSPORT– Safeguarding competition in air transport ............................................................................................................. 19– Port reception facilities .......................................................................................................................................... 19– Small passenger ships ............................................................................................................................................ 19ENVIRONMENT– EU ETS: Updated list of sectors which benefit from free allocation of emission allowances ............................... 19TRANSPARENCY– Public access to documents ................................................................................................................................... 239 April 20198130/19 5ENITEMS DEBATEDMultiannual financial framework for 2021-2027Ministers held a policy debate on the multiannual financial framework for 2021-2027 (MFF). They shared their views on ***funding*** for cohesion policy and the Common ***Agricultural*** Policy (CAP), focusing in particular on the following issues:- Cohesion:a) How to ensure that the “no region is left behind” principle is properly reflected in the new MFF, while ensuring that the regions most in need also benefit the most from the cohesion ***funds*** and that all regions that are below the EU average continue to move towards it.b) Ministers were also invited to assess the proposal for the Cohesion policy as regards its capacity to react to new priorities and unforeseen events.- CAP:a) How can the proposal on the CAP best support the development of rural areas across the Union and guarantee a fair standard of living for the ***agricultural*** population, while increasing the productivity and competitiveness of European ***agriculture***?b) Ministers were also invited to discuss how the EU ***agricultural*** sector can become economically, environmentally and socially sustainable in the long run.The Council has been actively examining the Commission proposals on the next MFF at technical and political level since they became available in May and June 2018. To facilitate this work, the previous presidency prepared a draft negotiating box. The Romanian presidency is seeking to provide the June European Council with a streamlined draft negotiating box, with a view to achieving an agreement in the European Council in autumn 2019.The Presidency also presented a progress report to ministers, outlining developments in the negotiations on MFF-related sectoral proposals to date.9 April 20198130/19 6ENConclusions on the reflection paper 'Towards a sustainable Europe by 2030'The Council adopted a set of conclusions concerning the implementation by the EU of the United Nations' 2030 Agenda for Sustainable Development, in response to the Commission's reflection paper 'Towards a sustainable Europe by 2030', which was presented in January. The conclusions underline the central importance of sustainable development for the European Union and stress that the EU should continue to play a leading role in implementing the 2030 Agenda.For further information, please see the press release.Respect for EU values in HungaryMinisters discussed the state of play in the Article 7(1) TEU procedure concerning Hungary.The Commission provided an update on the situation.The Council will return to this procedure, taking into account the views expressed by member states.Reasoned proposal under Article 7(1) TEU regarding HungaryRule of law in PolandMinisters discussed the state of play in the Article 7(1) TEU procedure concerning Poland.The Commission provided an update on the situation.The Council will return to this procedure, taking into account the views expressed by member states.Reasoned proposal under Article 7(1) TEU regarding Poland9 April 20198130/19 7ENOTHER ITEMS APPROVEDGENERAL AFFAIRSAmendment of Protocol No 3 on the Statute of the EU Court of JusticeThe Council adopted a regulation amending protocol No 3 of the Statute of the Court of Justice of the European Union. The regulation introduces a new filtering mechanism for appeals relating to decisions by certain EU agencies and offices. Appeals brought in cases which have already been considered twice – first by an independent board of appeal and then by the General Court – will not be allowed to proceed before the Court of Justice unless it is demonstrated that they raise an issue that is significant with respect to the unity, consistency or development of EU law.Amendments to the Rules of Procedure of the Court of JusticeLinked to the Amendment of Protocol No 3 on the Statute of the Court of Justice of the European Union (see above), the Council also approved an accompanying set of amendments to the Rules of Procedure of the Court of Justice setting out the new system for handling appeals in detail.For more information, see the press release.Youth Employment InitiativeThe Council decided not to oppose the adoption of a Commission regulation amending Regulation (EU) No 1303/2013 as regards the resources of the specific allocation for the Youth Employment Initiative (YEI) (PE-CONS 66/19).The objective of the proposal is to adapt the amounts of resources available for economic, social and territorial cohesion and the amount of resources for the specific allocation for the Youth Employment Initiative set out in Regulation (EU) No 1303/2013 to reflect the increase of the resources of the YEI, in line with the budget adopted for 2019.The 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.9 April 20198130/19 8ENEuropean Citizens' InitiativeThe Council adopted an updated regulation on the European Citizens' Initiative. The regulation will bring a number of improvements for organisers and citizens wishing to express their support for initiatives on specific issues.The European Citizens' Initiative is a way for citizens to ask the Commission to bring forward a legislative proposal. To be considered by the Commission, an initiative needs the backing of at least one million supporters from at least one quarter of EU member states.Such initiatives will become easier to set up, support and bring to a successful conclusion. The follow-up process for successful initiatives will also be improved.The new rules will apply from 1 January 2020.For more information, see the press release.Conclusions on including the Republic of North Macedonia in EUSAIRThe Council adopted conclusions accepting the request put forward by the Republic of North Macedonia, in the Catania Declaration of 24 May 2018, to become the ninth participating country of the EU Strategy for the Adriatic and Ionian Region (EUSAIR). It invited the European Commission to take the necessary steps to include the Republic of North Macedonia in EUSAIR and to submit an accordingly amended strategy to the Council (7793/1/19).EUSAIR is a macro-regional strategy which increases cooperation between EU and non-EU European states. Endorsed by the European Council, this integrated framework is supported by the European Structural and Investment ***Funds***. It seeks to address challenges faced by member states and third countries located in the same geographical area. Four EU macro-regional strategies, covering several policies, have been adopted so far:The EU Strategy for the Baltic Sea Region (2009);The EU Strategy for the Danube Region (2010);9 April 20198130/19 9ENThe EU Strategy for the Adriatic and Ionian Region (2014); andThe EU Strategy for the Alpine Region (2015).The four macro-regional strategies involve 19 EU member states and 8 non-EU countries. They are accompanied by a rolling action plan, which is regularly updated in the light of emerging needs and changing contexts.ECONOMIC AND FINANCIAL AFFAIRSCapital requirements for banks' non-performing loansThe Council today adopted a new framework for dealing with banks' bad loans.The new rules set capital requirements that apply to banks with non-performing loans (NPLs) on their balance sheets. The aim of the reform is to ensure that banks set aside sufficient own resources when new loans become non-performing and to create appropriate incentives to avoid the accumulation of NPLs.For more information, see the press release.Wise persons group on financial architecture for developmentThe Council today adopted a decision establishing a high-level group of wise persons on the European financial architecture for development.The group will be chaired by Thomas Wieser and will be composed of 8 independent members. It is due to submit a report by October 2019 setting out the challenges and opportunities for rationalising the way development policies are financed at EU level and recommending possible options for reforming the existing setup.For more information, see the press release.9 April 20198130/19 10ENRecommendation on the economic policy of the euro areaThe Council adopted a recommendation on the economic policy of the euro area, which had been endorsed by the European Council at its meeting on 21-22 March 2019.This annual recommendation is a key part of the European Semester. It helps to set euro-area priorities that are then taken into account when preparing country-specific recommendations in the spring.For 2019, the Council recommended, in particular:– to deepen the single market, improve the business environment and the quality of institutions, and pursue reforms to make product and services markets more resilient;– to support public and private investment and improve the quality and composition of public finances while pursuing policies in full respect of the Stability and Growth Pact;– to shift taxes away from labour and strengthen education and training systems and investment in skills;– to make ambitious progress on the Capital Markets Union and swift progress on the deepening of the Economic and Monetary Union, building on the statement of the Euro Summit of 14 December 2018, also with a view to strengthening the international role of the euro (5643/19).JUSTICE AND HOME AFFAIRSDirective on combating fraud and counterfeiting of non-cash means of paymentThe Council formally adopted today the directive on combating fraud and counterfeiting of non-cash means of payment. Member states have two years to implement the new rules.The directive updates the existing rules to ensure that a clear, robust and technology-neutral legal framework is in place. It also gets rid of operational obstacles that hamper investigation and prosecution, and provides for action to enhance public awareness of fraudulent techniques such as phishing or skimming.For more information, see the press release.9 April 20198130/19 11ENEuropean Criminal Records Information System (ECRIS) regulation and directiveThe Council formally adopted today the ECRIS package consisting of a regulation and a directive. This marks the end of the legislative process.The reformed European criminal records information system (ECRIS) will now include a centralised database with information on convictions of third country nationals and stateless persons (so-called ECRIS-TCN).For more information, see the press release.Visa-free travel after BrexitThe Council adopted a regulation to allow visa-free travel after Brexit for UK citizens coming to the Schengen area for a short stay (90 days in any 180 days). Under EU rules, visa exemptions are granted on condition of reciprocity (PE-CONS 71/19).For more information, see the press release.European Border and Coast Guard Agency: EU-Bosnia and Herzegovina agreementThe Council adopted a decision (7195/19) approving the signing of a status agreement with Bosnia and Herzegovina on actions carried out by the European Border and Coast Guard Agency in Bosnia and Herzegovina (7196/19). It also decided to forward the draft decision on the conclusion of this agreement to the European Parliament for its consent (7197/19).The purpose of such an agreement is to allow the European Border and Coast Guard Agency to coordinate operational cooperation between member states and a 'third' (non-EU) country with respect to management of the external borders. The agency can carry out actions at the EU's external borders involving one or more member states and a third country neighbouring at least one of those member states, subject to the agreement of the neighbouring country, including on the territory of that third country.9 April 20198130/19 12ENRatification of amended Convention 108 on data protectionThe Council adopted a decision authorising the member states to ratify the protocol amending Council of Europe Convention 108 on data protection (10923/18).The aim of the modernisation of Convention 108 is two-fold: on the one hand, to better address challenges resulting from the use of new information and communication technologies, and, on the other hand, to strengthen the implementation of the Convention.For more information on the Convention, see Council of Europe's website.EPPO: ***transitional*** rules for the appointment of European prosecutorsThe Council adopted an implementing decision on the ***transitional*** rules for the appointment of European prosecutors for and during the first mandate ***period***, provided for in Article 16(4) of regulation on the establishment of the European Public Prosecutor's Office (EPPO) (7267/19).European prosecutors will be appointed by the Council with a non-renewable six-year mandate, which may be extended for a maximum of three years at the end of the six-year ***period***. Every three years there will be a partial replacement, of one third of the European prosecutors.The ***transitional*** rules adopted today will ensure that the principle of periodical replacement will work in practice for the European prosecutors appointed for the first time to the EPPO, while guaranteeing ***continuity*** in the work of the college of European prosecutors.Specific rules have now been established so that the first term of office for some European prosecutors will last three years instead of six. To ensure full transparency and impartiality in the determination of those European prosecutors, the system is based on drawing lots. This system will also ensure that the selection of the European prosecutors whose term of office will be shorter is neutral in geographic terms.9 April 20198130/19 13ENConvention on integrated safety at football matches and other sports eventsThe Council adopted a decision authorising member states to become party, in the interest of the EU, to the Council of Europe convention on an integrated safety, security and service approach at football matches and other sports events (12527/18).The convention aims to provide a safe, secure and welcoming environment at football matches and other sports events.TRADEEU-Japan economic partnership agreementThe Council adopted a decision on the position to be taken on behalf of the EU within the joint committee established under the EU-Japan economic partnership agreement, as regards the adoption of its rules of procedure.The EU-Japan economic partnership agreement entered into force on 1 February 2019. The agreement removes the vast majority of the €1 billion of duties paid annually by EU companies exporting to Japan. Once the agreement is fully implemented, Japan will have scrapped customs duties on 97% of goods imported from the EU (7605/19).Customs duty on certain imports from the United StatesThe Council adopted a decision not to raise objections to a delegated action on additional customs duties on imports of certain products originating in the United States.As a result of the United States' failure to bring its legislation in line with its obligations under the World Trade Organization, the EU has imposed a 4.3% ad valorem additional customs duty on imports of certain products from the United States (6951/19, 7189/19).9 April 20198130/19 14ENENERGYEcodesign requirements for electronic displaysThe Council decided not to oppose the adoption of a Commission regulation laying down ecodesign requirements for electronic displays pursuant to Directive 2009/125/EC of the European Parliament and of the Council, amending Commission Regulation (EC) No 1275/2008 and repealing Commission Regulation (EC) 642/2009 (7112/19).The regulation seeks to improve the design of electronic equipment to lessen its environmental impact, without entailing excessive costs. It sets out requirements for energy efficiency, the functioning and reparability of devices, recyclability of materials, and the availability of information. The new rules will apply as of 1 March 2021 (6246/19 + ADD1).The Commission regulation is subject to the regulatory procedure with scrutiny. This means that now that the Council has given its consent, the Commission may adopt the regulation, unless the European Parliament objects.Ecodesign requirements for light sources and separate control gearsThe Council decided not to oppose the adoption of a Commission regulation laying down ecodesign requirements for light sources and separate control gears pursuant to Directive 2009/125/EC of the European Parliament and of the Council repealing Commission Regulations (EC) No 244/2009, (EC) No 245/2009 and (EU) No 1194/2012 (7107/19).The aim of the regulation is to improve the designs of energy-related products to lessen their environmental impact, without entailing excessive costs. The requirements concern the energy efficiency of light sources and control gears, functioning such as colour rendering and lumen maintenance, and the availability and display of information. They will apply from 1 September 2021 (6195/19 + ADD1).The Commission regulation is subject to the regulatory procedure with scrutiny. This means that now that the Council has given its consent, the Commission may adopt the regulation, unless the European Parliament objects.9 April 20198130/19 15ENEcodesign requirements for household dishwashersThe Council decided not to oppose the adoption of a Commission regulation laying down ecodesign requirements for household dishwashers pursuant to Directive 2009/125/EC of the European Parliament and of the Council amending Commission Regulation (EC) No 1275/2008 and repealing Commission Regulation (EU) No 1016/2010 (7625/19).The regulation stipulates that as of 1 March 2019, household dishwashers have to provide an 'eco' programme which has to meet the requirements set out in the regulation. The text also lays out requirements regarding the energy efficiency, functioning, low power modes, and resource efficiency of household dishwashers, as well as information requirements. (6376/19 + ADD1)The Commission regulation is subject to the regulatory procedure with scrutiny. This means that now that the Council has given its consent, the Commission may adopt the regulation, unless the European Parliament objects.Ecodesign requirements for external power suppliesThe Council decided not to oppose the adoption of a Commission regulation laying down ecodesign requirements for external power supplies pursuant to Directive 2009/125/EC of the European Parliament and of the Council and repealing Commission Regulation (EC) No 278/2009 (7614/19).The regulation sets out energy efficiency requirements for external power supplies, as well as requirements regarding the information that has to be provided to customers. The regulation also stipulates procedures and benchmarks for verifying whether a model complies with the requirements. It will apply from 1 April 2020 (6373/19 + ADD1).The Commission regulation is subject to the regulatory procedure with scrutiny. This means that now that the Council has given its consent, the Commission may adopt the regulation, unless the European Parliament objects.9 April 20198130/19 16ENAGRICULTUREUnfair trading practicesThe Council adopted a directive on unfair trading practices in business-to-business relationships in the ***agricultural*** and food supply chain (PE-CONS 4/19).The directive will ban the most obvious unfair trading practices and provide member states with more effective ways of tackling abuses. The new rules will cover micro-enterprises, small and medium-sized enterprises (SMEs) and mid-range enterprises that have an annual turnover lower than €350 million.Spirit drinksThe Council adopted new rules aimed at clarifying and improving the legal framework setting out the definition, description, presentation and labelling of spirit drinks, including their use in other foodstuffs and the protection of geographical indications (GIs) (PE-CONS 75/18).The regulation will guarantee a clearer labelling of spirit drinks such as Whisky, Brandy, Cognac, or Ouzo across the EU in line with the rules on the provision of food information to consumers (FIC regulation). Furthermore, it will ensure a certain level of harmonisation of the composition of these drinks at European level, for instance on the maximum sugar content.Transport of liquid oils and fats by seaThe Council decided not to oppose the adoption of a Commission regulation amending the Annex to regulation 579/2014 granting derogation from certain provisions of Annex II to regulation 852/2004 of the European Parliament and of the Council as regards the transport of liquid oils and fats by sea (6924/19 + ADD 1).Commission regulation 579/2014 relates to sea transport of liquid oils and fats intended for or likely to be used for human consumption. It allows a derogation from Annex II to regulation 852/2004 under certain conditions. Those conditions relate to the shipping equipment and practices, and to the substances to be transported in a seagoing vessel as previous cargo. Substances that fulfil those criteria are listed in the Annex to regulation 579/2014 (list of acceptable previous cargoes).The new Commission regulation amends the list of acceptable previous cargoes to include methylacetate and ethyl-tert-butyl ether, which according to EFSA (European Food Safety Authority) meet the criteria for acceptability.9 April 20198130/19 17ENFeed additivesThe Council decided not to oppose the adoption of a Commission regulation amending Annex I to regulation 1831/2003 of the European Parliament and of the Council as regards the establishment of two new functional groups of feed additives (6860/19).Regulation 1831/2003 provides for the allocation of feed additives to categories and further to functional groups within those categories, according to their functions and properties.The new Commission regulation introduces two new functional groups within the categories ‘technological additives’ and ‘zootechnical additives’, to reflect technological and scientific developments, and the widespread use of various substances having a technological effect on feeds, which is not covered by any of the existing functional groups.INTERNAL MARKET AND INDUSTRYRegulation on prolonging ***transitional*** use of electronic data-processing\*The Council approved the European Parliament's position at first reading on the amendment of regulation 952/2013 to prolong the ***transitional*** use of means other than the electronic data-processing techniques provided for in the Union Customs Code. The delegations of the Netherlands and Lithuania abstained.The regulation extends the ***period*** during which means for the exchange and storage of information other than electronic data-processing techniques referred to in Article 6(1) of regulation (EU) No 952/2013 may be used.The regulation is therefore adopted in the wording which corresponds to the position of the European Parliament (PE-CONS 44/19).9 April 20198130/19 18ENRegulation on import of cultural goodsThe Council approved the European Parliament's position at first reading on a draft regulation of the European Parliament and of the Council on the introduction and the import of cultural goods.The regulation aims to strengthen the fight against terrorist financing. It sets out common rules on trade with third countries to ensure that cultural goods are effectively protected from illicit trade, loss or destruction.The regulation is adopted in the wording which corresponds to the position of the European Parliament (PE-CONS 82/18).EMPLOYMENT AND SOCIAL POLICYDirective on the accessibility requirements for products and servicesThe Council adopted a directive on the accessibility requirements for products and services (7874/19).The purpose of the directive is to contribute to the proper functioning of the internal market by approximating laws, regulations and administrative provisions of the member states as regards accessibility requirements for certain products and services. In particular, it aims to eliminate and prevent barriers to the free movement of certain accessible products and services arising from divergent accessibility requirements in the member states.TELECOMMUNICATIONSCybersecurity ActThe Council adopted a regulation on ENISA (the European Union Agency for Cybersecurity) and on information and communications technology cybersecurity certification (Cybersecurity Act) (PE-CONS 86/18; 7882/1/19 REV 1 + 7882/19 ADD 1 REV 1). Croatia abstained.For more information, see press release issued following endorsement of the provisional agreement in the Permanent Representatives Committee:EU to become more cyber-proof as Council backs deal on common certification and beefed-up agency (19/12/2018)9 April 20198130/19 19ENTRANSPORTSafeguarding competition in air transportThe Council adopted a regulation on safeguarding competition in air transport and repealing regulation 868/2004 (PE-CONS 77/18; 7872/19 + 7872/19 ADD 1). Greece voted against the regulation.For more information, see the press release.Port reception facilitiesThe Council adopted a directive on port reception facilities for the delivery of waste from ships(PE-CONS 85/18; 7881/19 + 7881/19 ADD 1). Germany voted against the directive.For more information, see the press release issued when the provisional agreement was endorsed by the Permanent Representatives Committee:EU tackles plastic and other waste ending up in the sea: Council approves agreement on port reception facilities (19/12/2018)Small passenger shipsThe Council adopted a recommendation on safety goals and non-binding functional requirements for passenger ships below 24 metres in length (7824/19 + 7824/19 ADD 1).ENVIRONMENTEU ETS: Updated list of sectors which benefit from free allocation of emission allowancesThe Council decided not to object to a Commission delegated decision concerning the determination of sectors and subsectors deemed at risk of carbon leakage for the ***period*** from 2021 to 2030 (7892/19, 6520/19 + 6520/19 ADD 1+ 6520/19 ADD 2 + 6520/19 ADD 3).In line with the revised EU emissions trading system (EU ETS) directive, each installation in a sector or subsector which is deemed to be exposed to the risk of carbon leakage is granted free allocation at 100% of its relevant benchmark level. The carbon leakage list has economic significance as free allowances have a substantial financial value.9 April 20198130/19 20ENThe following sectors and subsectors are deemed to be at risk of carbon leakage for the ***period*** 2021 to 2030:– Mining of hard coal– Extraction of crude petroleum– Mining of iron ores– Mining of other non-ferrous metal ores– Mining of chemical and fertiliser minerals– Other mining and quarrying not classified elsewhere– Manufacture of oils and fats– Manufacture of starches and starch products– Manufacture of sugar– Manufacture of malt– Preparation and spinning of textile fibres– Manufacture of non-wovens and articles made from non-wovens, except apparel– Manufacture of leather clothes– Manufacture of veneer sheets and wood-based panels– Manufacture of pulp– Manufacture of paper and paperboard– Manufacture of coke oven products– Manufacture of refined petroleum products– Manufacture of industrial gases– Manufacture of dyes and pigments9 April 20198130/19 21EN– Manufacture of other inorganic basic chemicals– Manufacture of other organic basic chemicals– Manufacture of fertilisers and nitrogen compounds– Manufacture of plastics in primary forms– Manufacture of synthetic rubber in primary forms– Manufacture of man-made fibres– Manufacture of flat glass– Manufacture of hollow glass– Manufacture of glass fibres– Manufacture and processing of other glass, including technical glassware– Manufacture of refractory products– Manufacture of ceramic tiles and flags– Manufacture of cement– Manufacture of lime and plaster– Manufacture of other non-metallic mineral products not classified elsewhere– Manufacture of basic iron and steel and of ferro-alloys– Manufacture of tubes, pipes, hollow profiles and related fittings, of steel– Cold drawing of bars– Aluminium production– Lead, zinc and tin production– Copper production9 April 20198130/19 22EN– Other non-ferrous metal production– Processing of nuclear fuel– Casting of iron– Extraction of salt– Finishing of textiles– Manufacture of basic pharmaceutical products– Manufacture of ceramic household and ornamental articles– Manufacture of ceramic sanitary fixtures– Manufacture of bricks, tiles and construction products, in baked clay– Kaolin and other kaolinic clays– Frozen potatoes, prepared or preserved (including potatoes cooked or partly cooked in oil and then frozen; excluding by vinegar or acetic acid)– Dried potatoes in the form of flour, meal, flakes, granules and pellets– Concentrated tomato puree and paste– Skimmed milk powder– Whole milk powder– Casein– Lactose and lactose syrup– Whey and modified whey in powder, granules or other solid forms, whether or not concentrated or containing added sweetening matter– Bakers' yeast– Vitrifiable enamels and glazes, engobes (slips) and similar preparations for ceramics, enamelling or glass9 April 20198130/19 23EN– Liquid lustres and similar preparations; glass frit and other glass in powder; granules or flakes– Open die forged ferrous parts for transmission shafts, camshafts, crankshafts and cranks etc.The decision 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.TRANSPARENCYPublic access to documentsOn 9 April 2019, the Council approved replies to the following confirmatory applications:- No 05/c/01/19 (6980/19)- No 06/c/01/19 (7014/19)

**Load-Date:** July 3, 2019

**End of Document**



[***The Fall of Omar Hassan al-Bashir, the 'Spider' at the Heart of Sudan's Web***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5VW2-1T31-JC85-N407-00000-00&context=1516831)

The New York Times - International Edition

April 13, 2019 Saturday

Copyright 2019 International Herald Tribune All Rights Reserved

**Section:** WORLD

**Length:** 1851 words

**Byline:** Declan Walsh

**Body**

**ABSTRACT**

Over 30 years, he forged a maze of security agencies and militias to bind his often ruthless rule. But he was undone in a middle-class revolt over the economy.

**FULL TEXT**

President Omar Hassan al-Bashir loved to tell the story about his broken tooth.

As a schoolboy working on a construction site, he told supporters in January, he fell and broke the tooth while carrying a heavy load. Instead of seeking treatment he rinsed his mouth with saltwater and kept working.

Later, after he joined the army, he refused a silver tooth implant because he wanted to remember his hardships. "This one," he said, pointing to a gap in his mouth, as supporters erupted into laughter.

The story was a way for Mr. al-Bashir, who was ousted Thursday after 30 years of iron-fisted rule over Sudan, to play up his humble origins - to show that he remained a man of the people who, like him, hailed from dusty farming villages on the Nile.

The folksy image was a jarring contrast with Mr. al-Bashir's image in the West, where he was often seen as a heartless warmonger, as a coddler of terrorists like Osama bin Laden and as the accused architect of a genocidal purge in Darfur that killed hundreds of thousands of people. Since 2009, the International Criminal Court has sought to arrest him on war crimes charges that include murder, rape and extermination.

But global notoriety was never much of a problem for Mr. al-Bashir, 75, at home in Sudan, a vast African country with a long history of war and suffering. He outwitted rivals who underestimated him, steered a decade-long oil boom that swelled Sudan's middle classes, and forged a network of security forces and armed militias to fight his wars that some likened to a spider's web with Mr. al-Bashir at its center.

That carefully constructed edifice of power crumbled this week as thousands of protesters massed outside his Khartoum residence, chanting slogans and braving gunfire as rival gangs of soldiers exchanged fire. The oil money was running low, the economy was in tatters and young Sudanese, in particular, had had enough. The spider had to go.

"Just fall, that is all!" they chanted.

On Thursday morning, the military ousted him, ending his 30-year rule in the face of the sweeping demonstrations. It said it had taken Mr. al-Bashir into custody, dissolved the government and suspended the Constitution.

Representatives of the principal protest group, the Sudanese Professionals Association, which had been expecting a statement from the military and were preparing to negotiate a transition to civilian rule, greeted the announcement with disappointment.

"What has been just stated is for us a coup, and it is not acceptable," said Sara Abdelgalil, a spokeswoman for the group. "Our request for a civilian ***transitional*** government has been ignored."

Born into a farming family in a dusty village 100 miles north of Khartoum, the capital, Mr. al-Bashir served as a paratroop commander in the army. In 1989, he headed an Islamist junta that ousted Prime Minister Sadiq al-Mahdi in a bloodless coup, Sudan's fourth military takeover since independence in 1956.

For the first decade of his rule, though, Mr. al-Bashir, was seen as a frontman for a more powerful force - the cleric Hassan al-Turabi, a ***smooth***-talking, Sorbonne-educated ideologue with sweeping ideas about embedding Shariah law deep in Sudan's diverse society and institutions.

International jihadists flocked to Sudan in that ***period***, among them Osama bin Laden, who bought a house in an upmarket Khartoum district and invested in ***agriculture*** and construction. In 1993, the United States blacklisted the Bashir government as an international sponsor of terrorism, and it imposed sanctions four years later.

In 1999, after a falling-out, Mr. al-Bashir outmaneuvered Mr. al-Turabi and cast him into prison. He turned back to the army to underwrite his authority, forging relationships that spanned the military, the security forces and the country's tribal leadership.

Mr. al-Bashir assiduously attended the funerals and weddings of military officers, often sending presents of sugar, tea or dried goods to their families. He held an open house once a week where commissioned officers could drop in and meet with him, said Alex de Waal, a professor at the Fletcher School of Law and Diplomacy at Tufts University, and an expert on Sudan.

"He's like the spider at the center of the web - he could pick up on the smallest tremor, then deftly use his personalized political retail skills to manage the politics of the army," he said.

Mr. al-Bashir used a similar approach to manage provincial leaders and tribal chiefs, Mr. de Waal added. "Most of them became militarized and enmeshed in one of the popular defense forces. He has that extraordinary network, and it's all in his head."

That style of personalist autocracy was put to use in battling the insurgency in southern Sudan, where rebels from different ethnic groups with Christian or animist beliefs were fighting for independence. During the 21-year war, the Sudanese air force dropped crude barrel bombs over remote villages in the south and sided with vicious local militias recruited by Mr. al-Bashir and his officers.

At the same time, Sudan discovered oil. After the first barrels were pumped in 1999, living standards gradually rose in one of Africa's most desperately poor countries. New roads appeared, remote villages gained water and electricity, and shiny buildings rose in Khartoum.

"Those were the fat years," said Magdi el-Gizouli, a fellow at the Rift Valley Institute.

In 2005, under international pressure, Mr. al-Bashir signed a peace deal with the southern rebels, overcoming opposition from his hard-liners who wanted to keep fighting. But by then another uprising had erupted in western Darfur that would define his legacy.

There, a pro-government militia known as the Janjaweed cut a bloody swath through remote villages, quelling an insurgency led by rebels. At least 300,000 people are estimated to have died.

Mr. Bashir is facing two arrest warrants from the International Criminal Court for charges in the Darfur conflict that include genocide. He was the first sitting head of state to be targeted with an arrest warrant by the Hague-based court.

"This was his biggest blunder," Mr. el-Gizouli said. "He outsourced the war to these militias, the Darfuri pastoralists. And he created a massively bloated security establishment with competing structures."

Mr. al-Bashir was charged with crimes that included murder, rape, torture and extermination, and his villainous reputation was amplified by campaigning celebrities like the actor George Clooney who denounced him as the embodiment of a sectarian, ruthless regime. But predictions he would become "a fugitive, a man on a wanted poster," were only partially borne out.

Defying the court, Mr. al-Bashir traveled to Kenya, Egypt, Nigeria and Saudi Arabia, although a visit to South Africa in 2015 was cut short when a court considered whether to arrest him. Some experts criticized the indictments as legally flawed and politically counterproductive.

Mr. al-Bashir portrayed himself as the victim of an international witch hunt led by an ungrateful West. He complained that the United States had reneged on its promises to lift sanctions in return for peace in the south. Buoyed by oil wealth, he swept to victory in the 2010 election, featuring posters that showed him standing proudly before new roads, dams and factories - even if 40 percent of Sudan's people remained below the poverty line.

In 2011, South Sudan voted to secede, becoming an independent country and taking with it three-quarters of Sudan's oil reserves. As revenues dried up, Sudan's economy weakened badly, and Mr. al-Bashir started to face serious opposition.

Armed riot police brutally suppressed street protests against soaring food prices in September 2013, killing as many as 170 people, according to Human Rights Watch. Torture and abuse in Sudan's jails became rampant, the group said.

Mr. al-Bashir reached wide into the region for ***funding*** and support, often flitting between rivals in search of the best deal. In 2013, he hosted the Iranian president at the time, Mahmoud Ahmadinejad, in Khartoum, as part of a putative courtship. Two years later, he joined an Arab alliance fighting on one side of Yemen's war, led by Iran's archenemy Saudi Arabia.

Last year he pivoted from his traditional ally, Egypt, to Ethiopia as part of a dispute over a giant hydroelectric dam that Ethiopia is building on the Nile. In recent months, as more protests erupted, he turned to Saudi Arabia's Persian Gulf rival, Qatar, for help.

The lifting of American sanctions in 2017 might have helped Mr. al-Bashir. But the State Department kept Sudan on its list of terrorism sponsors, stymieing any influx of foreign investment. By 2018 Sudan's economy was in free-fall, with an inflation rate of 72 percent, long lines at fuel stations and even a shortage of bank notes. The urban middle classes, dismayed to see their living standards collapsing, revolted.

A protest against the soaring price of bread in Atbara on Dec. 19 quickly spread to towns and cities across the country, in protests led by doctors and other professionals. Public anger grew as young doctors, some from wealthy families, were killed.

In January, Mr. al-Bashir contemptuously dismissed the protesters, telling the "rats to go back to their holes" and saying he would move aside only for another army officer, or at the ballot box.

But on the whole his forces reacted with relative restraint, killing dozens rather than hundreds of protesters. The demonstrations, often wildcat affairs in different Khartoum neighborhoods, turned into a daily occurrence.

On April 6, in their largest protest yet, demonstrators made it to the gates of Mr. al-Bashir's home at the headquarters of the Sudanese army. The protest coincided with the anniversary of the 1985 uprising that toppled the regime of another unpopular Sudanese leader, the dictator Gaafar Nimeiry.

It was the start of the final push that led to his ouster on Thursday. His supposedly folksy touch had fully deserted him. The military and security leaders he fostered for years told him it was time to leave.

Like many military rulers, Mr. al-Bashir liked to claim that power had been foisted upon him, and that he wielded it reluctantly. "This country does not encourage anyone to enjoy power," he said after he seized control in 1989. "This country is exhausted. It has collapsed and fallen."

Critics say he left Sudan in much the same condition. Less clear, though, is whether his successors can change it quickly. The tattered economy needs a huge cash injection, and current conflicts in the Sudanese regions of Blue Nile or South Kordofan are unlikely to abate. Past uprisings, in the 1960s and 1980s, quickly saw a reversion to military control after a few years of erratic civilian rule.

"People want change, but Sudan's problems are structural, not a matter of personality," said Aly Verjee, an analyst at the United States Institute of Peace. "Even with Bashir gone, Sudan will not be healed overnight."

**Load-Date:** April 12, 2019

**End of Document**



[***Natwest Markets PLC Annual Financial Report -7-***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5VF6-H9T1-JCXB-2528-00000-00&context=1516831)

London Stock Exchange Aggregated Regulatory News Service (ARNS)

February 15, 2019 Friday 8:04 AM GMT

Copyright 2019 London Stock Exchange All Rights Reserved



**Length:** 1645 words

**Body**

As it currently stands, EU membership and all associated treaties will cease to apply at 23:00 on 29 March 2019, unless some form of ***transitional*** arrangement encompassing those associated treaties is agreed or there is unanimous agreement amongst the UK, other EU member states and the European Commission to extend the negotiation ***period***.

The direct and indirect effects of the UK's exit from the EU and the European Economic Area ('EEA') are expected to affect many aspects of the Group's business and operating environment, including as described elsewhere in these risk factors, and may be material and/or cause a near-term impact on impairments. See also 'The Group faces increased political and economic risks and uncertainty in the UK and global markets'.

The longer term effects of Brexit on the RBS Group's operating environment are difficult to predict, and are subject to wider global macro-economic trends and events, but may significantly impact the Group and its customers and counterparties who are themselves dependent on trading with the EU or personnel from the EU and may result in, or be exacerbated by, periodic financial volatility and slower economic growth, in the UK in particular, but also in Republic of Ireland, Europe and potentially the global economy.

Significant uncertainty exists as to the respective legal and regulatory arrangements under which the Group and its subsidiaries will operate when the UK is no longer a member of the EU (see 'The RBS Group is in the process of seeking requisite permissions to implement its plans for ***continuity*** of business impacted by the UK's departure from the EU'. The legal and political uncertainty and any actions taken as a result of this uncertainty, as well as new or amended rules, could have a significant impact on the Group's operations or legal entity structure, including attendant restructuring costs, level of impairments, capital requirements, regulatory environment and tax implications and as a result may adversely impact the Group's profitability, competitive position, viability, business model and product offering.

The RBS Group is seeking the requisite permissions to implement its plans for ***continuity*** of business impacted by the UK's departure from the EU.

The RBS Group is implementing plans designed to continue its ability to clear euro payments and minimise the impact on the Group's ability to serve non-UK EEA customers in the event that there is an immediate loss of access to the European Single Market on 29 March 2019 (or any alternative date) with no alternative arrangement for continuation of such activities under current rules (also known as 'Hard Brexit'). These plans involve significant changes to the business model and operations of the Bank and the NatWest Markets franchise.

To ensure continued ability to clear Euro denominated payments, the RBS Group is finalising a third-country licence for the Frankfurt branch of National Westminster Bank Plc ('NWB') with the German regulator. In addition, the RBS Group is working to satisfy the conditions of the Deutsche Bundesbank (DBB) for, access to TARGET2 clearing and settlement mechanisms. Satisfying these DBB conditions, which include a country legal opinion, and accessing SEPA, Euro 1 and TARGET2 will allow the RBS Group and the Bank (through the NWB Frankfurt branch) to continue to clear cross-border payments in euros. The capacity to process these euro payments is a fundamental requirement for the daily operations and customers of all RBS Group franchises, including NatWest Markets. The value of such payments is typically in excess of EUR50 billion in any one day with more than 300,000 transactions. This capacity is also critical for management of the RBS Group's euro-denominated central bank cash balances of around EUR23 billion. The Bank will use the NWB Frankfurt branch to clear its euro payments and has also applied for a third country license to maintain liquidity management and product settlement arrangements.

A draft license has recently been issued for NWB Frankfurt branch which the Group intends to finalise imminently. Once in place, the third country licence branch approvals would each become effective when the UK leaves the EU and the current passporting arrangements cease to apply. The RBS Group expects to have received the requisite third country licenses and access to SEPA, Euro 1 and TARGET2 ahead of the UK's departure from the EU. However, given the quantum of affected payments and lack of short term contingency arrangements, in the event that such euro clearing capabilities were not in place in time for a Hard Brexit or as required in the future, it could have a material impact on the RBS Group and the Group and its customers.

Additionally, to continue serving most of the RBS Group's EEA customers, the RBS Group has repurposed the banking licence of its Dutch subsidiary, NatWest Markets N.V. ('NWM NV'). As announced on 6 December 2018, the RBS Group has requested court permission for a FSMA transfer scheme to replicate the master trade documentation for NWM Plc's non-UK EEA customers and to transfer certain existing transactions from NWM Plc to NWM NV. Other transactions are expected to be transferred to NWM NV during 2019 (for example, certain transactions with Corporate and Sovereign customers and larger EEA customers from NWM Plc, and certain Western European corporate business from National Westminster Bank Plc). The volume and pace of business transfers to NWM NV will depend on the terms and circumstances of the UK's exit from the EU, as well as the specific contractual terms of the affected products. NWM NV is expected to become a subsidiary of NWM Plc in 2019 but there is significant uncertainty as to the size and shape of NWM NV due to continued Brexit uncertainty.

These changes to the Group's operating model are costly and require further changes to its business operations and customer engagement. The regulatory permissions from the Dutch and German authorities will be conditional in nature and will require on-going compliance with certain conditions, including maintaining minimum capital level and deposit balances as well as a defined local physical presence going forward; such conditions may be subject to change in the future. Maintaining these permissions and the Group and the RBS Group's access to the euro payment infrastructure will be fundamental to its business going forward and further changes to the Group's business operations may be required.

The Group expects to face significant risks in connection with climate change and the transition to a low carbon economy.

The risks associated with climate change are subject to rapidly increasing prudential and regulatory, political and societal focus, both in the UK and internationally. Embedding climate risk into the Group's risk framework in line with expected regulatory expectations, and adapting the Group's operation and business strategy to address both the risks of climate change and the transition to a low carbon economy are likely to have a significant impact on the Group.

Multilateral and UK Government undertakings to limit increases in carbon emissions in the near and medium term will require widespread levels of adjustment across all sectors of the economy, with some sectors such as property, energy, infrastructure (including transport) and ***agriculture*** likely to be particularly impacted. The nature and timing of the far-reaching commercial, technological and regulatory changes that this transition will entail are currently uncertain but the impact of such changes may be disruptive, especially if such changes do not occur in an orderly or timely manner or are not effective in reducing emissions sufficiently. Furthermore, the nature and timing of the manifestation of the physical risks of climate change (which include more extreme specific weather events such as flooding and heat waves and longer term shifts in climate) are also uncertain, and their impact on the economy is predicted to be more acute if carbon emissions are not reduced on a timely basis or to the requisite extent. The potential impact on the economy includes, but is not limited to, lower GDP growth, significant changes in asset prices and profitability of industries, higher unemployment and the prevailing level of interest rates.

UK and international regulators are actively seeking to develop new and existing regulations that are directly and indirectly focussed on climate change and the associated financial risks. Such new regulations are being developed in parallel with an increasing market focus on the risks associated with climate change. In October 2018, the Group's prudential regulator, the PRA published a draft supervisory standard which sets forth an expectation that regulated entities adopt a Board-level strategic approach to managing and mitigating the financial risks of climate change and embed the management of them into their governance frameworks, subject to existing prudential regulatory supervisory tools (including stress testing and individual and systemic capital requirements). Climate risk is also subject to various legislative actions and proposals by, among others, the European Commission's Sustainable Finance initiative that focuses on incorporating climate risk into its financial policy frameworks, including proposals (e.g., through amendments to MiFID II) for institutional investors (including pension ***funds***) to consider and disclose climate risk criteria as part of their investment decision, and also proposals to consider changes to RWA methodologies. Furthermore, credit ratings agencies are increasingly taking into account environmental, social and governance ('ESG') factors, including climate risk, as part of the credit ratings analysis, as are investors in their investment decisions.

**Load-Date:** February 15, 2019

**End of Document**



[***AT-A-GLANCE: Everything you need to know about the post-Brexit immigration plan announced by Sajid Javid today***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5V27-9NN1-JD3S-J1PW-00000-00&context=1516831)

Politics Home (Online)

December 19, 2018 Wednesday 4:41 PM GMT

Copyright 2018 Dods Parliamentary Communications Limited All Rights Reserved

**Length:** 1061 words

**Highlight:** The Government today unveilled its long-delayed blueprint forhow Britain will manage migration after leaving the EU. PoliticsHome has broken down the key points.

**Body**

WHAT IS THE IMMIGRATION WHITE PAPER?

Itis a 164-page document outlining how Britain plans to manage immigration from 2021 - after it has left the European Union and completed the Brexit transition ***period***.

The document precedes the introduction of the Immigration Bill on Thursday, as theGovernment moves to get its plans through parliament.

Many of the recommendations came from the independent Migration Advisory Committee, which this September released a report on the basis of many months of analysis.

WHAT ARE ITS THREE KEY PRINCIPLES?

Widely recognised as a major driver of the Leave vote, the Government vowed to end freedom of movement from the EU, with the same likely to apply to British citizens wanting to head to the continent. The Government is sticking to its policy of whittling migration down to the tens-of-thousands, although the document does not specifically layout how this would be achieved.

The new plans meanEuropeans who want to arrive and live in the UK after Brexit will have nospecial status. Those from the continent will need to meet the same conditions to live and work in Britain as someone from any other "low-risk country" - although the Government has yet to define that more clearly.

The new system will admit settlement in the UK based on skills, with the two new work routes being for "skilled" or"temporary short-term" workers.

HOW WILL IT AFFECT THOSE VISITING THE UK?

Tourists will be able to stay for a maximum of six months at a time, although they will be unable to work.

Anyone wishing to visit the UK will need permission to do so - with the exception ofIrish nationals, as the Common Travel Area will remain in place.

European nationals should not need visas to travel, and the Government expects the EU to reciprocate that arrangement.

An Electronic Travel Authorisation (ETA) scheme will be brought in for those who do not require visas - which ministers say will be a "simple online system" and "more light-touch".

E-gates will continue to be used for low-risk individuals and nationalities to ensure ***smoother*** processes at the border

National Identity Cards will no longer be viable as a way of proving identitygiven their security flaws, and so visitors will need to provide a passport.

HOW WILL IT AFFECT EU NATIONALS ALREADY LIVINGIN THE UK?

Those currently working in the UK will retain their rights after the end of the post-Brexit implementation ***period*** in 2021.

The Home Office says in the event of a no-deal Brexit, the Government's priority will be to assure that the 3.5 million EU nationals have their status secured.

WHO QUALIFIES AS A "SKILLED" WORKER?

The current dual system, which allows workers from Europe of all skill-sets to enter and only those with high-skills from outside the EU will end and be replaced by a single route.

Ministers will scrap the current cap on the number of skilled workers such as doctors or engineers from the EU and elsewhere, but will apply a number of other conditions.

They will need to meet a salary threshold of £30,000 as it stands - however ministers will be consulting with business over the next year on whether this figure could be shifted.

A lower salary threshold will apply to those who have just graduated, as is currently the case for global admissions, while the "shortage occupation list" will be maintained to allow particularly sought after skills to work in the UK even if they earn less.

Skilled workers would be eligible for an initial five-year visa to work in the UK, alongside their dependents, and may be able to settle permanently.

Migrants from "low risk" countries will be able to move to Britain as a visitor and then change to a work visa if they find a skilled job in that time, as long as they have the required documentation.

They will need to be sponsored by a company, although ministers have insisted there will be measures brought in to simplify the system and reduce bureaucracy.

An "assessment of language skills" will be required, which the Government says will encourage integration and help people support themselves financially.

The current requirement for "high-skilled" workers to be graduates will be ditched, and replaced to allow those with the equivalent of A-Levels as their minimum standard to enter.

WHAT ABOUT THOSE DEEMED TO HAVE LOWER SKILLS?

The Government stuck withthe MAC recommendation that there should be "no dedicated route" for low-skilled workers to move to the UK, given lower-skilled migrant labour "may have depressed wages or stifled innovation in our economy".

"Temporary short-term workers", that is those with any skill level, will be able to move to the UKduring a post-Brexit ***transitional*** ***period*** set to run until at least 2025, in order to measure the scheme's success

They will only be able to stay for a maximum of one year and must return to their home countries for a "cooling-off ***period***" of a further twelve months.

Theywill not be able to claim public ***funds*** during that time, ministers say.

They will not be able to switch to other routes during their stay, such as that of a "skilled worker" or student, or to bring dependents.

Workers will need to pay a visa fee - which is set to rise each year following the post-Brexit transition ***period*** in an attempt to encourage businesses to take on British workers

Migrantswho are dependants of skilled workers, students, or refugees, will be able to work.

A trial for a special seasonal ***agricultural*** workers scheme will run in 2019 in recognition of the challenges faced by the industry.

The Government wants to replicate the Youth Mobility Scheme, which allows people aged 18-30 from certain other countries to come to the UK to work or study for up to two year with the EU.

HOW WILL IT AFFECT THOSE WANTING TO STUDY IN THE UK?

There will be no limit on the number of international students who can come to the UK.

The same rules that apply for non-European students will now apply to those from the European Economic Area.

All students coming to the UK will be sponsored by their institutions, as is the case for non-EEA students.

Post-study work visas will allow graduates of all levels to stay for 12 months after.

The Government will "ensure" international graduates can switch easily into high-skilled work.

The UK will continue to welcome international students who want to study at independent schools in the UK.

**Load-Date:** December 26, 2018

**End of Document**



[***Full text of Chinese premier's speech at NPC Opening, 5 March 2019***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5VK3-87D1-DYRV-349N-00000-00&context=1516831)

BBC Monitoring Asia Pacific - Political

Supplied by BBC Worldwide Monitoring

March 5, 2019 Tuesday

Copyright 2019 British Broadcasting Corporation All Rights Reserved



**Length:** 17882 words

**Body**

Text of report by government-controlled national broadcaster Chinese Central TV Channel 1 on 5 March

Fellow deputies:

On behalf of the State Council, I now present a report on the government work to the session. Please deliberate on it. I would also like to invite members of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] to put forward their opinions.

Fellow deputies:

I. Review of the Work in 2018

The past year marked the beginning of the full implementation of the spirit of the 19th Party Congress and the first year for the current term of government to perform its duties in accordance with the law. Our country faced complex and severe situations at home and abroad which were rarely seen for many years and the economy experienced new downward pressure. Under the strong leadership of the party Central Committee with Comrade Xi Jinping as the core, and with Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as guide, the people of all ethnic groups in the country made courageous advance, tackled and overcame difficulties, accomplished the main objectives and tasks of economic and social development for the whole year, and made new and major progress in the decisive battle to win a victory in comprehensively completing the building of a well-off society.

Economic operations were maintained within a reasonable range. The GDP grew 6.6 percent, with the total amount breaking through 90 trillion yuan. The economic growth rate matched the indicators of physical output such as electricity consumption and freight transportation. Consumer prices rose by 2.1 percent. International balance of payments was basically balanced. Newly-added employment in urban areas was 13,61 million people and the surveyed unemployment rate was stabilized at a low level of about five percent. It is of utmost importance to achieve a relatively full employment for a large developing country with a population of nearly 1.4 billion.

The economic structure was continuously optimized. The role of consumption in driving economic growth was further enhanced. The contribution rate of service industry to economic growth was close to 60 percent. The growth rate of high-tech industry and equipment and manufacturing industry was obviously faster than that of general industry, and ***agriculture*** scored another bumper harvest. The energy consumption per unit of GDP fell by 3.1 percent. Quality and efficiency continued to improve. The development of new growth drivers grew rapidly. A number of major scientific and technological innovation outcomes such as the Chang'e-4 Lunar Probe Mission came out one after another. Emerging industries experienced thriving development. There was accelerated transformation and upgrading of traditional industries. Mass entrepreneurship and innovation obtained in-depth promotion with more than daily average establishment of 18,000 new businesses, and the total number of market players exceeded 100 million. New growth drivers had profoundly changed production and lifestyle and shaped new advantages of China's development.

New breakthroughs were made in the reform and opening up. The reforms of State Council and local government institutions were ***smoothly*** implemented. New steps were taken forward in reforms in key fields; the negative list system for market access was implemented on a full scale; the momentum was increased in the reform toward streamlining administration and delegating power, combining power delegation with effective oversight, and improving service; and the international ranking of our business environment rose significantly. We opened up wider to the outside world in all directions and made important progress in jointly building "One Belt, One Road." The first China International Import Expo was successfully held and construction started on the Hainan pilot free trade zone. Total merchandise imports and exports exceeded 30 trillion yuan; $138.3 billion of foreign capital was actually utilized, securely ranking first among developing countries. A good start was made in the three major battles of tackling thorny problems. In guarding against and resolving major risks, the macro leverage ratio was stabilizing and financial operation steady on the whole. Precision poverty riddance advanced strongly, with the rural impoverished population decreasing 13.86 million and 2.8 million people relocated in poverty alleviation efforts. The prevention and control of pollution was strengthened, with the concentration of particulate matter (PM2.5) continuing to fall and remarkable success achieved in ecological civilization construction. The people's lives continuously improved. The per capita disposable income of residents grew 6.5 percent in real terms. The individual income tax threshold was raised and six special additional deductions instituted. We increased the intensity of basic old-age provision, basic medical care, and other kinds of security and provided nearly 100 million financial aid grants to students from families with financial difficulties in various schools. More than 6.2 million dwelling units in slum areas and 1.9 million rural ramshackle buildings were refurbished. Again, there were new improvements in the living standards of urban and rural residents.

We solemnly celebrated the 40th anniversary of reform and opening up, profoundly summed up the great results and precious experience of reform and opening up, solemnly declared that we shall resolutely carry reform and opening up through to the end and encouraged the people of all ethnic groups of the whole country to work hard continuously so as to create new historic achievements.

Looking back at the past year, these results are not easily achieved. What we have faced was the profound change in the external environment. Economic globalization has encountered setbacks. Multilateralism has been impacted. The international financial market has been shaken. Particularly China-U.S. economic frictions have brought about unfavorable impacts on the production, management, and market expectation of some enterprises. What we have faced was the severe challenges which highlight the pains caused by economic restructuring. Old and new contradictions intertwine and periodical and structural problems overlay. While economic operation maintains stable, there were some changes which makes us worry. We faced a complicated situation in which there were increasingly more dilemma and multi-pronged problems. In the aspects of realizing the goals of ensuring growth and forestalling risks, accomplishing the tasks of economic and social development, and dealing with the relationship between current and long-term development, we faced more difficulties in choosing policies and carrying out work. With our joint efforts, China's economic development, on the basis of high cardinality, has been stable as a whole and made progress amid stability. The overall social situation has been stable. This situation showed once again that, under the leadership of the CPC, the Chinese people have the courage, wisdom, and strength to overcome any difficulties and that we can overcome any problems to promote development.

Over the past year, we have extensively implemented the decisions and arrangements made by the party Central Committee with Comrade Xi Jinping as the core. We upheld the general principle of seeking progress while maintaining stability. We made an overall planning for ensuring growth, promoting reform, making structural adjustment, improving people's well-being, and forestalling risks. We properly dealt with the economic and trade frictions between China and the United States and worked hard to stabilize employment, finance, foreign trade, foreign investment, domestic investment and expectations. We have mainly done the following tasks.

First, we innovated and improved macroeconomic regulation and control, and maintained a stable operation in economy. In the face of new situations and new changes, we insisted on not engaging in the "broad flooding" type of strong stimulus, on maintaining the ***continuity*** and stability of macroeconomic policies, on strengthening range-based, targeted and well-timed regulation, and on actively presetting and fine-tuning regulation. We adhered to the implementation of a proactive fiscal policy, focused on reducing taxes and fees, improved the weak links and adjusted the structure. We lowered the VAT rate, expanded the scope of small and micro enterprises that enjoy tax incentives, and introduced tax policies that encourage R&D and innovation. For the whole year, the tax reduction for enterprises and individuals was about 1.3 trillion yuan. We optimized the structure of fiscal expenditures, liquidized remnant assets, and guaranteed expenditures in key areas. We adhered to the implementation of a sound monetary policy and guided financial support for the real economy. In response to the problem of financial difficulty and cost, we lowered the deposit reserve ratio four times, and taken various measures to ease the financial strain of private, small and micro enterprises, and curbed the trend of rising financing cost. We responded to the abnormal fluctuations in the stock and bond market in a timely manner, kept the RMB exchange rate basically stable and the foreign exchange reserves above US$3 trillion.

Second, we solidly tackled the three major issues and made positive progress on key tasks. We formulated and orderly implemented a three-year action plan to tackle the three major issues. We steadily promoted structural de-leveraging, securely handled risks in the financial sector, prevented and controlled local government debt risks, and reformed, improved the real estate market regulation mechanism. We intensively promoted targeted poverty eradication, strengthened poverty alleviation forces, increased capital investment for poverty alleviation, strengthened social assistance, and steadily improved self-development capabilities in poverty-stricken areas. We fully carried out the blue sky, clear water, and pure land defense war. We optimized energy and transportation structures. We steadily promoted "coal to gas" and "coal to electricity" policy in the northern region. We established a comprehensive system of appointing chiefs of rivers and lakes. The use of chemical fertilizers and pesticides has reduced. We strengthened the enforcement of ecological environmental protection supervision, and actively dealt with climate change.

Third, we deepened supply-side structural reform, continually unleashing the vitality of the real economy. We intensified efforts to eradicate, establish, and reduce [eradicate ineffective supply by promoting the resolution of excess capacity, using the disposal of "zombie enterprises" as an important handle; vigorously cultivate new drivers of growth by reinforcing scientific and technological innovation, promoting the optimization and upgrading of traditional industries, cultivating a number of pacesetter enterprises with the capability to innovate, and actively advancing the in-depth development of civil-military integration; and vigorously reduce costs in the real economy by reducing institutional transaction costs, continuing to clear away enterprise-related charges, increasing the momentum of investigating, handling, and rectifying arbitrary charges, and deepening reforms in the power, oil and natural gas, rail, and other industries to reduce energy consumption and logistics costs]. We promoted the market-based removal of surplus production capacity in the steel and coal industries. We implemented measures to stabilize investment, leading to a significant rebound in accelerated manufacturing investment and private investment. We introduced policy to promote household consumption. We comprehensively pushed forward "Internet Plus," employing new technologies and new models to transform traditional industries. We promoted administrative streamlining and reduction of taxes and fees in an in-depth manner. We abolished a batch of administrative examination and approval items, pushed forward nation-wide reform in the separation of business licenses and administrative permits, drastically reduced the time required to start a business, and reduced the types of industrial production permits by more than one-third. We comprehensively implemented oversight through inspections by randomly selected inspectors of randomly selected entities and the public release of inspection results. We overhauled and standardized all types of enterprise-related charges and pushed for a reduction in energy, Internet, and logistics costs. We deepened Internet Plus government services, and all localities explored and promoted a large number of distinctive reform measures, leading to ever-greater levels of convenience for enterprises and the masses in the conduct of their business.

Fourth, we thoroughly implemented the strategy of driving development with innovation, further improving innovation capacity and efficiency. We greatly optimized the innovation ecosystem and mobilized the enthusiasm of various innovators. We deepened reform of the science and technology management system, pushed forward the tackling of obstacles in key and core technology research, and strengthened the construction of major science and technology infrastructure and science and technology innovation centers. We reinforced the position of enterprises as the mainstay of innovation and extended the policy of raising the research and development super deduction rate to include all enterprises. We formulated policy measures that support the in-depth development of innovation and entrepreneurship. The transaction volume of technical service contracts grew by more than 30 percent.

Fifth, we stepped up efforts on reform and opening up, and the driving forces for development continued to strengthen. We deepened the reform of state-owned assets and state-owned enterprises and achieved new progress in the optimization and reorganization and quality and efficiency increase of state-owned enterprises. In term of the difficulties and issues faced by private enterprises, we tried every possible means to help dispel their worries and relieve them of their difficulties. We advanced the reform of the fiscal and taxation system, and the budget performance management reform has been comprehensively activated. We reformed the financial regulatory system and improved the interest rate and exchange rate marketization formation mechanisms. Reforms in such areas as ***agriculture*** and the rural areas, social undertakings, and ecological and environmental protection continued to deepen. We introduced a series of major measures on opening up to the outside world. The leading effect of the joint building of "One Belt, One Road" continued to be released, the cooperation mechanism with countries along the routes continually improved, and the economic and trade cooperation as well as people-to-people and cultural exchanges advanced at accelerated pace. We rolled out policies to stabilize foreign trade, and the time for the customs clearance of goods was reduced by more than half. We lowered the import tariffs for some goods, and the overall tariffs level fell from 9.8 percent to 7.5 percent. We newly established a batch of comprehensive pilot zones for cross-border electronic commerce. We replicated and promoted the experiences from the reform of the pilot free trade zones. We substantially reduced the negative list for foreign investment and expanded the opening up of such industries as finance and automobile. A batch of major foreign-***funded*** projects was implemented, and newly established foreign-***funded*** enterprises grew by close to 70 percent.

Sixth, we carried out the coordinated development of urban and rural areas with overall planning and accelerated forming a pattern of positive interaction. We vigorously implemented the rural revitalization strategy and the gross grain output remained above 1.3 trillion jin [650 billion kg]. We solidly promoted a new type of urbanization and nearly 14 million ***agricultural*** migrant population settled down in cities and townships. We pushed forward the development of China's western regions, rejuvenation of China's northeast regions, rise of China's central regions, and China's eastern regions taking the lead in development, and introduced a number of reform and innovative measures. We made significant progress in the coordinated development of Beijing, Tianjin, and Hebei, and gave priority to ecology in the Yangtze River Economic Belt so that green development pattern was continuously consolidated. We made substantial progress in the planning and building of the Guangdong-Hong Kong-Macau Greater Bay Area, and the bridge connecting Hong Kong, Zhuhai, and Macau was completed and open to the traffic. We increased support for the reform and development of the old revolutionary base areas, ethnic minority areas, border areas, and poverty-stricken areas. We newly built 4,100 kilometers of high-speed railway for operation and built and renovated more than 6,000 kilometers of expressways and more than 300,000 kilometers of rural highways. The coordination of development in urban and rural areas continued to increase.

Seventh, we persisted in supporting and improving the people's livelihood while undergoing development, and the fruits from reform and development are benefiting the masses of people in an even more and fairer manner. In response to the impact of external environment changes to employment, we promptly rolled out measures to stabilize employment. We made great efforts to promote the implementation of compulsory education teacher salary and welfare policy and strengthened the building of small-scale rural schools and township boarding schools. We established the central adjustment system for the enterprise employees' basic old-age pension ***fund*** and increased the basic pension minimum rate for retired personnel as well as urban and rural residents from 70 yuan per month to 88 yuan per month. We continued to increase the rates for those given preferential treatment and those who lived on subsistence allowance, and the "two subsidies" for people with disabilities benefit all personnel who meet the conditions. We strengthened the veteran services and management work to safeguard the lawful rights and interests of veterans. We deepened the coordinated healthcare, health insurance, and pharmaceutical reforms. We pushed forward the graded medical treatment. We increased the residents' basic medical insurance subsidy rate and the major illnesses insurance claim ratio. We sped up reform on reviewing and approving new drugs, and greatly lowered the prices of 17 cancer drugs and included them into the National Health Insurance Directory. We sped up promotion of cultural projects benefiting the people and continued to strengthen grassroots public culture services. We vigorously promoted the national fitness program and our sports athletes continued to achieve great results in international games.

Eighth, we advanced the building of a rule-of-law government and governance innovation and kept the society harmonious and stable; asked the Standing Committee of the National People's Congress to examine 18 bills and formulate and revise 37 administrative rules and regulations; reformed and adjusted the government organizational settings and functional allocation; thoroughly carried out the State Council's large-scale inspection, promoted reform and development policies and their deployment and implementation; gave play to the role of audit supervision; reformed and improved urban and rural grassroots governance; innovated the method of petitions and complaints work; reformed and strengthened emergency response management, responded to major natural disasters in a timely and effective manner, and the total number of production safety accidents and the number of major accidents continued to decline; strengthened food and drug safety supervision and severely investigated and dealt with problematic vaccine cases, such as that involving Changchun Changsheng Life Sciences Limited; improved the national security system; and strengthened the comprehensive management of social order, carried out the specialized struggles against the criminal syndicate, fought against all kinds of illegal crimes according to law, and made new progress in the the building of a peaceful and safe China.

We earnestly implemented the strategic plan of the CPC Central Committee in comprehensively administering the Party with strict discipline and strengthened the building of party style and clean governance. We pushed forward the normalization and institutionalization of the "Two Studies, One Action" study and education [study the Party charter and regulations, study the important series of speeches by Xi Jinping, and act as an up to standard Party member]. We strictly implemented the Central Committee's Eight-Point Regulation and the rules for its implementation and unswervingly rectified the "four styles" [formalism, bureaucratism, hedonism, and extravagance]. We strictly investigated and dealt with various acts in violation of laws and regulations, meted out punishment against those who are guilty of corruption, and achieved a landslide victory in the battle against corruption.

Over the past year, major power diplomacy with Chinese characteristics has attained new accomplishments. We have successfully hosted important home ground diplomatic events such as the annual conference of the Boao Forum for Asia, the Shanghai Cooperation Organization Qingdao summit, and the Forum on China-Africa Cooperation Beijing summit. President Xi Jinping and other state leaders have visited a number of countries and attended major events such as the APEC informal leadership meeting, the Group of 20 leaders' summit, the BRICS leaders' summit, the Asia-Europe Meeting (ASEM) summit, and the series of leadership meetings for East Asian cooperation. As a result, the overall stability of our relations with main major powers, the comprehensive development of our relations with neighboring countries, and our ties of unity and cooperation with developing countries, became more solid. We have pushed forward the building of new type international relations and pushed forward the building of a community of common human destiny. We have resolutely protected the state sovereignty, security, and development interests. Economic diplomacy and people-to-people and cultural exchanges were fruitful. China has made efforts in promoting world peace and development and made important contributions that are visible to the world.

Fellow deputies,

The achievements obtained over the past year resulted from the strong leadership of the party Central Committee with Comrade Xi Jinping as its core, from the scientific guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and from the solidarity and struggle of the party, the military, and the people of all ethnic groups in the country. On behalf of the State Council, I express sincere appreciation to the people of all ethnic groups in the country, to all democratic parties, all civic organizations, and all walks of life, and to the compatriots from the Hong Kong Special Administrative Region, from the Macau Special Administrative Region, from Taiwan and overseas. I express sincere appreciation to the governments of various countries, international organizations, and friends from various countries that care about and support China's modernization construction.

Only when being prepared for possible danger can we live in peace. Having fully recognized our achievements, it is also necessary to be clear-headed and see the problems and challenges facing our country's development. The growth rate of global economy is slowing down, with protectionism and unilateralism intensifying, the prices of international bulk commodities fluctuating greatly, unstable and uncertain factors increasing significantly, and external risks rising. The downward pressure of domestic economy increased, with the growth rate of consumption slowing down and the growth of effective investment slackening. The real economy had more difficulties; the issue of private and small and micro-enterprises having financing difficulties and high financing costs has not been resolved effectively yet; and there was a gap between the business environment and the expectations of market entities. The independent innovation capability was not strong, and the shortcomings of key core technologies were obvious. Some localities saw greater contradictions between fiscal revenues and expenditures. There were still many risks and hidden dangers in the financial and other fields. Deeply-impoverished areas faced more difficulties in getting out of poverty. The task of ecological protection and pollution prevention and control remained heavy. The masses still had much dissatisfaction with regard to education, medical care, elderly care, housing, food and drug safety, and income allocation. Several public security incidents and major production safety accidents happened last year, which taught us profound lessons. There were deficiencies in the government's work, with some reform and development measures not thoroughly implemented and formalism and bureaucracy still outstanding; and there were too many inspections, examinations, and assessments, with formalities prioritized over practical results, which increased the burden of the grassroots. A small number of cadres were neglectful of their duties, and corruption problems were still recurring in several fields. We must face the problems and challenges directly, have the courage to take on responsibilities, carry out duties with dedication, spare no effort in doing our work well, and never fail to live up to the expectations of the people.

II. The Requirements for 2019 Overall Social and Economic Development and Policy Directions

This year marks the 70th anniversary of the founding of New China as well as a crucial year for comprehensively completing the building of a well-off society and realize the first of the "Two Centenary Goals [toward which] to Strive." To do a good job in government work, we should, under the strong leadership of the party Central Committee with Comrade Xi Jinping as the core and under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, comprehensively implement the spirit of the 19th Party Congress and the Second and Third Plenums of the 19th CPC Central Committee; comprehensively push forward the "Five-in-one" overall layout [economic construction, political construction, cultural building, social construction, and ecological civilization building]; coordinate and push forward the "Four Comprehensives" strategic layout [comprehensive completion of the building of a well-off society, comprehensive deepening of reforms, comprehensive governance of the nation according to law, and comprehensive administration of the party with strict discipline]; adhere to the overall work tone of seeking progress while maintaining stability; adhere to new development concepts; adhere to promoting high-quality development; adhere to supply-side structural reform as the main line; adhere to market-oriented reform and expanding high-level opening up; accelerate the construction of a modern economic system; continue to do a good job in the "three major battles of tackling [major risk prevention, targeted poverty alleviation and pollution control]; focus on stimulating the vitality of micro-main bodies; innovate and improve macro-control; make overall plans to promote stable growth and reform, adjust structure, benefit the people's livelihood, and prevent risks; maintain economic operation in a reasonable range; further stabilize employment, the financial market, foreign trade, foreign investment, and domestic investment and expectations; boost market confidence; enhance the people's sense of gain, sense of happiness, and sense of security; and maintain sustained and healthy economic development and overall social stability, so as to lay a decisive foundation for comprehensively completing the building of a well-off society and celebrating the 70th anniversary of the founding of the People's Republic of China with outstanding achievements.

A comprehensive analysis of domestic and external situations shows that the environment our country faces is more complex and severe this year and predictable and unpredictable risks and challenges are more and bigger. We must be fully prepared to fight a hard battle. We must not underestimate difficulties, waver in confidence, and relax in our drive. Our country's development is still in a ***period*** of important strategic opportunities and has sufficient tenacity, huge potentials, and continuous burst of innovative vitality. The people's desire to pursue a better life is very strong. We have the firm will and ability to overcome all kinds of difficulties and challenges, and the long-term trend of economic improvement has not changed or will not change.

The main expected targets for economic and social development for this year are: GDP growth of 6 percent-6.5 percent; new urban employment of more than 11 million; surveyed urban unemployment rate of about 5.5 percent; urban registered unemployment rate will be within 4.5 percent; citizens' consumer price increase of about 3 percent; realize basic balance in international balance of payments; achieve stability in imports and exports while raising the quality of imports and exports; maintain basic stability in macro leverage ratio; effective prevention and control of financial risks; reduce rural impoverished population by more than 10 million; basically synchronize the income growth of residents with economic growth; further improvement of ecological environment; reduce energy consumption per unit of GDP by about 3 percent; and achieve continued decline in emissions of major pollutants. The aforementioned expected targets reflect the requirements for promoting high-quality development, which are in line with our country's development reality and align with the goal of comprehensively and completely building a well-off society, and thus are proactive and steady. To realize these goals, it is necessary to exert strenuous efforts. We must correctly grasp the macro-policy orientation, continue to implement a proactive fiscal policy and a prudent monetary policy, implement employment priority policies, strengthen policy coordination, ensure that the economy operates in a reasonable range, and promote sustained and healthy economic and social development. Efforts in implementing proactive fiscal policy must be intensified and efficiency of proactive fiscal policy must be raised. The deficit rate for this year is scheduled at 2.8 percent, which is 0.2 percentage points higher than last year's budget; the fiscal deficit is 2.76 trillion yuan, with a central fiscal deficit of 1.83 trillion yuan and a local fiscal deficit of 930 billion yuan. By moderately raising the deficit rate, we take into account factors such as fiscal revenue and expenditure, special bond issuance, etc, and consider leaving policy room for possible future risks. This year's fiscal expenditure will exceed 23 trillion yuan, an increase of 6.5 percent. The central government's balanced transfer payments to localities will increase by 10.9 percent. We will reform and improve the basic financial security mechanism at the county level, ease the financial operation pressure in financial difficult areas, and will never cause problems for the protection of the people's basic livelihood.

The prudent monetary policy should be neither too loose nor too tight. The growth rates of broad money, M2, and total social financing should match the nominal growth rate of the gross domestic product to better meet the need of keeping the economy running within a reasonable range. In actual implementation, we should not only control well the master sluice gate of money supply and refrain from engaging in flood irrigation but also flexibly apply multiple monetary policy tools, unblock the monetary policy transmission channel, and keep liquidity reasonably ample to effectively alleviate the problems of inaccessible and unaffordable financing for the real economy -- particularly privately run enterprises and small and micro enterprises -- and guard against and resolve financial risks. We should deepen the market-oriented interest rate reform to lower the real interest rate level. We should perfect the exchange rate formation mechanism and keep the renminbi exchange rate basically stable at a reasonable equilibrium level. The employment-first policy should go ahead with full steam. Employment is the foundation of the people's livelihood and the source of wealth. This year we for the first time put the employment-first policy on the macro policy level for the purpose of enforcing the orientation of all quarters to attaching importance to and supporting employment. As there is no decrease in pressure on aggregate employment, structural contradictions stick out, and new factors with adverse effect are still on the increase in the country at present and for some time to come, we must put employment in an even more prominent place. The most important purpose of stabilizing growth is to guarantee employment. This year we should strive to match recent years in the actual number of jobs added in urban areas after achieving the projected target so as to both guarantee employment for the urban labor force and leave room for transfer employment of rural surplus labor. Provided employment is stable and income increases, we will have even more confidence.

We should continue adhering to supply-side structural reforms as the main line and put time and efforts into "consolidation, enhancement, boosting, and unclogging." We should to a greater degree adopt measures of reform and apply means of marketization and of bringing things under the rule of law to consolidate the results of "cutting three, lowering one, and bolstering one [cutting surplus production, cutting inventory, cutting leverage, lowering production costs, and bolstering areas of weakness]," enhance the vitality of microeconomic players, raise the standard of our industrial chain, and unblock national economic circulation to promote high-quality development of the economy. We should continue doing a good job of fighting the three major battles of tackling thorny problems by exerting our efforts with precision and ensuring practical results. In guarding against and resolving major risks, we should strengthen bottom-line thinking, persist in structural deleveraging, guard against abnormal fluctuations in financial markets, safely manage the local government debt risk, and prevent and control imported risks. In precision poverty riddance, we should adhere to the current criteria, focus on deeply impoverished areas and special impoverished groups, increase the momentum of tackling thorny problems, and improve the quality of poverty riddance. In preventing and controlling pollution, we should focus on major tasks such as winning the battle of defending blue skies, make overall plans and take all factors into consideration, and tackle both the symptoms and root causes to effect a sustained improvement in the quality of the ecological environment.

To carry out well the government work this year, it is necessary to pay attention to the following relationships. First, it is necessary to do a good job in making an overall planning for the domestic and international relations, working together and remaining of one mind to work harder to ensure the success of our own businesses. China is in and will remain for a long time in the initial stage of socialism. China is still the largest developing country in the world. Development is the basis of and key to solving all problems in China. We should focus on the center of economic development. We should unswervingly uphold the strategic principle that development is the last word and development should be scientific development and high-quality development. We should continuously emancipate and develop the productive forces in society. With the backdrop of complicated and volatile international situation, we should maintain strategic resolve and carry out our work in accordance with the preset goals and arrangements. We should make good use of the internal and international markets and resources, dare to deal with challenges, be good at turning dangers into opportunities, and firmly grasp the development initiative. Secondly, it is necessary to do a good job in balancing the relationship between ensuring growth and forestalling risks and ensure that the economy will maintain healthy development. Many risks and hidden dangers accumulated for a long ***period*** of time should be resolved. However, we should follow rules and pay attention to ways and methods. In accordance with the requirements of firmness, controllability, orderliness, and appropriateness, we should gradually resolve these problems in the course of development. Resolute efforts should be made to avoid systematic and regional risks. Under the current downward economic pressure, the policies and working measures to be introduced should be beneficial to stabilizing expectations, ensuring growth, and making structural adjustment. In preventing and controlling risks, we should grasp the tempo and the strength and prevent the contractionary effect from overlaying and magnifying. We should ensure that the economy will operate within a reasonable range. Meanwhile, we should not only pay attention to the current situation by adopting short-term stimulating policies that compromise long-term development because they will result in new risks and hidden dangers. Thirdly, it is necessary to do a good job in handling the relationship between the government and the market. We should stimulate the vitality of market players by relying on reform and opening up. Only when market players have vitality, the endogenous driving force of growth will be strengthened, and the downward economic pressure will be stopped. Great efforts should be made to promote reform and opening up, accelerate to establish a modern market system which is unified and open, competitive and orderly. We should ease market access, strengthen fair supervision and control, create a business environment in terms of legal, international and business-friendly practices, and ensure that all kinds of main market players will be more active. Basically speaking, the market vitality and social creativity come from the functioning of the enthusiasm of millions upon millions of people. It is necessary to insist on the development concept with the people as the center. We should do everything in our capacity and act according to our capability. Conscientious efforts should be made to protect the basic people's livelihood, work to solve major livelihood issues, promote social equity and justice, and ensure that the people can lead a good life. The Chinese people are diligent and wise. They have unlimited innovative and creative potentials. So long as these potentials are released, China will have a greater room for development.

III. Government Work Task in 2019

This year's economic and social development tasks are important with numerous challenges and great demands. We must highlight the key points, grasp the essential, and perform well in all aspects of the work.

(1) Continue to innovate and improve macroeconomic regulation and control to ensure that the economy operates within a reasonable range. We must adhere to market-oriented reform ideas and methods to solve problems in development and play well the role of macro-policy in counter-cyclical adjustment. We must also enrich the use of fiscal, monetary, and employment policy tools, and flexibly use them to enhance their forward-looking characteristics, pertinence, and effectiveness, and create conditions for the ***smooth*** operation of the economy.

It is necessary to implement a larger scale tax cut and implement inclusive tax cuts and structural tax cuts simultaneously. We must focus on reducing the tax burden on the manufacturing industry and small and micro enterprises. We must also deepen the value-added tax reform to reduce the current tax rate in industries such as manufacturing from 16 percent to 13 percent, and reduce the current tax rate in transportation, construction and other industries from 10 percent to 9 percent, ensuring a significant reduction in tax burden in major industries. The tax rate of the first bracket remains unchanged at 6 percent, however, the adoption of supporting measures such as increasing tax deductions for the manufacturing and life service industries ensures that the tax burden of all industries will only be reduced and not increased in moving toward combining the tax rates of third and second bracket and simplifying the tax system. We must perform well in implementing inclusive tax cuts for small and micro enterprises that were introduced at the beginning of the year. This tax cut which focuses on releasing more water to nourish the fish [fang shui yang yu: providing a conducive environment for the survival of corporations], enhances development potential with fiscal sustainability in mind, and is a major measure to reduce the burden on enterprises and stimulate market vitality. It is an important reform to improve the tax system and optimize the income distribution pattern and a major decision in macro-policy to support growth, safeguard employment, and structural adjustment.

We will significantly reduce the burden of enterprises' social security contributions. We will reduce the proportion of contributions for basic pension insurance paid by the employers of urban workers, and the rate can be reduced to 16 percent in all localities. We will stabilize the current collection and payment method. Local governments at all localities must not adopt the practice of increasing the actual payment burden of small and micro enterprises during the process of the collection system reform and must not arbitrarily request for concentrated payment of historical arrears. We will continue to implement the policy of reducing in stages the rate for unemployment and work-related injury insurance. This year, we must substantially reduce the burden of social security contributions for enterprises, particularly for small and micro enterprises. We will accelerate promoting the provincial-level overall reform of pension insurance and continue to increase the central adjustment ratio of basic pension insurance ***funds*** for the employees in enterprises and to transfer some state-owned capital to enrich the social security ***funds***. Not only will we reduce the contribution burden on enterprises, but also ensure employees' social security benefits remaining unchanged and the pension growing reasonably and being paid on time and in full so that the social security ***fund*** can be sustainable and both of enterprises and employees are benefited. We will ensure the thorough implementation of reducing taxes and lowering fees. To reduce taxes and lower fees directly strikes the soft spot and difficult point of the current market players and is therefore a fair and efficient policy. We will reduce the enterprises' tax payment and social security contribution for nearly 2 trillion yuan in the whole year. This will bring a lot of financial pressure at all levels. In order to support reducing burdens on enterprises, governments at all levels must live an austere life and take every possible measure to raise ***funds***. The central financial authorities must increase revenues and reduce expenditures, increase the profits submitted by certain state-owned financial institutions and central government-owned enterprises, reduce general expenditures by over 5 percent and further reduce the three kinds of expenditures with government ***funds*** [official receptions, overseas visits, and vehicle purchases] by 3 percent or so, and withdraw all long-term dormant ***funds***. Local governments must also take the initiative to tap the potential, vigorously optimize the expenditure structure, and revitalize various ***funds*** and assets through multiple channels. We must earnestly let the market players, particularly small and micro enterprises, to obviously feel the tax and fee reduction, resolutely fulfill our commitments to enterprises and society, and make sure to succeed and do well in this important task however difficult it may be.

We will make conscientious efforts to alleviate the problems of inaccessible and unaffordable financing for enterprises. We will reform and perfect mechanisms for money and credit supply, and timely leverage the quantitative and pricing means, such as the deposit reserve ratio and interest rate, to guide financial institutions to expand credit supply and reduce lending cost so as to support the real economy precisely and effectively, without allowing idle ***funds*** or shifting the real [economy] to the unreal [economy]. We will step up targeted required reserve ratio cut for medium and small banks, using all the ***funds*** released thereby to supply loans to private, small, and micro enterprises. We will support large commercial banks to replenish capital through multiple channels, enhance credit capacity, and encourage them to increase medium and long-term loans and credit loans for the manufacturing sector. This year, state-owned large commercial banks need to increase loans for small and micro enterprises by more than 30 percent. We will sort out and regulate charges for banking and intermediary services. We will improve the internal assessment mechanism of financial institutions and incentivize and strengthen inclusive financial services so as to make sure the financing tensions of medium, small, and micro enterprises ease up remarkably and that the overall financing costs are reduced significantly. We will effectively bring the local government bonds into play. This year, the local government special bonds to be issued will be 2.15 trillion yuan, an increase of 800 billion yuan over last year, which will provide financial support for key project construction and also create conditions for better preventing and defusing local government debt risks. We will reasonably expand the special bonds' scope of use, continue to issue a certain number of local government replacement bonds to reduce the local interest burden, and encourage the adoption of a market-based approach to properly solve the problem of debts due on financing platforms, not leaving projects stopped midway.

We will adopt a multi-pronged approach to stabilize and expand employment. We must solidly do a good job in helping key populations, such as college graduates, retired servicemen, and migrant workers, find jobs, and strengthen assistance and support in employment for various personnel with employment difficulties in urban areas. For all types of enterprises that employ rural poor people and urban residents who have been registered for unemployment for more than half a year, they will be given a fixed amount of tax relief within three years. We will strengthen support for flexible employment and for new employment models and resolutely prevent and correct gender and identity discrimination in employment. We will implement vocational skill improvement activities by taking 100 billion yuan from the balance of the unemployment insurance ***fund*** and use it for employee skill upgrading and for job transfer and transition training for more than 15 million persons. We will accelerate the development of modern vocational education, which is not only conducive to alleviating the current employment pressure, but also a strategic solution to the shortage of highly-skilled talents. We will reform and perfect the examination and admission methods for higher vocational colleges and encourage more senior high school graduates and retired servicemen, laid-off workers, migrant workers, and others to apply for the examination. This year, we will expand admission to include 1 million people. We will expand the coverage of scholarship for higher vocational colleges, raise the standard of subsidies, and speed up the interchangeability and linking between academic certificates and vocational skill certificates. We will reform the school-running system of higher vocational colleges and enhance the quality of school running. The central financial authorities will greatly increase investment in higher vocational colleges, and local finances will also need to strengthen support. We will establish a national scholarship for secondary vocational education. We will support enterprises and non-governmental forces to develop and run vocational education. We must accelerate, with the great reform and development of modern vocational education, cultivating talents with all kinds of technical skills that are urgently needed for national development so that more young people can realize their value of life by virtue of their skills, and let the talents of all walks of life gather and shine.

(2) Stimulate the vitality of market entities and make efforts in optimizing the business environment. Our country has hundreds of millions of market entities and the number is still increasing continuously. Maintaining and enhancing the liveliness of market entities is the key to promote stable growth of the economy. We must deepen the "delegate, manage, optimize" reform [streamline and delegate, combine decentralizing with managing, optimize service], push forward the reduction of cost in institutional trade, and apply great skills in properly shaping a soft environment for development.

We will simplify the process of vetting and approval, optimize services, and facilitate investment to vitalize industries. Market-based resource allocation is the most effective form. We must further shorten the negative list for market access and push forward the general implementation of [the understanding of] "non-prohibition means entry." The government must resolutely pass on to the market matters that are not supposed to be regulated, reduce direct allocation of resources to the greatest extent, abolish vetting and approval that are supposed to be abolished, simplify processes and segments for matters that are required to be vetted and approved, in order to enable enterprises to spend more time in running the market and less time in seeking for administrative approvals. This year, we must implement the reform of "separation between permits and licenses" on all matters in relation to business operation approvals, enable enterprises to obtain operating license conveniently and carry out their business at the soonest, and resolutely overcome the situation of "gaining market entry but not having a license to operate a business." We will introduce nationwide institutional reform in the vetting and approval of construction projects, so as to cut down the time for the overall process of vetting and approval. We will launch electronic vetting and approval and online services; accelerate the realization of combined handling through the network and possibility of seeking services from a different location; enable more matters to be handled without the need to meet face-to-face; and when there is such a need to be present at the government office, we must handle the matter "within a window and within specific time limits" and "making at most one visit to the government office." We will continue to carry out the reform in "reducing verification requirements and facilitating the people" and not let enterprises and the public suffer through running back and forth in proving their identity or loading them down with trivial details. We will establish a "good-bad evaluation" mechanism for government services and allow enterprises and the public to evaluate the service performance. For government departments, doing a good job in providing service is a duty while providing bad service is a negligence of duty.

Promote fair competition through fair supervision. Fair competition is the core of the market economy and fair supervision is the safeguard to fair competition. We will reform and improve the system of fair competition and review as well as the fair supervision, and speed up the overhaul of all kinds of regulations and practices obstructing unified market and fair competition. Policies that are simplified are easy to follow. Supervision will be more powerful and effective when regulations are simpler and more transparent. At the national level, the emphasis is on formulating unified supervisory regulations and standards for supervision, whereas local governments must put their main focus on fair supervision. We will advance the cross-department joint supervision of "inspections by randomly-selected inspectors of randomly-selected entities and the public release of inspection results," promote credit supervision and "internet plus supervision" reforms, optimize law enforcement methods on environmental protection, firefighting, taxation, and market supervisions, and impose strict punishments to law-breakers in accordance with the law while not bothering those who abide by the law. We will deepen reforms to comprehensive administrative law enforcement, overhaul and standardize administrative penalties, and resolutely deal with multiple checks and rechecks. We will also strengthen supervision of supervisors and set rules for them, and we will not allow them to carry out selective or capricious law enforcement, nor allow them to make things difficult for enterprises and the masses. We will crack down on illegal acts such as the manufacture and sale of counterfeit and shoddy commodities and let violators pay a price that they are unable to afford. We will use fair supervision to manage fairness, efficiency, and vitality. Push forward fee reduction for enterprises through reforms. We will deepen electric power market reforms, overhaul electricity price surcharges, reduce the electricity usage cost for the manufacturing industry, and reduce the average electricity price of general industrial and commercial industry by another 10 percent. We will deepen toll highway system reforms, push for the reduction of highway and bridge tolls, and deal with unreasonable reviews and approvals of passenger and cargo vehicles as well as arbitrary collection of fees and fines. We will basically abolish provincial toll stations of national highways within two years and realize fast and convenient collection of fees without having the vehicles to stop, so as to reduce jams and bring convenience to the masses. We will abolish or reduce fee collections on a group of railroads and ports. We will carry out specialized management of fee collection of intermediary services. We will continue to overhaul and standardize administrative and institutional fee collection. We will speed up the building of "a network" for fee collections, so that fee collections will be open and transparent and arbitrary collection of fees will have nowhere to hide.

(3) Adhere to innovation-led development and cultivate and strengthen new driving forces. We will give play to our country's comprehensive advantages such as our rich resources of manpower and talented personnel as well as massive domestic market, reform the mechanisms for research and development as well as industrialization and application of innovative science and technology, make great efforts to cultivate a professional spirit, and promote the continuous transition from old to new driving forces.

We will push forward the transformation and upgrading of the traditional industries. Centered on pushing forward high-quality development of the manufacturing industry, we will strengthen our industrial foundation and technological innovation capability, promote the integrated development of the advanced manufacturing industry and the modern service industry, and speed up the building of a strong manufacturing country. We will forge an industrial Internet platform and expand "Intelligent Plus" to empower the manufacturing industry to transform and upgrade. We will support the enterprises to speed up technological transformation and equipment renewal, and expand [the scope of] the fixed assets accelerated depreciation preferential policy to all areas of the manufacturing industry. We will strengthen quality infrastructure support, promote the link-up of standards with advanced international levels, and raise the qualities of products and services so that more domestic and foreign users choose [products that are] made in China as well as Chinese services. We will promote the development of the emerging industries at an accelerated pace. We will deepen research, development, and application in such areas as big data and artificial intelligence, cultivate a new generation of emerging industry clusters in such areas as information technology, high-end equipment, biomedicine, new energy vehicles, and new materials, and strengthen the digital economy. We will adhere to inclusive and prudent regulation, support the development of new industry formats and models, and promote the healthy growth of the platform economy and sharing economy. We will speed up advancing "Internet Plus" in all industries and all areas. We will continue to push forward the raising of speed and lowering of cost for the Internet. We will carry out demonstration of bringing gigabit broadband into households in the cities, transform and upgrade long-distance education and the long-distance medical care network, and push forward the expansion and upgrading of the mobile network base stations so that users can truly feel greater Internet speed and stability. This year, the average broadband cost for small and medium-sized enterprises will be further reduced by 15 percent, the average cost for mobile network data traffic will be further reduced by more than 20 percent, "number portability among networks" will be implemented throughout the country, and a standard package will be set up so that the fee reduction is tangible and things are clearly understood by the consumers.

We will enhance the ability to support science and technology. We will increase the efforts to support basic research and applied basic research, strengthen original innovation, and strengthen key core technological research. We will improve the integrated innovation mechanisms of industry, academy, and research with enterprises as the main body; expand international innovation cooperation; comprehensively strengthen the protection of intellectual property rights; improve the punitive damages system for intellectual property rights infringement; and promote invention, creation, and transformation. Technological innovation is essentially a creative activity of people. We must fully respect and trust the scientific research personnel, and grant greater control on personnel, finances, and properties and more decision-making power on technological routes to the innovation team and leading talents. We will further increase the proportion of indirect ***funds*** for basic research projects, carry out pilot reforms of project ***funds*** using the "contracting system," and set no limit on the proportion of subjects, while enabling them to be independently determined and used by the scientific research team. We must work hard to promote the implementation of the science and technology system reform measures, and we absolutely must not let the reform policies become lip service or remain on paper. We will vigorously cut red tape and enable scientific research personnel to immerse themselves in studies, innovation, and breakthroughs. We will strengthen the construction of scientific and technological ethics and study style, discipline and penalize academic misconduct, and make diligent efforts to guard against the impetuous style. Our country has the largest team of scientific and technological talents in the world. Creating an excellent scientific research ecology will surely usher in a dynamic situation in which all kinds of talents emerge to compete while innovation results gush abundantly. We will further deepen the mass entrepreneurship and mass innovation; encourage more social entities to engage in innovation and entrepreneurship; expand the space for economic and social development; strengthen all-round services; and give play to the driving role of demonstration bases of mass entrepreneurship and mass innovation. We will strengthen inclusive support and properly implement preferential tax policies, such as lifting the starting point to levy value-added tax for small-scale taxpayers from 30,000 yuan to 100,000 yuan in monthly sales. We will reform and improve the financial support mechanisms, set up a science and technology innovation board and pilot the registration-based initial public offering system, encourage the issuance of financial bonds of mass entrepreneurship and mass innovation, and support the development of entrepreneurship investment. We will reform and improve the cultivation, use, and evaluation mechanisms of talents, and optimize the services for returned overseas students and foreign talents. We will combine market-oriented needs with the promotion of humanistic spirit, and gather well and make good use of all kinds of talents. China's innovation will certainly achieve better development and make due contributions to the progress of human civilization.

(4) Promote the formation of a strong domestic market and continue to unleash the potential of domestic demand. We must give full play to the fundamental role of consumption and the key role of investment, stabilize effective domestic demand, and provide strong support for steady economic operations.

We will promote the steady growth of consumption. We will adopt multiple measures simultaneously to promote an increase in income for urban and rural citizens and boost their spending power. We must do a good job implementing the newly revised Individual Income Tax Law so that the approximately 80 million taxpayers who meet the requirements of the tax reduction policy can enjoy all merited incentives. We must conform with new changes in consumer demand, increase the supply of quality products and services through multiple channels, and accelerate the elimination of blockage points for the entry of private capital. The number of people aged 60 and above in China has reached 250 million. We must vigorously develop elderly care, especially the community elderly care service industry, and provide support, including tax and fee reductions, financial support, and discount prices for water, electricity, gas, and heat, to those institutions that provide day care, rehabilitation care, and assisted eating and mobility services in the community. New residential areas should be equipped with community elderly care service facilities. We must reform and improve the policy of integrating medical care and elderly care and expand the long-term care insurance system pilot program, so that the elderly can have a happy old age and future generations can look forward to the future. Infant and child care is a matter concerning thousands upon thousands of families. In light of the new situation after implementing a comprehensive two-child policy, we must speed up the development of various forms of infant and child care services and support non-government forces in establishing nursery service institutions, so as to strengthen child safety and security. We will develop and grow the tourism industry. We will stabilize automobile consumption and continue to implement preferential policies for new energy vehicle purchases. We will develop new industrial formats and new models of consumption and promote the integrated development of online and offline consumption. We must strengthen rural logistics networks to support the development of e-commerce and express delivery services. We must strengthen the protection of consumer rights and interests to allow the masses to spend their money with ease of mind and convenience. We will reasonably expand effective investment. We must accelerate the implementation of a series of key projects that are closely linked to national development strategies. We will complete 800 billion yuan in railway investment and 1.8 trillion yuan in road and waterway investment, start work on a number of major water conservancy projects, speed up the planning and construction of the Sichuan-Tibet Railway, and increase investment in infrastructure such as intercity transportation, logistics, municipal administration, disaster prevention and mitigation, and civil and general aviation. We will strengthen the construction of next-generation information infrastructure. This year's central government budget will allocate 577.6 billion yuan for related investments, an increase of 40 billion yuan over last year. We must innovate project financing methods, appropriately reduce capital ratio requirements for infrastructure projects, and make good use of developmental financial instruments to attract more private capital to participate in project construction in key areas. We must implement policies supporting private investment and promote government and non-government capital cooperation in an orderly manner. The government must take the lead in integrity and contract compliance, and there must not be any "new officials refusing to acknowledge the pledges of their predecessors." At least half of the arrears owed to enterprises must be settled before the end of the year, and new arrears will not be permitted.

(5) Comprehensively complete the task of building a well-off society, and solidly promote poverty eradication and rural revitalization. We will adhere to the priority development of ***agriculture*** and rural areas, strengthen the overall planning and linkage between the tackling of difficult issues in poverty eradication and rural revitalization, ensure that the goals in tackling difficult issues in poverty eradication are realized as scheduled, and the life of farmers reaches a comprehensive well-off level.

We will properly tackle the difficulties in precise poverty eradication. We will focus on solving the prominent problems facing the "two assurances and three guarantees" [liang bu chou san bao zhang; assurance of food and clothing, guarantees for mandatory education, basic medical care, and housing security]; step up the efforts to tackle difficult issues in areas stricken by deep poverty such as the "three areas and three prefectures," [san qu san zhou; Tibet, Tibetan areas in four provinces, and areas in southern Xinjiang, Sichuan, Yunnan, and Gansu] and implement safeguard measures for special poor populations. Poverty eradication and prosperity are inseparable from industrial support; we must vigorously support the development of industries with distinctive features and advantages in poverty-stricken areas. We will embark on special campaigns to control school dropout rates and ensure schooling in poverty-stricken areas, significantly reduce dropout rates, continue to increase the number of students from rural and poverty-stricken areas enrolled in key special programs for higher education, and use education as a fundamental solution to block the inter-generational transmission of poverty. We will basically complete the planning and construction tasks for the 13th Five-Year Plan for poverty alleviation by relocation and strengthen follow-up support. Support policies will be maintained for a ***period*** of time for counties de-labeled [as poverty-stricken areas] and populations that have overcome poverty in order to consolidate the results of poverty eradication. We will improve the assessment and supervision and make good use of the results from special central inspection tours on tackling difficulties in poverty eradication. The more we are in the crucial stage of poverty eradication, the more we must work hard and refine all aspects of work to ensure that poverty eradication is effective, sustainable, and can withstand the test of history. We will do a good job in ***agriculture***, especially food production. We must firmly hold in our own hands the rice bowls of nearly 1.4 billion Chinese people. We must stabilize grain output and add more than 80 million mu [13 million acres] of high-standard farmland. We will stabilize the production of pigs and other livestock and poultry and do a good job in the prevention and control of diseases such as African swine fever. We will accelerate the reform and innovation of ***agricultural*** science and technology, vigorously develop a modern seed industry, implement the project of protecting ***agricultural*** products by geographical indication, and promote the full-process mechanization of ***agriculture***. We will cultivate new types of business entities such as family farms and farmer cooperatives, strengthen socialized services for small farming households, and develop various forms of scale management. We will support entrepreneurship and innovation by those returning to their hometowns or entering rural areas, and promote the integrated development of the primary, secondary, and tertiary industries. Labor income constitutes the bulk of the increase in farmers' income. We must cure the root cause of the wage arrears problem for migrant workers, and work hard to formulate special administrative regulations to ensure that migrant workers who provide hard work and sweat get the rewards they deserve in a timely manner.

We will solidly promote rural construction. We will scientifically prepare development plans and vigorously improve production and living conditions. We will accelerate the implementation of projects for consolidating and upgrading rural drinking water safety. This year and next year, we must solve the problem of drinking water safety for populations with drinking water difficulties and raise the level of water supply security for 60 million rural people. We will complete a new round of upgrades and remodeling for rural power grids. We will embark on the clean-up of rural residential environments according to local conditions, promote the "toilet revolution" and garbage and waste water treatment, and build beautiful villages. We will comprehensively deepen rural reform. We will promote the results of pilot projects for the reform of rural land acquisition, the introduction of collectively managed development land into the market, and the homestead land system. We will deepen the reform of collective property rights, forest rights, state-owned forest areas and ranges, farms, ***agricultural*** reclamation, and supply and marketing cooperatives. We will reform and improve the ***agricultural*** support and protection system, improve the market-oriented pricing mechanism for grains, and expand the pilot reform of policy-based ***agricultural*** insurance. With the continued deepening of rural reforms, the vast rural areas will definitely shine with new vitality.

(6) Facilitate regional coordinated development and increase the quality of new-type urbanization. Center on solving the issue of unbalanced and inadequate development, reform and improve relevant mechanisms and policies, and promote complementary regional advantages and urban and rural integrated development.

We will optimize the layout of regional development. We will formulate new policies and measures for the development and opening up of western China, and such policies as the preferential income tax for enterprises in western China will continue upon expiration. We will implement and improve the measures of reform and innovation to facilitate the comprehensive revitalization of northeastern China, the rising of central China, and the leading development of eastern China. The coordinated development of Beijing, Tianjin, and Hebei will focus on relocating the non-capital functions of Beijing, and the Xiong'an New District will be built with high standards. We will carry out the development plan for the Guangdong-Hong Kong-Macau Greater Bay Area, facilitate the link-up of rules, and push for the flow of production factors and the convenience of personnel exchanges. We will elevate integrated development of the Yangtze River Delta region to national strategy and establish and implement the outline for the development program. We will adhere to upstream-midstream-downstream coordination in developing the Yangtze River Economic Belt, strengthen ecological protection and restoration and the construction of comprehensive transportation systems, and build an economic belt with high-quality development. We will support economic transformation of resource-oriented regions. We will accelerate making up for shortfalls in the development of old revolutionary base areas, ethnic minority areas, border areas, and impoverished areas. We will develop blue economy vigorously, protect the marine environment, and build a maritime power. We will promote new-type urbanization in depth. We will insist on having a central city lead the development of a city cluster. We will do the household registration of rural migrant population well and push forward basic public services in cities and towns to cover permanent residents. We will better solve the housing issue for the masses, implement the main responsibilities of cities, reform and improve housing market systems and support systems, and facilitate steady and healthy development of the real estate market. We will continue to push forward the construction of affordable housing projects and the renovation of shanty towns and support the basic housing needs of disadvantaged groups. For the large number and wide range of old neighborhoods in cities and towns, we will vigorously work on their transformation and upgrading, upgrade the supporting facilities such as water, electricity, roads, and gas, support the installation of elevators, and improve the living facilities such as convenience markets, convenience stores, pedestrian streets, parking lots, and barrier-free passages. We will demonstrate being people-centered in all aspects of new-type urbanization, elevate the level of flexible governance and meticulous services, and make cities more livable, more inclusive, and more concerned with people.

(7) Strengthen the prevention and treatment of pollution and ecological building and vigorously push forward green development. Green development is an inevitable requirement in building a modern economic system and a fundamental policy in addressing pollution issue. We must reform and improve the relevant systems and jointly push forward high-quality development and the protection of the ecological environment.

We must persistently push forward the prevention and treatment of pollution. We will strengthen and expand the results of the battle of defending the blue sky. This year, we must reduce three percent of the emission of sulfur dioxide and nitrogen oxide and continuously reduce the degree of concentration of fine particulate matter (PM2.5) in key regions. We will persistently tackle the treatment of air pollution in Beijing-Tianjin-Hebei and its surrounding area, the Yangtze River Delta, and the Fenwei Plain, and strengthen the control of the three main pollution sources, namely industries, burning of coal, and motor vehicles. We will do a good job in providing clean heating to the northern region and ensure the masses go through the winter in a warm manner. We will strengthen the prevention and treatment of water and soil pollution. This year, we must reduce two percent of chemical oxygen demand and ammonia emission volume. We will accelerate the treatment of black and odorous water bodies and push forward the comprehensive handling of key river basins and coastal water areas. We will enhance the handling of solid waste and the sorting out of urban trash. As enterprises are the key players in preventing and treating pollution, they must carry out their environmental protection responsibilities in accordance with the law. We will reform and innovate our form of environmental governance and supervise enterprises in accordance with laws and regulations while attaching importance to their reasonable demands and enhancing assistance and guidance. We will provide enterprises that are required to rectify their business practices to meet certain [environmental] standards a reasonable ***transitional*** ***period*** and avoid taking the simplest and crudest measures by closing them down. When enterprises possess inner driving force and [face] external pressure, we can definitely achieve greater results in pollution prevention and treatment. We will expand green and environmental friendly industries. We will accelerate the ultra-low emission transformation of thermal plant and steel industries and implement certain standards for the emission transformation of heavy polluting industries. We will push forward the clean utilization of coal and accelerate the overcoming of consumption and storage issues of wind, solar, and hydro power. We will step up our efforts in building urban sewage pipe networks and treatment facilities. We will promote the conservation, recycling, and reusing of resources, and popularize green construction. We will reform and improve environmental and economic policies, accelerate the development of green financing, cultivate a batch of backbone enterprises that specialize in environmental protection, and enhance the capabilities in green development. We will strengthen the protection and restoration of the ecological system. We will push forward the restoration project pilot for ecological protection of mountains, rivers, forests, fields, lakes, and grass; and continuously do a proper job in making our national land green, prevent desertification, treat and control land degradation, and protect the biodiversity. We will deepen the reform of the national park system. Everyone should be responsible for green development, and action and perseverance are key to its success. We must jointly work together to allow the masses to enjoy an environment that is beautiful and comfortable for living.

(8) Deepen reform in key areas and accelerate market mechanisms improvement. Focus on highlighting contradictions and key links, promote deepening of relevant reforms, improve the institutional mechanisms that are compatible with high-quality development, and fully release market vitality and social creativity.

We will accelerate reforms in state-owned assets and state-owned enterprises. We will strengthen and improve supervision of state-owned assets, promote pilot reform in state-owned capital investment and operating companies, and promote preservation and appreciation of state-owned assets. We will actively and steadily promote reform in mixed ownership, improve corporate governance structure, improve market-oriented operating mechanism, and establish professional managers and other systems. We will dispose of "zombie enterprises" according to the law, deepen reform in power, oil and gas, railways and other fields. Natural monopoly industries must implement separation in network and transportation according to the characteristics of different industries, and competitive business will be fully shifted to the market. State-owned enterprises must continuously enhance their development vitality and core competitiveness through reform, innovation, and corporate fitness. We will put in great efforts to optimize the development environment for private economy, adhere to the "Two Unwaverings" to encourage, support and guide the development of the non-public economy. In accordance with the principle of competitive neutrality, we will treat all types of ownership enterprises equally in terms of factor acquisition, access permit, business operation, government procurement, and bidding. We will build a new relationship between government and business, improve the communication mechanism between government and enterprises, stimulate entrepreneurship, and promote the development and upgrading of the private economy. The protection of property rights must be unshakable, and violations must be punished according to the law, and all false and misjudged cases must be corrected. We must work hard to create a good business environment, so that entrepreneurs can manage their business with peace of mind and do business with confidence. We will deepen the reform of fiscal and taxation financial system, increase the intensity of open budget reforms and promote the reform of the division of central and local financial authority and expenditure responsibility. We will improve local tax system and steadily promote real estate tax legislation, standardize local government debt financing mechanisms. Guided by serving the real economy, we will reform and optimize the financial system structure, and develop private banks and community banks. We will reform and improve the basic system of the capital market, promote healthy and stable development of multi-level capital markets, and increase the proportion of direct financing, especially equity financing. We will enhance the insurance industry's risk protection function, strengthen financial risk monitoring, early warning and resolution. China's financial and monetary system is generally stable, and there are many policy tools available. We have the ability to hold the bottom line without systemic risks.

(9) Promote all-round opening up to the outside world and foster new advantages in international economic cooperation and competition. We will further expand the fields for opening up and optimize the layout of opening up, continue to promote the type of opening up based on the flow of commodities and factors, pay more attention to rules and other institutional opening-up, and drive the comprehensive deepening of reform with a high level of opening up.

We will push forward improving the quality of foreign trade amid stability, promote the diversification of the export market, and expand the coverage of the export credit insurance. We will reform and improve supporting policies for such new business models as cross-border e-commerce. We will promote the innovative development of service trade, guide the processing trade to transform and upgrade as well as move to the central and western regions, and give proper play to the role of comprehensive bonded zones. We will optimize the structure of imports and actively expand imports. We will host well the Second China International Import Expo and accelerate improving the level of facilitation of customs clearance. We will step up efforts for attracting foreign investment. We will further relax market access, reduce the negative list for foreign investment access, and allow the practice of exclusive operation by foreign investments in more fields. We will implement reform and opening-up measures in such industries as finance and improve the opening-up policy in the bond market. We will accelerate the alignment with prevailing international economic and trade rules, improve the transparency of policy-making and consistency of implementation, and create a fair market environment of equal treatment and fair competition for both domestic and foreign-capital enterprises. We will strengthen the protection of the legitimate rights and interests of foreign-owned business. We will give greater autonomy for reform and innovation to the pilot free trade zones, add a new sub-zone in the Shanghai Pilot Free Trade Zone, and promote the building of the Hainan Pilot Free Trade Zone to explore the building of a free trade port with Chinese characteristics. We will support the state-level economic and technological development zones, high-tech industrial development zones, and new zones to carry out pilot reforms related to the pilot free trade zone so as to enhance the radial driving effects and create new high grounds for reform and opening up. The investment environment in China will certainly get better and better, and the opportunities of development in China for enterprises from all countries will surely increase. We will promote the joint building of the "One Belt, One Road" Initiative. We will adhere to joint consultations, joint building, and joint sharing; abide by the market principles and prevailing international rules; give play to the mainstay role of enterprises; promote the interconnectivity of infrastructure; strengthen international production capacity cooperation; and expand cooperation in third-party markets. We will host well the Second "One Belt, One Road" Summit Forum for International Cooperation. We will promote the healthy development of cooperation with foreign investment in an orderly manner and promote the liberalization and facilitation of trade and investment. China firmly safeguards economic globalization and free trade, and actively participates in the WTO reform. We will accelerate building a network of high-standard free trade zones; promote the negotiations on regional comprehensive economic partnership agreement, China-Japan-Korea free trade area, and China-EU investment agreement; and continue promoting the China-US economic and trade consultations. China upholds [the principle of] mutually beneficial cooperation and win-win development and has consistently advocated the settlement of trade disputes through equal consultation. We will earnestly fulfill our commitments and resolutely safeguard our own legitimate rights and interests.

(10) Accelerate the development of social undertakings to better protect and improve people's livelihood. Although there will be greater pressure on fiscal revenue and expenditure balance, the basic investment in the people's livelihood will only be increased not decreased. We will support social forces to increase the supply of non-basic public services and meet with the multi-level and diversified needs of the masses.

We will develop a fairer and more quality education. There will be promotion of the development of the integration of urban and rural compulsory education, speeding up of the improvement of conditions for running schools in rural areas, stepping up solving the problem of "large class" in urban schools, ensuring the education of migrant children, development of Internet + education," and promotion of sharing of quality resources. We will expand the supply of pre-school education thorough various channels. The government will support public or private kindergartens, as long as they meet safety standards, charge reasonable fees, and they can make the parents happy. There will be popularization of senior high school education. We will run well education for minority ethnic groups, special education, and further education. We will do a good job in implementing improvement of wages for teachers who engage in compulsory education. There will be promotion of the establishment of first-class universities and setting up of first-class academic disciplines. Although this year's financial resources are very tight, the proportion of state financial education ***funds*** to GDP will continue to remain above 4 percent, and the central government's education expenditures will exceed one trillion yuan. We must effectively use the valuable ***funds***, work hard to run the education that the people are satisfied with, and hold up the hope of tomorrow.

We will ensure the basic medical and health services. We will continue to improve the level of providing basic medical insurance and major illness insurance for urban and rural residents. The per capita financial subsidy for residents' medical insurance will be increased by 30 yuan, and half of which will be used for major illness insurance. There will be reduction and unification for pay line for major illness insurance and increase in the reimbursement rate from 50 percent to 60 percent, in a bid to further reduce the medical burden for seriously ill patients and for patients with financial difficulty. There will be strengthening of the prevention and treatment of major diseases. As there are tens of millions of families suffering from cancer in China, there is a need to implement cancer prevention and control actions, promote preventive screening, early diagnosis and early treatment, scientific research, and work hard to alleviate people's pains. We need to do a good job in the prevention and treatment of common chronic diseases and include outpatient medical costs for hypertension and diabetes treatment into medical insurance reimbursement. We will step up implementing and improving the direct settlement policy for medical treatment across provinces, so that patients in different places can visit designated hospitals with their medical cards and immediately settle their medical bills and so that the floating population and the elderly can be benefited. We will deepen the comprehensive reform of public hospitals. We will promote running hospitals by nongovernmental capital. There will be accelerated establishment of a remote medical service system, strengthening the training of grassroots medical staff, and improvement of the quality of treatment and family doctor contracting services. We will give priority to prevention. All the newly increased financial subsidies for basic public health services will be used for villages and communities, so that the masses at grassroots levels will be benefited. We will strengthen maternal and child health services. The development and innovation of Chinese traditional medicine will be supported. As medicines and vaccines are matters of life or death for the people, there must be strengthening of the whole process of supervision. It is necessary to severely punish those who violate the law and seriously investigate and punish those who are derelict in their duties. We will resolutely defend the people's life and health.

We will improve social security systems and policies. There will be promotion of a multi-layered old-age security system. We will continue to increase the basic pension for retirees. We will implement the protection of retired military personnel and improve the policies of basic pension and basic medical insurance for demobilized soldiers. There will be appropriate rise in the standards of urban and rural basic living allowance and special assistance and strengthening of the protection of children in difficulty. We will increase the intensity of assistance to urban workers in financial difficulty. We will improve the level of disability prevention and rehabilitation services. We must try out best to help the masses in distress and give them timely assistance. The bottom line of basic people's livelihood must be firmly secured. There is a need to enrich the people's spiritual and cultural life. Socialist core value concept must be cultivated and practiced. We will carry out extensive activities of mass spiritual civilization creation, vigorously carry forward the spirit of struggle, scientific spirit, model workers spirit, craftsman spirit, and pool the powerful forces of striving to become better and of doing good things. It is necessary to accelerate building of philosophy and social science with Chinese characteristics. We will strengthen content construction of Internet. We will make literary and artistic creation thrive, develop journalism, publishing, radio, film and television, archives, and other undertakings. There is a need to strengthen the protection and utilization of cultural relics and the inheritance of intangible cultural heritage. There will be promotion of reform and development of cultural undertakings and cultural sectors, and enhancement of the ability of grassroots public cultural services. We will deepen cultural exchanges between China and foreign countries. We will extensively carry out national fitness activities. We will do a solid job in preparing for the 2020 Winter Olympics and Paralympics, meticulously organize the Beijing Winter Olympics and the Winter Paralympics, and host well the Seventh World Military Games. If the masses are physically and mentally healthy, society will be full of vitality and the country will become prosperous. There is a need to strengthen and innovate on social governance. We will promote the focus of social governance to the grassroots level, promote the "Maple Bridge Experience" in the area of promoting social harmony, and build a new pattern of urban and rural community governance. We will guide and support the healthy development of social organizations, humanitarian assistance, volunteer services and charities. There will be improvement of social credit system. We will protect the legitimate rights and interests of women, children, the elderly and the disabled. We will improve the work of people's complaint letters and visits and timely resolve the reasonable demands of the masses. National emergency response system needs to be improved and disaster prevention and mitigation capabilities need to be raised. We will strengthen safety production and prevent major accidents from happening. We will do a good job in earthquake prevention, and in meteorology, hydrology, geology, surveying and mapping. It is necessary to deepen the publicity and education in law. There is a need to strengthen national security capability building. We will improve the three-dimensional social security prevention and control system, deepen special struggles against various evil forces, punish those who engage in such illegal criminal activities as theft, robbery, scam, pornography, gambling, drug-smuggling according to the law, crack down on illegal fundraising, pyramid schemes and other economic crimes, rectify outstanding problems such as infringing on citizens' personal information, and resolutely protect the people's security and life.

Fellow deputies,

The new circumstances and tasks pose new and higher requirements for government work. Governments at all levels must firmly adhere to the "Four Awarenesses" [political awareness, awareness of the core, awareness of alignment, awareness of the overall situation], strengthen the "Four Self-Confidences" [confidence in the path, theory, system, culture], resolutely achieve the "Two Safeguards" [resolutely safeguard the core status of General Secretary Xi Jinping in the Party Central Committee and in the entire Party and resolutely safeguard the authority and centralized, unified leadership of the Party Central Committee], and consciously maintain a high level of unanimity ideologically, politically, and in terms of action with the Party Central Committee with Comrade Xi Jinping as the core; we must implement the requirement to comprehensively administer the Party with strict discipline, be brave in self-revolution, deepen the promotion of administrative streamlining and delegation of power, speed up the transformation of functionalities and the improvement of efficacy, enhance the credibility and implementation capabilities of government, and better meet the people's new expectations for a better life.

We will adhere to the full performance of duties according to the law. We will thoroughly implement the basic strategy of comprehensively governing the nation according to law, strictly abide by the Constitution and the laws, and comprehensively incorporate government activities into the rule of law. Governments at all levels must accept the supervision of the people's congresses at the same levels and their standing committees in accordance with the law, conscientiously accept the democratic supervision of the People's Political Consultative Conferences, and actively accept the supervision of society and public opinion so as to allow power to operate in sunlight. What the government does should always be what the people hope for. We must adhere to science, democracy, and decision-making in accordance with the law, listen carefully to the opinions of NPC deputies and CPPCC members, listen to the opinions of the democratic parties, industry and commerce associations, personages without party affiliation, and civic organizations, listen to the opinions of the public at large and enterprises, and make all policies conform to basic national conditions and objective reality so that they are more grounded and more compatible with public opinion. We will comprehensively promote the openness of government affairs. We will support the trade unions, the Communist Youth League, the Women's Federation, and other groups and organizations in playing a better role. We will comprehensively implement the administrative law enforcement responsibility system and accountability system, resolutely investigate and deal with all violations of laws and regulations, resolutely rectify all phenomena of unjust and uncivilized law enforcement, and resolutely pursue accountability for all inaction by administrative personnel. We will deepen the promotion of party work style and clean government. We will solidly embark on the thematic education of "not forgetting the original aspirations and remembering the mission." We will conscientiously implement the spirit of the Central Committee's Eight-Point Regulation and its implementation rules, and assiduously rectify the "four styles" [formalism, bureaucratism, hedonism, and extravagance]. We will strengthen the construction of a clean government and unanimously promote [government that] dare not, cannot, and does not want to be corrupt. We will strengthen audit supervision. Government personnel should conscientiously accept legal supervision, procuratorial supervision, and the people's supervision. Government performance is ultimately measured by results. Governments at all levels must resolutely oppose and rectify all formalism and bureaucratism, and let cadres be freed from red tape and the welcoming of evaluators and inspectors as well as reports and charts, and use their energy to solve practical problems. We will decrease and regulate supervision, inspection, and evaluation, and implement "Internet Plus inspections." We will reduce the number of meetings and document releases; this year the State Council and its departments will take the lead in dramatically streamlining meetings and resolutely reducing the number of document releases by more than

We must earnestly strengthen responsibilities and accountability. The tremendous achievements of China's reform and development came from the pioneering and hard work of the vast number of cadres and masses. We still have to carry out long-term unremitting work in order to realize the "Two Centenary Goals [toward which] to Strive and to achieve the happiness and pursuit of the Chinese people. Governments must be for the public, and action speaks louder than words. Governments at all levels and their working personnel must seek the truth and be pragmatic, make diligent efforts to guard against ostentatiousness, speak through the fruits of advancing reform and development, and present results with actual performance delivered. We will perfect the incentive and restraining mechanism as well as due diligence mechanism, and create an environment where cadres are willing to work, dare to work, and can accomplish their work. We will give better play to the proactiveness of the central and local authorities, respect the pioneering spirit of the grassroots and the masses, and provide incentives and enough space for the local governments to explore boldly. The broad mass of cadres must assert a strong sense of the cause and progress, not avoid difficulties in work or evade responsibilities for matters that are righteous, bury themselves in hard work, work innovatively while taking into consideration actual situations, strive to achieve new results that are worthy of the people, and create a new glory for China's development.

Fellow deputies,

We must adhere to and improve the ethnic regional autonomy system, comprehensively implement the party's ethnic policy, deepen the education on ethnic unity and progress, and promote the harmonious coexistence, concerted effort, and harmonious development of all ethnic groups. We must increase support for the development of ethnic minority areas and ethnic groups with smaller populations, thoroughly implement actions to prosper the borders and enrich the people, work in one heart to unite the 56 ethnic groups to strive together, and jointly bring prosperity and development to the beautiful homeland. We must comprehensively implement the party's basic guidelines on religious work, persist in the direction of sinicization of China's religions, manage religious affairs in accordance with the law, and give play to the positive role of religious figures and masses of adherents in promoting socioeconomic development. We must earnestly implement the policy on overseas Chinese affairs, protect the lawful rights and interests of overseas Chinese and returned overseas Chinese and their dependents, improve and strengthen such services, give play to their unique advantages and important roles, draw the greatest concentric circle of the Chinese people at home and abroad, and bring together the power to jointly create a glory.

Fellow deputies: In the past year, there has been solid advancement of the national defense and the armed forces construction, and undertakings to strengthen the military have demonstrated a new look and shown many new achievements. In the new year we must continue to take the party's strong military objectives in the new era as the guide, firmly establish the guiding position of Xi Jinping thought on a strong military in the construction of national defense and the armed forces, and conducted in-depth promotion of political army building, reform armed forces building, revitalizing the army through science and technology, and governing the army in accordance with the law. We must adhere to the fundamental principles and systems of the party's absolute leadership over the military, and comprehensively and thoroughly implement the CMC chairman's responsibility system. We must thoroughly implement the military strategies and policies of the new era, improve the level of actual combat military training, and resolutely safeguard national sovereignty, security, and development interests. It is necessary to continue in-depth reforms of the national defense and military. We must strengthen and improve the national defense education and construction of the national defense mobilization system. We must perform in-depth implementation of the military-civilian integration development strategy and speed up the pace of national defense science and technology innovation. Governments at all levels must pay great attention to supporting national defense and military building, and carrying out in-depth "double support" activities, so that military unity, political unity, and military and civilian unity is deep-rooted and everlasting.

Fellow deputies, we must continue to comprehensively and accurately implement the policy of "One country, Two systems", "Hong Kong people ruling Hong Kong", "Macao people governing Macao" and a high degree of autonomy, strictly in accordance with the Constitution and the Basic Laws. We must support the governments of the Special Administrative Regions of Hong Kong and Macau and their chief executives administering in accordance with the law. It is necessary to support Hong Kong and Macao in seizing the great opportunities of building the "One Belt, One Road" and the construction of the Guangdong-Hong Kong-Macau Greater Bay Area, give full play to their own advantages, and comprehensively conduct in-depth mutually beneficial cooperation with the Mainland. We firmly believe that Hong Kong and Macao will certainly be able to develop together with the mainland of China and will certainly maintain long-term prosperity and stability. We must adhere to the policy of work on Taiwan affairs. It is necessary to fully implement the spirit of General Secretary Xi Jinping's important speech at the assembly marking the 40th anniversary of the publication of the Letter to Compatriots in Taiwan, adhere to the one-China principle and the "92 Consensus," promote the peaceful development of cross-strait relations, and promote the process of peaceful reunification of the motherland. We must also resolutely oppose and contain the "Taiwan independence" separatist plots and actions, and resolutely safeguard national sovereignty and territorial integrity. It is necessary to conduct in-depth development of cross-strait integration and continue to expand cross-strait economic and cultural exchanges and cooperation. The compatriots on both sides of the strait are connected with each other by the same root and share the same destiny. We should work together in creating a beautiful future which will be shared by all Chinese.

Fellow deputies, the world today is faced with a situation of great changes not seen in a century. We will unswervingly walk the path of peaceful development, pursue a mutually beneficial and win-win strategy of opening up, and firmly uphold multilateralism and the international system with the United Nations as its core. We will actively participate in the reform and improvement of the global governance system, firmly uphold an open world economy, and push forward the building of a community of common human destiny. We will strengthen communication and dialogues as well as coordination and cooperation with the major powers, deepen relations with the neighboring countries, and expand mutually beneficial cooperation with the developing countries. We will actively provide more of China's constructive plans for properly dealing with global challenges and resolving regional hotspot issues. China is willing to join hands in cooperation and stick together in times of difficulty with all countries, and make new contributions for promoting lasting peace and common development of the world.

Fellow deputies, history is created through striving and the future is accomplished by doing solid work. We must unite more closely around the party Central Committee with Comrade Xi Jinping as the core; hold high the great banner of socialism with Chinese characteristics; take Xi Jinping Thought on Socialism With Chinese Characteristics for a New Era as the guide; advance against hardship and forge ahead; use outstanding results in economic and social development to usher in the 70th anniversary of the founding of the People's Republic of China; and unremittingly strive to win a decisive victory in the comprehensive completion of the building of a well-off society, seize a great victory of socialism with Chinese characteristics for a new era, build our country into a socialist modern and strong country that is prosperous, strong, democratic, civilized, harmonious, and beautiful, and realize the Chinese dream of the great rejuvenation of the Chinese nation.

Source: China Central TV-1 in Mandarin Chinese 0000 gmt 5 Mar 19

**Load-Date:** March 6, 2019

**End of Document**



[***Register of Commission documents: Commission staff working document Analysis of the updated Draft Budgetary Plan of Slovenia Accompanying the document Commission opinion on the updated Draft Budgetary Plan of Slovenia Document date: 2019-02-27 COM\_SWD(2019)0202 SWD/SEC documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5VJ2-2BY1-JDG9-Y1GM-00000-00&context=1516831)

Impact News Service

February 28, 2019 Thursday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 6519 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

EN ENEUROPEANCOMMISSIONBrussels, 27.2.2019SWD(2019) 202 finalCOMMISSION STAFF WORKING DOCUMENTAnalysis of the updated Draft Budgetary Plan of SloveniaAccompanying the documentCOMMISSION OPINIONon the updated Draft Budgetary Plan of Slovenia{C(2019) 2002 final}1COMMISSION STAFF WORKING DOCUMENTAnalysis of the updated Draft Budgetary Plan of SloveniaAccompanying the documentCOMMISSION OPINIONon the updated Draft Budgetary Plan of Slovenia1. INTRODUCTIONSlovenia submitted its updated Draft Budgetary Plan (hereafter: updated DBP) for 2019 on 25 January 2019. The DBP submitted on 15 October 2018 in compliance with Regulation (EU) No 473/2013 reflected budgetary projections for 2019 on the basis of unchanged policies as the new government only took office on 13 September 2018. In comparison with the no-policy-change DBP submitted on 15 October 2018, the updated DBP includes measures that the new government has adopted. Slovenia is subject to the preventive arm of the Stability and Growth Pact and should ensure sufficient progress towards its medium-term budgetary objective (MTO).As the debt ratio was 82.6 % of GDP in 2015 (the year in which Slovenia corrected its excessive deficit), exceeding the 60 % of GDP reference value, during the three years following the correction of the excessive deficit Slovenia was also subject to the ***transitional*** arrangements to make sufficient progress towards compliance with the debt reduction benchmark in 2018. Following the end of the transition ***period***, Slovenia needs to comply with the debt reduction benchmark as of 2019.Section 2 of this document presents the macroeconomic outlook underlying the updated DBP and provides an assessment based on the Commission ad-hoc forecast1. The following section presents the recent and planned fiscal developments, according to the updated DBP, including an analysis of risks to their achievement based on the Commission ad-hoc forecast. In particular, it also includes an assessment of the measures underpinning the updated DBP. Section 4 assesses the recent and planned fiscal developments in 2018-2019 (also taking into account the risks to their achievement) against the obligations stemming from the Stability and Growth Pact. A box on the application of constrained judgement is contained in that section for Slovenia as it is flagged by the plausibility tool. Section 5 provides an analysis of implementation of fiscal-structural reforms in response to the latest country-specific recommendations in the context of the European Semester adopted by the Council in July 2018, including those to reduce the tax wedge. Section 6 summarises the main conclusions of this document.1 The Commission published its winter 2019 forecast (interim) on 7 February 2019. It only includes projections for GDP growth and inflation. In order to assess the updated DBP, the Commission complemented its winter 2019 forecast for Slovenia by a fully-fledged “ad-hoc” forecast, including in particular projections for the general government balance and the structural balance.22. MACROECONOMIC DEVELOPMENTS UNDERLYING THE UPDATED DRAFT BUDGETARY PLANSlovenia’s economic growth is expected to have reached 4.4 % in 2018, compared to 4.9 % in 2017 and below the projections in the 2018 Stability Programme. Growth was broad-based, driven by both strong investment dynamics and consumer spending, as well as net exports. Job creation remained steady and unemployment further declined to 5.0 % in the third quarter of 2018 – reaching a level last seen in 2008. Inflation was 1.9 %. According to the Commission estimate based on the commonly agreed methodology, the output gap2 was 2.9 % of potential GDP in 2018.The updated DBP builds on the same forecast as the no-policy-change DBP. For 2019, it projects the economy to grow by 3.7 %. The output gap estimate increases to 3.6 % of potential GDP, as recalculated by the Commission.Based on the Commission ad-hoc forecast, the economy would grow by 3.1 % in 2019, i.e less than according to the updated DBP. However, the Commission forecasts a slightly higher nominal GDP growth due to a stronger increase in the GDP deflator. Real GDP growth would be mainly driven by domestic demand, while the contribution of net exports would turn negative. The output gap is estimated to remain at 2.9 % of potential GDP. The risks to the forecast are mainly external and relate to demand on export markets.Overall, the updated DBP’s macroeconomic projections appear to be plausible for 2018 and favourable for 2019.Box 1: The macroeconomic forecast underpinning the budget in Slovenia The macroeconomic scenario underpinning the updated DBP is the Autumn 2018 Forecast of Economic Trends produced by the Institute of Macroeconomic Analysis and Development (IMAD). IMAD is an independent government office, whose management is responsible directly to the Prime Minister. In order to ensure compliance with the requirement of Regulation (EU) No 473/2013, the draft Budget Act to be transmitted to the national parliament should be based on an independently produced macroeconomic forecast.2 The output gap estimates in the updated DBP are not taken at face value; instead, they are recalculated using the commonly agreed production function methodology on the basis of the Commission ad-hoc forecast.3Table 1. Comparison of macroeconomic developments and forecasts2017COMSPDBPCOMSPDBPCOMReal GDP (% change)4.95.14.44.43.83.73.1Private consumption (% change)1.93.62.71.23.02.62.4Gross fixed capital formation (% change)10.710.09.09.48.58.57.6Exports of goods and services (% change)10.79.28.27.87.56.66.1Imports of goods and services (% change)10.39.38.07.78.17.17.1Contributions to real GDP growth:- Final domestic demand3.04.23.52.83.53.43.2- Change in inventories0.60.1-0.10.70.00.00.0- Net exports1.30.90.90.90.30.3-0.1Output gap11.13.22.92.93.53.62.9Employment (% change)2.92.42.83.01.51.52.5Unemployment rate (%)6.65.35.55.64.64.95.3Labour productivity (% change)1.92.71.51.42.22.10.6HICP inflation (%)1.61.51.81.91.92.11.9GDP deflator (% change)1.62.41.91.82.62.33.3Comp of employees (per head, % change)3.25.24.93.25.15.23.6Net lending/borrowing vis-à-vis the rest of the world (% of GDP)6.36.37.4Stability Programme 2018 (SP); updated Draft Budgetary Plan for 2019 (DBP); Commission ad-hoc forecast (COM); Commission calculationsSource:1In percent of potential GDP, with potential GDP growth recalculated by Commission services on the basis of the programme scenario using the commonly agreed methodology.Note:2018201943. RECENT AND PLANNED FISCAL DEVELOPMENTS3.1 Deficit developmentsDespite the downward revision of the macro-economic outlook, the updated DBP doubles the 2018 general government surplus estimate projected in the 2018 Stability Programme to 0.8 % of GDP, in line with the Commission ad-hoc forecast. The upward revision of the headline surplus is mainly due to higher-than-expected tax revenues and social contributions, as well as lower public investment than projected in the 2018 Stability Programme. A downward revision of public investment compared to the Stability Programme is mainly driven by the lower-than-expected absorption rate of EU Structural ***Funds***. Compared to 2017, the general government surplus is now projected to have increased by 0.7 percentage points. That improvement is partly explained by the favourable macroeconomic conditions and strong employment growth. Conversely, compensation of employees and social benefits are projected to have increased strongly due to the expiry of previous temporary consolidation measures and an extraordinary indexation of pensions. Intermediate consumption is also forecast to have risen. As a result of active public debt management, interest expenditure is expected to have declined significantly.For 2019, the updated DBP plans a general government surplus at 0.6 % of GDP. On the revenue side, taxes and social contributions are expected to remain the main drivers for revenue growth and were revised upwards in nominal terms compared to the 2018 Stability Programme. On the expenditure side, the updated DBP expects higher public investment compared to the 2018 Stability Programme, also related to the implementation of the EU Structural ***Funds*** financial programming ***period*** of 2014-2020. While interest expenditure is projected to continue declining by a double-digit rate, compensation of employees and social transfers are expected to grow strongly. That strong growth is a result of further relaxation of temporary restrictive measures, of a rise in public sector pay negotiated with the labour unions in late 2018 and of an increase in pension expenditure from extraordinary indexation of pensions and higher annual pension allowances. The Commission ad-hoc forecast lies 0.1 percentage point above the updated DBP headline surplus estimate for 2019. That difference mainly arises from an assumption of a ***smoother*** public investment profile over 2019 and 2020 in the Commission projections as opposed to a large peak of public investment in 2019 planned in the updated DBP. In addition, the Commission expects slightly higher growth rates for taxes on income and wealth and social contributions.The main downside risks to public finances in the coming years stem from building expenditure pressures, particularly on wages and social benefits. An additional risk on the expenditure side is the emergence of unexpected one-offs, for instance due to unfavourable court rulings. Proceeds from privatisations of Abanka and NLB could contribute to further reducing public debt, although the revenue from dividends would decrease.In structural terms, the updated DBP projects no change in the structural balance3 for 2018 and a structural deterioration of 0.7 % of GDP for 2019. The Commission ad-hoc forecast envisages a structural deterioration of 0.1 % of GDP in both 2018 and 2019. The large difference in the 2019 estimates is mainly due to lower projected public investment and output gap in the Commission ad-hoc forecast.3 Cyclically adjusted balance net of one-off and temporary measures, recalculated by the Commission using the commonly agreed methodology.5Euro area sovereign bond yields remain at historically low levels, with 10-year rates in Slovenia currently standing at 1.034 Due to the low interest rate environment, decreasing debt-to-GDP ratio and active public debt management, total interest payments by the general government have continued to fall as a share of GDP. Based on the information included in the updated DBP, interest expenditure in Slovenia is expected to have fallen from 2.5 % of GDP in 2017 to 2.0 % in 2018 and is projected to decrease further in 2019, at 1.6 % of GDP. The picture stemming from Slovenia's updated DBP is confirmed by the Commission ad-hoc forecast.Table 2. Composition of the budgetary adjustment4 10-year bond yields as of 1 February 2019. Source: Bloomberg.2017Change: 2017-2019COMSPDBPCOMSPDBPCOMDBPRevenue43.242.343.443.441.743.042.8-0.2of which:- Taxes on production and imports14.313.914.314.313.413.913.9-0.4- Current taxes on income, wealth, etc.7.57.67.87.87.67.87.80.3- Capital taxes0.00.00.00.00.00.00.00.0- Social contributions14.814.514.914.914.414.814.80.0- Other (residual)6.66.36.46.36.36.56.3-0.1Expenditure43.241.942.642.641.542.542.1-0.7of which:- Primary expenditure40.739.940.640.639.840.840.50.2of which:Compensation of employees11.211.011.211.210.911.211.10.0Intermediate consumption6.35.96.26.25.76.16.1-0.2Social payments17.016.316.816.816.116.416.3-0.7Subsidies0.70.70.70.70.70.70.7-0.1Gross fixed capital formation3.13.43.53.53.94.34.01.2Other (residual)2.32.62.22.32.52.12.30.0- Interest expenditure2.52.02.02.01.71.61.6-0.9General government balance (GGB)0.10.40.80.80.20.60.70.5Primary balance2.62.42.82.81.92.22.3-0.4One-off and other temporary measures-0.1-0.1-0.1-0.1-0.1-0.10.00.0GGB excl. one-offs0.10.40.90.80.20.60.70.5Output gap11.13.22.92.93.53.62.92.5Cyclically-adjusted balance1-0.5-1.2-0.5-0.6-1.5-1.2-0.7-0.7Structural balance (SB)2-0.4-1.1-0.4-0.5-1.4-1.1-0.6-0.7Structural primary balance22.10.91.61.40.30.51.0-1.61Output gap (in % of potential GDP) and cyclically-adjusted balance according to the updated DBP/programme as recalculated by Commission on the basis of the updated DBP/programme scenario using the commonly agreed methodology.2Structural (primary) balance = cyclically-adjusted (primary) balance excluding one-off and other temporary measures.Notes:(% of GDP)20182019Source:Stability Programme 2018 (SP); updated Draft Budgetary Plan for 2019 (DBP); Commission ad-hoc forecast (COM); Commission calculations63.2 Debt developmentsAfter peaking at 82.6 % of GDP in 2015, the general government gross debt fell to 74.1 % of GDP in 2017. Based on the updated DBP projections, public debt is estimated to gradually decline, reaching 66.0 % of GDP in 2019. The contribution of interest expenditure is expected to continue falling significantly. Compared to the 2018 Stability Programme, the debt-to-GDP ratio is revised upwards in 2018, mainly due to a denominator effect from lower nominal GDP growth expectations and a bigger stock-flow adjustment. Like the updated DBP, the Commission also forecasts a declining debt ratio, at 66.2 % of GDP in 2019.Table 3. Debt developmentsSPDBPCOMSPDBPCOMGross debt ratio174.169.370.369.965.266.066.2Change in the ratio-4.6-4.8-3.8-4.2-4.1-4.3-3.7Contributions2:1. Primary balance-2.6-2.4-2.8-2.8-1.9-2.2-2.32 “Snow-ball” effect-2.3-3.1-2.4-2.4-2.5-2.3-2.5Of which:Interest expenditure2.52.02.02.01.71.61.6Growth effect-3.6-3.5-3.1-3.1-2.5-2.5-2.0Inflation effect-1.2-1.6-1.3-1.3-1.7-1.5-2.23 Stock-flow adjustment0.30.81.51.00.30.31.2Of which:Cash/accruals differenceNet accumulation of of which privatisation proceedsValuation effect & residualStability Programme 2018 (SP); updated Draft Budgetary Plan for 2019 (DBP); Commission ad-hoc forecast (COM); Commission calculationsNotes:1 End of ***period***.Source:20172 The snow-ball effect captures the impact of interest expenditure on accumulated debt, as well as the impact of real GDP growth and inflation on the debt ratio (through the denominator). The stock-flow adjustment includes differences in cash and accrual accounting, accumulation of financial assets and valuation and other residual effects. (% of GDP)2018201973.3 Measures underpinning the updated draft budgetary planFor 2019, the updated DBP includes measures to reduce expenditure with an overall budgetary impact of 0.2 % of GDP. The government has restricted promotion-related payments until December 2019, leading to a 0.1 % of GDP reduction in compensation of employees. Based on the updated DBP, another 0.1 % of GDP decrease in government spending should result from lower social payments. The decrease in social transfers is due to a partial freeze of their level and the income-eligibility criteria for individuals and households, as well as to soft measures aiming to improve the performance of social measures. The updated DBP envisages one-off expenditure of 0.1 % of GDP in both 2018 and 2019. Both the expenditure pertaining to a court ruling regarding interest compensation for deposit holders of Ljubljanska Banka and to a lawsuit concerning return of ***agricultural*** land have been considered one-off expenditure.The Commission ad-hoc forecast considers the estimates provided in the updated DBP for the wage measures and one-off expenditure as appropriate. However, the Commission has a more conservative estimate for the measures on social payments compared to the updated DBP. In addition, the Commission ad-hoc forecast considers as discretionary expenditure measures the extraordinary indexation of pensions and the increase in the annual pension allowances in 2019 whereas they are part of the baseline in the updated DBP.8Table 4. Main discretionary measures reported in the updated DBPA. Discretionary measures taken by General Government - revenue sideB. Discretionary measures taken by general Government- expenditure side2018 2019Taxes on production andiCmuprroerntst taxes on income,Cwaepalitthal, teatxc.esSocial contributionsProperty IncomeOtherTotal 0 0Budgetary impact (% GDP)(as reported by the authorities)Note:Source: updated Draft Budgetary Plan for 2019ComponentsThe budgetary impact in the table is the aggregated impact of measures as reported inthe updated DBP, i.e by the national authorities. A positive sign implies that revenueincreases as a consequence of this measure.2018 2019Compensation of employees 0 -0.1Intermediate consumptionSocial payments 0 -0.1Interest ExpenditureSubsidiesGross fixed capital formationCapital transfersOtherTotal 0 -0.2ComponentsNote:Source: updated Draft Budgetary Plan for 2019Budgetary impact (% GDP)(as reported by the authorities)The budgetary impact in the table is the aggregated impact of measures as reported inthe updated DBP, i.e by the national authorities. A positive sign implies thatexpenditure increases as a consequence of this measure.94. COMPLIANCE WITH THE PROVISIONS OF THE STABILITY AND GROWTH PACTSlovenia is subject to the preventive arm of the Stability and Growth Pact and should ensure sufficient progress towards its MTO. Box 2 reports the latest country-specific recommendations in the area of public finances. Following the end of the ***transitional*** arrangements, Slovenia is also subject to the debt reduction benchmark as of 2019.Box 2. Council Recommendations5 addressed to Slovenia On 13 July 2018, the Council addressed recommendations to Slovenia in the context of the European Semester. In particular, in the area of public finances the Council recommended that the nominal growth rate of net primary government expenditure does not exceed 3.1 % in 2019, corresponding to an annual structural adjustment of 0.65 % of GDP.4.1 Compliance with the debt criterionAfter it corrected its excessive deficit in 2015, Slovenia was in the transition ***period*** for the following three years to make sufficient progress towards compliance with the debt reduction benchmark. This implies that, during that ***period***, it was required to make sufficient progress (as defined by the minimum linear structural adjustment (MLSA)) towards compliance with the debt reduction benchmark at the end of the transition ***period***. In 2019, as its debt ratio is still expected to exceed the 60 % of GDP reference rate of the Treaty, Slovenia needs to comply with the debt reduction benchmark.The updated DBP does not provide sufficient information to assess compliance with either the MLSA in 2018 or the debt reduction benchmark in 2019. According to the Commission ad-hoc forecast, Slovenia is expected to have made sufficient progress towards compliance with the debt reduction benchmark in 2018. Specifically, the structural change of -0.1 % of GDP is considerably above the MLSA of -6.8 % of GDP. In 2019, the Commission expects that the debt reduction benchmark is largely met with a gap of -6.5 % of GDP.5 OJ C 320, 10.9.2018 10Table 5. Compliance with the debt criterion\*\* An ex-ante assessment of planned compliance with the debt criterion can be based on the DBP only for the concerned countries providing extended data series (i.e covering years up to t+4) in the DBP on a voluntary basis, as agreed at the EFC-A on 22 September 2014 and reflected in the updated Code of Conduct of the two-pack.4.2 Adjustment towards the MTOThe Commission Communication on the 2017 European Semester of May 20176 stated that the Commission stood ready to use its margin of appreciation in cases where the impact of a large fiscal adjustment on growth and employment was particularly significant. The Country-Specific Recommendation adopted by the Council on 11 July 2017 mentioned that the assessment of the 2018 DBP and subsequent assessment of 2018 budget outcomes would need to take due account of the goal of achieving a fiscal stance that contributes to both strengthening the ongoing recovery and ensuring the sustainability of public finances.For 2018, in line with the commonly agreed adjustment matrix under the Stability and Growth Pact, Slovenia was recommended to achieve a structural adjustment of 1.0 % of GDP, corresponding to a nominal growth rate of net primary government expenditure below 0.6 %. Based on the information provided in the updated DBP, the growth rate of government expenditure, net of discretionary revenue measures and one-offs, exceeds the expenditure benchmark derived from the matrix, leading to a gap of 0.9 % of GDP for 2018 and a gap of 0.8 % of GDP over 2017 and 2018 taken together. At the same time, the (recalculated) structural balance projected in the updated DBP indicates a gap of 1.0 % of GDP for 2018 and6[*https://ec.europa.eu/info/sites/info/files/2017-european-semester-country-specific-recommendations-commission-recommendations-communication.pdf*](https://ec.europa.eu/info/sites/info/files/2017-european-semester-country-specific-recommendations-commission-recommendations-communication.pdf) SPDBPCOMSPDBPCOM74.169.370.369.965.266.066.2-7.1-6.50.7-0.6-0.1-0.1-0.4-0.7-0.1-2.2-7.6-6.8Notes:3 Applicable only during the transition ***period*** of three years from the correction of the excessive deficit for EDP that were ongoing in November 2011.4 Defines the remaining minimum annual structural adjustment over the transition ***period*** which ensures that – if followed – Member State will comply with the debt reduction benchmark at the end of the transition ***period***, assuming that COM (SP) budgetary projections for the previous years are achieved.Source:Stability Programme 2018 (SP); updated Draft Budgetary Plan for 2019 (DBP); Commission ad-hoc forecast (COM); Commission calculationsStructural adjustment 3To be compared to:Required adjustment 41 Not relevant for Member Sates that were subject to an EDP procedure in November 2011 and for a ***period*** of three years following the correction of the excessive deficit.2 Shows the difference between the debt-to-GDP ratio and the debt benchmark. If positive, projected gross debt-to-GDP ratio does not comply with the debt reduction benchmark.201720182019Gap to the debt benchmark 1,2Gross debt ratio11slightly more than 0.5 % of GDP on average over 2017 and 2018. As a result, both pillars point to a risk of significant deviation for both 2018 and over 2017 and 2018 taken together. The expenditure benchmark is strongly negatively affected by the medium-term potential GDP growth it uses, which includes exceptionally low potential GDP growth in the crisis years. It is therefore more appropriate to consider as a benchmark for growth of net primary expenditure the higher medium-term potential GDP growth rate arising from the Commission ad-hoc forecast instead of the frozen estimate from the Commision 2018 spring forecast for the same reference ***period*** (2012-2021). Compared to the expenditure benchmark, the structural balance is negatively affected by the projected revenue shortfalls, since the growth is more driven by investment and exports than by private consumption. The structural balance is also negatively affected by higher investment, which is ***smoothed*** over four years in the calculation of the expenditure benchmark. At the same time, the structural balance benefits from falling interest expenditure, a factor excluded from the expenditure benchmark pillar. Taking this into account, based on an overall assessment, the updated DBP projects a risk of significant deviation from the requirements of the preventive arm in 2018 and over 2017 and 2018 taken together.In turn, based on the Commission ad-hoc forecast, both the expenditure benchmark and the structural balance point to a risk of significant deviation for 2018 (gap of 1.7 % and 1.1 % of GDP, respectively). The same conclusion is drawn if the deviation from the two-year average is considered, indicating an average gap of 1.2 % and 0.6 % of GDP based on the expenditure benchmark and the structural balance, respectively. As it is the case in the updated DBP, also in the Commission ad-hoc forecast, the reading of the fiscal effort based on the expenditure benchmark pillar is negatively affected by the medium-term potential GDP growth rate it uses. Similarly, when compared to the expenditure benchmark, the structural balance is negatively affected by higher investment which is fully offset by lower interest expenditure. The overall assessment based on the Commission ad-hoc forecast confirms the conclusion of a risk of significant deviation in 2018 and over 2017 and 2018 taken together. Following the Commission's assessment of the strength of the recovery in Slovenia while giving due consideration to its sustainability challenges, carried out in the context of its opinion on Slovenia’s 2018 DBP, Slovenia was required to achieve a fiscal structural effort of at least 0.6 % of GDP for 2018, without any additional margin of deviation over one year. Such a structural effort corresponds to a nominal rate of growth of net primary government expenditure not exceeding 1.5 %. Even after applying that lower requirement, the conclusion of a risk of a significant deviation is unchanged based on both the updated DBP and the Commission ad-hoc forecast.In 2019, Slovenia was recommended to pursue a nominal growth rate of net primary government expenditure below 3.1 %, corresponding to an annual structural adjustment of 0.65 % of GDP. Over 2019, based on the updated DBP, the growth of nominal primary government expenditure, net of discretionary revenue measures and one-offs, is expected to exceed the applicable expenditure benchmark with a gap of almost 0.5 % of GDP, pointing to some deviation at the margin. The (recalculated) structural balance is expected to deteriorate by 0.7 % of GDP, pointing to a deviation of 1.3 % of GDP from the required structural adjustment. Both pillars point to a risk of significant deviation over 2018 and 2019 taken together (average gap of 0.7 % and 1.2 % of GDP based on the expenditure benchmark and the structural balance, respectively). The reading of the fiscal effort based on the structural balance, as compared to the expenditure bechmark, continues to be substantially penalised by the projected revenue shortfalls, due to the composition of growth and lower projected12dividends. The structural balance is negatively affected by higher investment while it benefits from lower interest expenditure. Another factor relevant for the difference between the two indicators arises from the potential GDP growth estimates they use. Contrary to the assessment for 2018, the medium-term potential GDP growth rate arising from the Commission ad-hoc forecast confirms the frozen estimate from the Commission 2018 spring forecast. As the expenditure benchmark is considered to give a more accurate picture of the fiscal effort, an overall assessment based on the updated DBP points to a risk of some deviation from the adjustment path towards the MTO in 2019 over one year, although with a very small margin from a risk of significant deviation. However, over 2018 and 2019 taken together, the overall assessment points to a risk of significant deviation.Based on the Commission ad-hoc forecast, both the expenditure benchmark and the structural balance indicate a risk of significant deviation in 2019 (gap of 0.7 % of GDP and 0.8 % of GDP, respectively). The same conclusion is drawn if the deviation from the two-year average is considered (average gap of 1.2 % and 1.0 % of GDP based on the expenditure benchmark and the structural balance, respectively). The reading of the fiscal effort based on the expenditure benchmark is penalised by the lower GDP deflator used for that indicator compared to the one underlying the structural balance pillar. At the same time, the structural balance is very negatively affected by the projected revenue shortfalls and higher investment, while it benefits from falling interest expenditure. The different estimates of the potential GDP growth used in the calculation of both indicators is another factor relevant for the difference. Following an overall assessment, Slovenia is expected to be at risk of significant deviation from the requirements of the preventive arm in 2019 and over 2018 and 2019 taken together.13Box 3. Implementation of the 'constrained judgement' approach and its impact on fiscal surveillance The objective of the 'constrained judgement' approach is to have a transparent and economically grounded tool to statistically test the plausibility of the output gap estimates for individual Member States estimated on the basis of the commonly agreed methodology. To that end, the Commission developed, in consultation with the Member States, an objective screening tool based on a set of cyclically relevant indicators as well as thresholds/ranges to signal cases when the outcomes of the common method could be interpreted as being subject to a large degree of uncertainty and therefore deserving of further investigation on the part of the Commission. In such cases, the Commission carries out an 'in depth' analysis which could lead to the application of a 'constrained' degree of judgement in conducting Member States' budgetary assessments. Regarding Slovenia, the plausibility tool provided indications that the output gap for 2018, estimated on the basis of the commonly agreed methodology, may be counterintuitive. The output gap, as calculated on the basis of the common methodology, is projected to have increased to 2.9 % of potential GDP in 2018 (from 1.1 % in 2017) and to stay unchanged in 2019. The Commission estimates for the output gap are above the ones derived from the HP filter (2.5 % in 2019) and those of OECD (2.2 % in 2019) but below the estimates of IMF (3.0 % in 2019). Based on the Commission 2018 autumn forecast, the plausibility tool projects the 2018 output gap at 1.1 % of potential GDP, significantly lower than the one based on the commonly agreed methodology. Applying the same 1.8 percentage points of potential GDP difference in 2019 would lead to a range of output gap estimates from 1.1 % to 2.9 % of potential GDP. The plausibility tool estimate indicates that the amount of idle capacities that are available for production (manufacturing capacity and labour force) may be higher than estimated on the basis of the production function method; however, the estimate can be also influenced by the relatively short time series. Those factors confirm that for Slovenia the output gap estimate based on the common methodology is subject to a high degree of uncertainty. An assessment was already carried out for Slovenia in spring 2018, which indicated that the output gap estimate for 2019 based on the common methodology was subject to a high degree of uncertainty. That finding was reflected in the 2018 Council recommendations, which include an adjustment requirement of 0.65 % of GDP for 2019 instead of the requirement of 1 % of GDP.14Table 6. Compliance with the requirements of the preventive arm(% of GDP)2017Medium-term objective (MTO)0.3Structural balance2 (COM)-0.4Structural balance based on freezing (COM)-1.6Position vis-a -vis the MTO3Not at MTO2017COMDBPCOMDBPCOMRequired adjustment40.6Required adjustment corrected50.6Change in structural balance60.60.0-0.1-0.7-0.1One-year deviation from the required adjustment70.0-1.0-1.1-1.3-0.8Two-year average deviation from the required adjustment7-0.1-0.5-0.6-1.2-1.0Applicable reference rate8-0.7One-year deviation adjusted for one-offs9-0.7-0.9-1.7-0.5-0.7Two-year average deviation adjusted for one-offs9-0.4-0.8-1.2-0.7-1.2Source:9 Deviation of the growth rate of public expenditure net of discretionary revenue measures, revenue increases mandated by law and one-offs from the applicable reference rate in terms of the effect on the structural balance. The expenditure aggregate used for the expenditure benchmark is obtained following the commonly agreed methodology. A negative sign implies that expenditure growth exceeds the applicable reference rate. 1.00.7Notes1 The most favourable level of the structural balance, measured as a percentage of GDP reached at the end of year t-1, between spring forecast (t-1) and the latest forecast, determines whether there is a need to adjust towards the MTO or not in year t. A margin of 0.25 percentage points (p.p ) is allowed in order to be evaluated as having reached the MTO.8 Reference medium-term rate of potential GDP growth. The (standard) reference rate applies from year t+1, if the country has reached its MTO in year t. A corrected rate applies as long as the country is adjusting towards its MTO, including in year t. 2 Structural balance = cyclically-adjusted government balance excluding one-off measures.3 Based on the relevant structural balance at year t-1.4 Based on the position vis-à-vis the MTO, the cyclical position and the debt level (See European Commission:Vade mecum on the Stability and Growth Pact, page 38.).5 Required adjustment corrected for the clauses, the possible margin to the MTO and the allowed deviation in case of overachievers.6 Change in the structural balance compared to year t-1. Ex post assessment (for 20XX-1) was carried out on the basis of Commission 20XX spring forecast. 7 The difference of the change in the structural balance and the corrected required adjustment. 1.00.7Expenditure benchmark pillar0.63.1Updated Draft Budgetary Plan for 2019 (DBP); Commission ad-hoc forecast (COM); Commission calculations.20182019Initial position1-0.5-0.6-0.5-Not at MTONot at MTO(% of GDP)20182019Structural balance pillar0.30.3155. COMPOSITION OF PUBLIC FINANCES AND IMPLEMENTATION OF FISCAL STRUCTURAL REFORMSIn 2019, both revenue and expenditure are expected to decline relative to GDP (to 43.0 % and 42.5 % of GDP, respectively). The updated DBP indicates a strong increase in public investment, jumping from 3.1 % of GDP in 2017 to 4.3 % of GDP in 2019. As a result of active public debt management and due to favourable financial market conditions, interest expenditure is projected to decrease significantly over 2018 and 2019, from 2.5 % of GDP in 2017 to 1.6 % of GDP in 2019.On 13 July 2018, the Council addressed recommendations to Slovenia in the context of the European Semester. In particular, with regard to the structural part of the fiscal recommendations the Council recommended Slovenia to adopt and implement the Healthcare and Health Insurance Act and the planned reform of long-term care. The Council recommended Slovenia to ensure the long-term sustainability and adequacy of the pension system, including by increasing the statutory retirement age and by restricting early retirement.According to the updated DBP, the government submitted the draft Healthcare and Health Insurance Act to the Economic and Social Council and the coalition partners in the beginning of 2018. The draft law adresses the method and sources of financing and emphasises strengthening controls over both payers and operators. In 2019, the government will continue to work on the draft law, focussing on measures to manage waiting times and stabilize the operations of hospitals. The government expects to adopt a draft Healthcare Act by the end of 2019. At the same time, it is implementing a two-year project to build capacities, develop tools and establish mechanisms for managing the public healthcare service network.In 2017, the Slovenian authorities prepared a proposal for an Act on long-term care and insurance for long-term care, focussing on access to high-quality services, sustainable financing, comprehensive treatment of patients and promotion of care at home or in the community. The proposed solutions are being tested in three pilot projects in eastern cohesion region that started in 2018 and are supported by the European Social ***Fund***.In July 2017, the Economic and Social Council adopted measures for further development of the pension system in Slovenia. Its agreed measures aim at ensuring the financial sustainability of the pension system and providing decent pensions. Based on the updated DBP, the Slovenian government should adopt new legislation regarding a raise in the actual retirement age, early employment of young people and prolonged activity of the elderly by December 2020; however, the measures have not been specified.16Box 4 – Addressing the tax burden on labour in the euro area The tax burden on labour in the euro area is relatively high, which weighs on economic activity and employment. Against that background, the Eurogroup has expressed a commitment to reduce the tax burden on labour. On 12 September 2015, the Eurogroup agreed to benchmark euro-area Member States' tax burden on labour against the GDP-weighted EU average, relying in the first instance on indicators measuring the tax wedge on labour for a single worker at average wage and a single worker at low wage. It also agreed to relate those numbers to the OECD average for purposes of broader comparability. The tax wedge on labour measures the difference between the total labour costs to employ a worker and the worker’s net earnings. It is made up of personal income taxes and employer and employee social security contributions. The higher the tax wedge, the higher the disincentives to take up work or hire new staff. The graphs below show the tax wedge in Slovenia for a single worker earning respectively the average wage and a low wage (50 % of the average) compared to the EU average. The tax burden on labour in Slovenia at the average wage and at low wage (2016) Notes: No recent data is available for Cyprus. EU and EA averages are GDP-weighted. The OECD average is not weighted. Source: European Commission Tax and Benefit Indicator database based on OECD data. Benchmarking is only the first step in the process towards firm, country-specific policy conclusions. The tax burden on labour interacts with a wide variety of other policy elements such as the benefit system and the wage-setting system. A good employment performance indicates that the need to reduce labour taxation may be less urgent while fiscal constraints can dictate that labour tax cuts should be fully offset by other revenue-enhancing or expenditure-reducing measures. In-depth, country-specific analysis is necessary before drawing policy conclusions. Slovenia's updated Draft Budgetary Plan includes no measures that affect the tax wedge on labour.176. OVERALL CONCLUSIONOn the basis of the Commission ad-hoc forecast, the structural improvement in the debt-to-GDP ratio is in line with the minimum linear structural adjustment to ensure sufficient progress towards compliance with the debt criterion in 2018 and in line with the debt criterion in 2019.Following an overall assessment of the updated DBP, the projected structural adjustment points to a risk of significant deviation from the required adjustment path towards the MTO in 2018 and a risk of some deviation in 2019. However, for 2018 and 2019 taken together, an overall assessment indicates a risk of significant deviation. An overall assessment based on the Commission ad-hoc forecast points to a risk of significant deviation from the adjustment path towards the MTO recommended by the Council in both 2018 and 2019.

**Load-Date:** March 1, 2019

**End of Document**



[***BRIEF NEWS BULLETIN NO. 10849***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WHS-CVB1-JDKJ-10F2-00000-00&context=1516831)

HINA Digest

July 9, 2019 Tuesday

Copyright 2019 Croatian News Agency - Hina All Rights Reserved



**Length:** 9535 words

**Body**

Zagreb,Hrvatska09 July 2019 (Hina) -

**Public Administration Minister Kuscevic steps down**

ZAGREB, July 8 (Hina) - Public Administration Minister and Croatian Democratic Union (HDZ) political secretary Lovro Kuscevic resigned from both posts on Monday, and Prime Minister and HDZ president Andrej Plenkovic told reporters after a marathon meeting in the party's headquarters that he had accepted Kuscevic's resignations.

"Minister Kuscevic and I talked upon my return from Poland and over the weekend and today. He tendered his resignation as both public administration minister and as the HDZ's political secretary. As prime minister and party president, I accepted his resignation and... he will return to parliament," said Plenkovic.

"Given all the activities in recent weeks in public and the media, we estimated that a lot of damage is being done to him personally and, of course, to the government and the HDZ, and that there's no point anymore," Plenkovic said, adding that it was now up to Kuscevic "to resolve all the doubts that appear in public and make his political activity possible."

"I'm a responsible politician. I've been in politics a long time," Kuscevic said, adding that "it's clear to me that this negative perception in the media, the basis of all the unfounded attacks on me, represents a big burden on both the party and the government."

"I don't want to be a burden to this government, which is doing a good job and has excellent results, so that these results can be even better," Kuscevic added.

The opposition and the government's coalition partners had been calling for Kuscevic's resignation due to alleged scandals involving real estate on the island of Brac.

Last Thursday, the parliament added to the agenda a motion by the opposition, which collected 43 signatures, for a vote of no confidence in Kuscevic.

The opposition claimed that while Kuscevic was the head of Nerezice municipality on Brac island, and later as minister, he showed that the protection of public interest was not important for him, that he continually put his own private property interests before public interest, and that he abused his position, gaining millions of kuna."

Plenkovic said he had also talked with the state secretary at the Foreign Ministry concerning Slovenia's border arbitration suit against Croatia.

"A hearing was held on Slovenia's suit against Croatia regarding the arbitration agreement that we do not accept. The impressions from our delegation... are also positive, i.e. that Croatia presented its arguments that the European Court (of Justice) is not competent for the dispute," he added.

**HNS welcomes Kuscevic's resignation**

The Croatian People's Party (HNS), which recently proposed that Kuscevic be replaced, welcomed his resignationand said that no one who used political influence for personal gain must hold a public office.

"For us in the HNS, it's a question of every politician's moral and political responsibility, while possible criminal accountability will be established by the relevant authorities," the HDZ's ruling coalition partner said in a press release.

The HNS said it would continue to talk with its coalition partners, starting at Tuesday's ruling coalition meeting, about relations with the HDZ in future and its own political priorities, such as raising salaries for 68,000 employees in elementary and high schools.

**Euro zone welcomes Croatia's bid to join euro waiting room, says Centeno**

ZAGREB, July 8 (Hina) - Croatia has submitted a formal letter of intent to join the European Exchange Rate Mechanism II, Eurogroup president Mario Centeno said on Monday, adding that the euro area finance ministers welcomed Zagreb's move, news agencies reported.

The letter of intent is an early stage on the path to membership of the euro currency, and the commitments offered by Croatia in its letter were welcomed by the bloc’s finance ministers at a meeting on Monday, Centeno told a news conference.

Croatia sent the letter on July 4 to euro area member states, Denmark and EU institutions, making the first formal step towards participation in ERM II, which precedes the introduction of the euro as the official currency.

Enclosed with the letter was an action plan describing in detail the reforms Croatia will carry out before entering ERM II, the Finance Ministry has said.

**PM: Accepted letter of intent to join ERM II one more confirmation of Croatia's reform course**

ZAGREB, July 8 (Hina) - Prime Minister Andrej Plenkovic said on Monday the acceptance of Croatia's letter of intent to join the Exchange Rate Mechanism (ERM II) was yet another confirmation of the country's good reform course, according to a government press release.

The Eurogroup held a meeting in Brussels today at which it accepted Croatia's letter of intent, which the country sent euro area member states, Denmark and EU institutions. The meeting was attended by Croatian Finance Minister Zdravko Maric and Croatian National Bank (HNB) governor Boris Vujcic.

After coming out of the excessive macroeconomic imbalances procedure, the restoration of the investment credit rating, the 3.9% GDP growth generated in Q1 2019, the acceptance of the letter of intent to join ERM shows that Croatia is on the right track and that the European Commission, the European Central Bank (ECB) and other international financial institutions recognise the government's reform efforts, Plenkovic said, per the press release.

Our letter of intent shows willingness to carry out reforms in order to additionally prepare for participating in ERMII, he said. Joining the euro area is a gradual process whose realisation will make Croatia a member of the innermost circle of EU countries, which will benefit Croatia's economy and citizens, he added.

A statement issued after the Eurogroup meeting welcomed Croatia's letter of intent. "We welcome the intention of the Croatian authorities to put in place the necessary elements for a successful entry into ERM II. Following constructive discussions with the ECB, the Commission, the euro area Member States and Denmark, Croatia has taken a number of commitments in policy areas which are of high relevance for a ***smooth*** transition to, and participation in ERM II."

It added that "Croatia has sent a request to enter into close cooperation with the ECB in line with the existing procedures, and will undertake the necessary preparations accordingly – including support to the ECB’s comprehensive assessment."

"Additional commitments relate to the macro-prudential framework, the anti-money laundering framework, the collection, production and dissemination of statistics, public sector governance and reducing the financial and administrative burden. Such reform efforts towards a more robust financial sector, stronger institutions and public governance and more efficient economic structures will contribute to the successful participation of Croatia in ERM II," the statement said.

"The ECB and the Commission will monitor the effective implementation of these commitments... Once they have provided a positive assessment, a decision will be taken by the ERM II parties on the formal application of the Croatian authorities for ERM II participation. The decision will be linked to the ECB decision on close cooperation, in full respect of the conditions specified in the legal framework. This would imply that Croatia simultaneously joins ERM II and the Banking Union," the statement said.

"The ECB could be expected to conclude its comprehensive assessment within approximately one year after Croatia's formal application for close cooperation... In line with past practice, Croatia is also expected to take further commitments at the moment of joining ERM II with the aim of achieving a high degree of sustainable economic convergence by the time the euro will be introduced," the statement said.

Croatia sent the letter, signed by Maric and Vujcic, on July 4. It was the first formal step towards participation in ERM II which precedes the adoption of the euro as legal tender.

The letter of intent was accompanied by an action plan detailing reforms that Croatia will implement before entering ERM II.

The letter expresses Croatia's readiness to implement reforms as part of further preparations for participation in ERM II. By successfully participating in ERM II for at least two years, Croatia should formally meet the exchange rate criterion of nominal convergence. Croatia has been meeting the other criteria for a while, namely price stability, public finance sustainability and interest rate convergence, while the prudent monetary and fiscal policy should ensure that it stays that way.

In consultation with the EU institutions, in the letter of intent Croatia has undertaken to implement reforms in six areas: to further strengthen the supervision of the banking system by establishing close cooperation between the HNB and the ECB; strengthen the macroprudential policy framework by introducing an explicit mandate for borrower-based measures; strengthen the anti-money laundering framework; upgrade the system of statistical data collection, processing and publication; improve public-sector management; and reduce the administrative and financial burden on the economy.

Croatia has already begun implementing some of these measures. On May 27, it sent a request to the ECB for establishing close cooperation between the HNB and the ECB.

Croatia intends to implement the measures listed in the letter of intent and the action plan by mid-2020, after which the EU institutions will assess whether the measures have been adequately implemented. After receiving a positive response, Croatia will formally enter ERM II.

**Maric, Vujcic pleased with receipt of letter of intent to join ERM II**

ZAGREB, July 9 (Hina) - Finance Minister Zdravko Maric and Croatian National Bank (HNB) governor Boris Vujcic said in Brussels on Monday they were pleased with how Croatia's letter of intent to join the Exchange Rate Mechanism (ERM II) was accepted.

Speaking to the press after the meeting, Maric said Croatia had to do a lot more to successfully complete the process of joining the euro area. "We will try to finalise everything in the next 12 months."

"We have turned a new page, a new episode that is very important for Croatia. We have defined the conditions, we have defined the criteria and our commitments and all that stands clearly before us, and we will do our best to do our homework," said Maric.

Vujcic said this "is a significant step on the euro journey. It's not the first step, we have made several, but it's very important and now we can, over the next 12 months, comply with what we stated in the letter as our intention and what was accepted by our European partners."

Vujcic said the HNB would focus on two areas: macro-prudential measures and close cooperation with the ECB which, he added, meant that upon joining ERM II Croatia would begin close cooperation with the ECB and enter the joint bank supervision system.

**Unionist slams gov't for not publishing letter of intent,action plan for Croatia's admission to ERM II**

ZAGREB, July 8 (Hina) - Representatives of the Matica union federation criticised the government on Monday for not making its letter of intent and action plan for Croatia's admission to the European Exchange Rate Mechanism (ERM II) public.

"Unfortunately, the government is treating this issue with undemocratic inconsistency, and to make matters worse, state institutions and some media outlets are taking part in such conduct. Croatia's general public is not faced with the truth, whichis extremely concerning and alarming," the leader of the trade union federation, Vilim Ribic, told a news conference in Zagreb.

This past Thursday, Croatia sent a letter to the euro area member states, Denmark and EU institutions, expressing its intent to enter ERM II, taking the first formal step towards participation in ERM II, which precedes the adoption of the euro as legal tender.

The letter expresses Croatia's readiness to implement reforms as part of further preparations for participation in ERM II. By successfully participating in ERM II for at least two years, Croatia should formally meet the exchange rate criterion of nominal convergence. Croatia has been meeting the other criteria for a while, namely price stability, public finance sustainability and interest rate convergence, while the prudent monetary and fiscal policy should ensure that it stays that way.

Ribic today said that neither the letter nor the action plan were presented to the public, and members of the National Euro Adoption Council who had convened last week had not been provided with the papers.

**Euro area unready for Croatia**

As for the pros and cons of the introduction of the euro, Ribic said that the discussions were reduced to "the trivialmatter" of whether prices would go up, which did not have a crucial impact on the nation's destiny.

Ribic said the problem lay with thelack of the euro area's readinessfor Croatia.

"Croatia may be ready for the euro area, however, the euro area is not ready for Croatia or smaller peripheral countries in the European Union that are marked by a weak economic growth and mass-scale emigration," said the unionist.

He insists that the European Union has not developed institutions or compensation mechanismsnecessary for countries that fare worse when the common interest, monetary, fiscal and tax policy is conducted.

"The EU is not yet a finished house. There are no mechanisms to help us to have a normal growth and development in cases when we are outvoted. In times of crisis, Croatia has no other waybut to tormentits own population, which we have witnessed to in the last 10 years" Ribic claimed.

The Matica introduces itself as the Association of CroatianTrade Unions, consisting of 10 trade unions in the field of health care, preschool, primary and secondary education, science and higher education, the judiciary and banking activities.

**Grabar-Kitarovic talks with Swiss counterpart to open labour market to Croatians**

ZAGREB, July 8 (Hina) - President Kolinda Grabar-Kitarovic, who is on a two-day official visit to Switzerland, on Mondaymet with Swiss President Ueli Maurer and the two officials agreed that they would work so that Croatians have equalopportunities on the Swiss labour market like other European Unioncitizens.

Switzerland signed a bilateralagreement on 1 June 2002 with the EU, which then comprised 15 member states, regarding the free movement of persons, which was followed by separate protocols for each member state.

Switzerland was bound to sign a protocol with Croatia afterit joinedthe EU in mid-2013, but Bernrefused to do so after a referendum in 2014 in which the Swiss voted for introducing quotas for workers from the EU.

Switzerland finally signed the protocol in 2016 regarding free movement of Croatian citizens, which entered into force on 1 January 2017, with the condition of a ***transitional*** ***period*** of 2+3+3+2 years of extending the application of the protocol.

"What we recommended, considering that Switzerland introduced the ***transitional*** ***period*** of 2+3+3+2, was that the three and a half years that it took for the protocol to be ratified (since Croatia's accession to the EU)be deducted from that ***period***," Grabar-Kitarovic said after meeting with Maurer in Bern.

Grabar-Kitarovic underscored that if the entire ***transitional*** ***period*** were to be applied that would mean Croatian citizens would be faced with restrictions in Switzerland until 2027. It is possible, however, to reduce that ***transitional*** ***period*** or to refrain from extending it.

"Like the president (Maurer) said, Croatian immigrants are exceptionally well integrated in Swiss society. There are noproblems and they do not arouse those feelings that some Swiss citizens have toward immigration," Grabar-Kitarovic said.

In a referendum in February 2014, 50.3% of Swiss citizens decided to support immigration restrictions.

Currently, foreigners account for 25% of the country's population, with Croatians accountingfor 2.2% or about 31,000 residents. If residents with dual citizenship are taken into account, that number is between 70,000 and 80,000.

"Even though my population policy is well-known and I want people to remain in Croatia or for them to return, as president I am supposed to represent the equality of all citizens. In any case, mobility is good and I hope that people who live here will return to Croatia and transfer their know-how and experiences from this regulated society," Grabar-Kitarovic said.

Maurer, who does not have the authority to make decisions on immigration on his own, promised to visit Croatia soon and that they would once again discuss the issue of equal statusfor Croatian workers.

He saidthat Croatia could support Switzerland during its chairmanship of the European Union in the first half of next year because Bern has still not concluded the Institutional Framework Agreement with the EU, and Switzerland "will request Zagreb's assistance."

That jeopardises Switzerland's financial contribution intended to reduce economic and social differences between certain member states.

"Considering that some EU member states do not wish to recognise equivalent Swiss stock exchanges on the European market, a framework agreement on cooperation cannot be signed because Switzerland has set that as a precondition to approve a second installment of aidto member states, such as Croatia, where cohesion is still essential," Grabar-Kitarovic said.

"That aidis important for us because so far Switzerland has invested in mine clearance, particularly in forest areas as well as in rehabilitation for land mine victims and in other areas too that are exceptionally vital for Croatia's development."

The two presidents discussed strengthening economic cooperation as well education, tourism and the transfer of know-how.

Commodity exchange between the two countries last year amounted to 353 million euro, while in 2018Croatia recorded a growth in exports to Switzerland of 14% compared to 2017. The number of bed nights by Swiss tourists to Croatia is also growing, and in 2018there were 276,000 or 5% more than in 2017.

After the meeting, Grabar-Kitarovic met with the President of Switzerland's National Council, Marina Carobbio Guscetti.Later, Grabar-Kitarovic was due tomeet with the heads of the Croatian Catholic Mission and representatives of Croatian associations in Switzerland.

On the second day of the visit, President Grabar-Kitarovic will travel to Zurich and visit the ETH Zurich Technological University, where she will meet with Croatian professors, researchers and students.

**President meets with Croatian expats in Switzerland**

ZAGREB, July 9 (Hina) - President Kolinda Grabar-Kitarovic met with Croatian expatriates in Switzerland on Monday, saying Croats had convinced foreigners of how beautiful their country was but that not the world should be convinced, first and foremost expatriates, of how good Croatia was to live in.

"You have always been there for us, also when it was the hardest for Croatia, and I thank you for that," she told them at the residence of the Croatian ambassador to Switzerland in Muri bei Bern.

The meeting with Croatian expatriates was organised on the occasion of Croatia's Statehood Day. Earlier in the day, the president met with the heads of the Croatian Catholic Mission in Switzerland.

"Croatian emigrants, especially in the Homeland War, provided not just material aid but also moral and political support, which was necessary so that foreign countries would recognise us as a state with the right to exist," the president said.

"We have convinced foreigners of how beautiful Croatia is. Now we have to convince the world, first and foremost our emigrants, of how good Croatia is to live in. My branding project, as well as the demography project, is aimed at making Croatia a country befitting man," she added.

One of the demography measures is to strengthen ties with expatriates and facilitate their contact with the homeland, "with their return being the goal," the president said.

She reiterated that "Croatia can stand side by side with the most developed countries and there is no reason why it shouldn't be so."

"We have all the resources. We are much richer in terms of resources than many countries, including Switzerland... We just need organisation, a work ethic, mutual respect, faith in the state, family, community, in God and all the values which make a society noble," the president said.

**Croatia will push for EU-Turkey dialogue, says PM**

ZAGREB, July 8(Hina) - Croatian Prime Minister Andrej Plenkovic met with Turkish Interior Minister Suleyman Soylu on Monday, telling him that during its European Council presidency in the first half of 2020, Croatia would continue to push for constructive dialogue and cooperation between the EU and Turkey, the government said in a press release.

Plenkovic presented the priorities of Croatia's presidency, and underlined the importance of implementing the EU-Turkey migration control agreement.

He saidover 6,500 policeofficers protectedthe Croatian border, making a big contribution to the prevention of illegal migration.

Soylu informed Plenkovic about Turkey's efforts to combat illegal migration, human trafficking and terrorism.

The two officials said they were pleased with the good political relations between Croatia and Turkey, which have been developing since Croatia gained independence, the government said.

Plenkovic said trade and Turkish investments in Croatia were increasing, and pushed forenhancing bilateral cooperation.

Plenkovic said the way the relations between the government and the Islamic Community in Croatia were regulated and the community's status in Croatian society could serve as an example to many countries.

Soylu congratulated Plenkovic on the election of Croatian Foreign Minister Marija Pejcinovic Buric as Council of Europe secretary-general.

**Interior ministers ink memo of cooperation between Croatian, Turkish police academies**

ZAGREB, July 8(Hina) -Interior ministers Davor Bozinovic of Croatia and Suleyman Soylu of Turkey signed on Monday a memorandum of cooperation between the two countries' police academies, saying they were pleased with the continuation of the intensified cooperation in the fight against international terrorism, illegal migration and drug smuggling.

This is our fourth meeting in a short time, which reflects the importance of the interior and policecooperation between Turkey and Croatia, Bozinovic said.

"Croatia and Turkey nurture friendly relations without outstanding issues. Our economic cooperation is progressing, investments are on the rise, and after the opening of the Turkish Cultural Centre, cultural cooperation is rising too. We also share common security challenges, which is why cooperation intensified at the end of last year and the beginning of this year," Bozinovic said, adding that the memorandum was "a concrete result of that cooperation."

Bozinovic said he and Soylu also talked about illegal migration, adding that Turkey was making efforts to control illegal migration.

"Croatia understands Turkey's position, given that Turkey is surrounded by countries wheremigrations originate... Croatia is trying to make a contribution through the resettlement of 200Syrian refugees from Turkey to Croatia. However, Croatia, like Turkey, is making more and more efforts to strengthen the manpower and technology needed for the protection of its own borders from illegal migration," said Bozinovic.

These are issues which Croatia will raise also when it chairs the Council of the EU at the start of next year, he added."Our interest is forthe EU also toappreciatethe key role Turkey has in controlling migrant flows. I feel thatwe have succeededin achieving that at the last few meetings of interior ministers in Brussels."

Soylu said the signing of today's memorandum would reinforcethe cooperation between Turkey and Croatia."This is our fourth meeting in the last few months at which we considered the continuation of cooperation in maintaining peace, security and relations in the region. I'm pleased that we share common views on issues in the region and I also thank Croatia for the support extended, which I'm confident will grow during Croatia's European Union presidency."

**Independent lawyer to say on Nov 6 if CJEUcompetentfor Slovenia's suit against Croatia**

ZAGREB, July 8 (Hina) - An independent attorney at the Court of Justice of the European Union (CJEU), Priit Pikamae, said on Monday that on November 6 he would give his opinion on the matter of the CJEU's competence for Slovenia's border arbitration suit against Croatia.

The Estonian was speaking after a hearing before the CJEU's Grand Chamber.

In most cases, the CJEU follows the independent attorney's opinion, which is not binding, but there have been cases when the CJEU's decision was completely the opposite of the opinion. The independent attorney does not represent anyone's interest, either the parties or the public, but only gives an expert opinion on relevant legal matters.

Today's hearing was held on the inadmissibility motion which Croatia filed with the CJEU in proceedings which Slovenia brought against Croatia, claiming that Croatia is breaching EU law by failing to implement a border arbitration award.

At the hearing, both parties reiterated their positions. The hearing concerned only the matter of the CJEU's competence, not the content of Slovenia's objections against Croatia.

Slovenia brought the suit against Croatia under Article 259 of the Treaty on the Functioning of the EU, demanding that the CJEU find that Croatia is in breach of articles 2 and 4, which concern respect for the rule of law and loyal cooperation between member states. Slovenia also claims Croatia is violating the EU's fisheries policy, Schengen rules on the movement of people across the border and the directive on a framework for maritime spatial planning.

Croatia argues that the CJEU is not competent to decide on Slovenia’s demands given that the dispute between the two countries should be settled by applying international law, including through negotiations, and that the settlement of the dispute does not depend on the application of EU law or its interpretation.

The state secretary at the Croatian Foreign Ministry, Andreja Metelko Zgombic, followed today's hearing.

She said the judges were mostly interested in the international legal aspects of the dispute and matters relating to the fisheries regime that was was arranged by Croatia and Slovenia in an agreement on border traffic and cooperation.

As it was joining the EU, Croatia incorporated that agreement into the acquis in good faith, so that now the accession treaty has a footnote saying the reciprocal fisheries regime will go into force once the arbitration award has been implemented, said Metelko Zgombic.

She said the European Commission too made an official statement to the effect that the arbitration award had not been fully implemented and that the fisheries regime was not being applied yet.

Slovenia sees in that footnote a link between the border arbitration agreement and EU law. A representative of the Slovenian Foreign Ministry, Marko Vrevc, said he would be surprised if the CJEU said it was not competent for the dispute.

The British attorney who represented Croatia in the hearing, Jemima Stratford, told the Grand Chamber today that the essence of the dispute was where the border lay and not the interpretation of EU law.

She said the CJEU was not competent for bilateral territorial disputes even if they affect the application of EU law, and that the only legal ground for the CJEU to be competent in this dispute would be Article 259 of the Treaty on the Functioning of the EU.

CJEU president Koen Lenaerts last year voiced doubts about the path chosen by Slovenia. He advised it would be better to invoke Article 273 instead of Article 259.

If a dispute between two member states does not directly refer to EU law, the CJEU cannot voice its opinion about it, unless the member states in question reach an agreement to jointly present the case, within the frameworks of the proceedings from Article 273 of the Treaty on the Functioning of the EU, Lenaerts said.

Slovenia argues that the arbitration award is a fact, that it defined the border and that only its implementation can be negotiated.

Slovenia's legal representative Maja Menard said Slovenia's suit was not about the border because the border issue was resolved with the arbitration award, which she said was final and that the states were obliged to honour it. She added that Croatia, by failing to implement it, was breaching EU rules.

**Slovenia to step up control on border with Croatia**

ZAGREB, July 8(Hina) - Slovenian Prime Minister Marjan Sarec on Monday announced stepping up the control of the green border with Croatia following more intensified flows of migrants passing through Croatia and Slovenia on their way to Italy and western Europe.

To this end, Slovenia and Italy introduced joint patrols including the police staff from both countries.

After touring the border municipality of Ilirska Bistrica, Sarec said that he could understand the concern expressed by locals facing a growing number of migrants passing through the area, however, sometimes the issue was blown out of proportionfor political reasons.

The number of police officers patrolling the borderline has been increased and they will also be assisted by the military and drones, Sarec said, also highlighting the problem of human trafficking.

This year, 5,000 irregular migrants have been arrested in Slovenia, half of whom have beenreturned to Croatia, and about 130 human traffickers have also been detained.

**PM for Frontex on Croatia's borders with Serbia, Bosnia**

Sarec said later in the day that Sloveniawould not become a "pocket" in which a large number of migrants would get stuck, which the parliamentary opposition fears after tighter control was established on Slovenia's borders with Austria and Italy, adding that the problem of illegal migrants entering Slovenia could be solved only by deploying Frontex on the EU's external borders, i.e. on Croatia's borders with Serbia and Bosnia and Herzegovina.

He was speaking to the press after meeting with municipal leaders in Kostel municipality in southern Slovenia, the location of one migrant route.

Until the EU uses Frontex for that purpose on its external borders, we will have migrants also on our border, Sarec said.

**Assets minster says didn't direct any budget *funds* for church renovation**

ZAGREB, July 8 (Hina) - State Assets Minister Goran Maric said in Kutina on Monday that he did not direct any money from the state budget, nor did he exert any influence for that to be done, for the renovation of a Zagreb parish church and that he did not have any financial benefit in that case.

"No, I could not have nor did I, nor do I have any knowledge of (any ***funds*** being) directed. I don't know anything about that," Maric told reporters when asked whether he had "directed any money from the state budget for the renovation of the church" i.e.part of the monastery there.

Maric underscored that he had never usedhis position as a minister in any way that "would compromise that position."

"I never had influence regarding the renovation of the church, nor could I have, nor do I have any knowledge if any ***funds*** from the state budget were donated. I was not tasked with that in any regard, nor did I participate in the renovation of the church and I don't know anything about that," said Maric.

He reiterated that he purchased an apartment form the Franciscan province located in downtown Zagrebso that the ***funds*** collected from the sale could be used to renovate premises for students of poor financial standing.

"What I do know related to the purchase of that apartment is that it was purchased so that the ***funds*** that were collected by the Province could be usedto renovate premises in asection for students of poor financial standing. And in that regard...everyonecontributed so that could be successfully achieved. And no one was paid for anything, no one had any benefit from that, least of allme," he added.

Maric met with Prime Minister Andrej Plenkovic on Saturday morning and on Monday he told reporters that he had informed the prime minster of all the circumstances in that case. "And that was the only matter on the agenda," he added.

**Commission finds no grounds for action against President over medical checkup discount**

ZAGREB, July 8(Hina) - The Conflict of Interest Commission said on Monday there were no grounds to instituteproceedings against President Kolinda Grabar-Kitarovic after shewas earlier criticised over a discount she was given for a medical checkup at a private hospital.

The commission established that the president paid the full price of the medical checkup, and that the discount, cited in numerous queries from media outlets, would not have amounted to an impermissible gift because it was also used by regular patients of the clinic.

The complaints sent to the Commission in February claimed that thepresident may have received a gift worth more than HRK 500 through this discount. In late February theCommission opened the case to establish the facts and decide whether to institute proceedings against Grabar-Kitarovic or not.

Media said that the president had undergonea regular preventive checkup at the Radiochirurgia Zagreb hospital and was given a 20% discount, paying HRK 6,160 instead of 7,700 for the examination.

Under the Conflict of Interest Act, state officials are not allowed to receive gifts worth more than HRK 500.

**Commission finds ex-interior minister broke law**

The Conflict of Interest Commission found that former interior minister Vlaho Orepic was in breach of the Conflict of Interest Act in July 2016 by appointing members of the Commercial Activity Agency'smanagement and supervisory boards without the government's proposal.

The law does not envisage a punishment for that breach so the Commission did not propose any.Orepic toldthe Commission he had to react urgently in that case in order to prevent millions of expenses for the state budget.

The Commission also fined Children's Ombudswoman Helenca Pirnat Dragicevic HRK 2,000 because for a time she served both as ombudswoman and sat on the board ofa Zagreb private school.

**Croatian Banking Association: GDP expected to grow 3% this year**

ZAGREB, July 8(Hina) - The chief economists of Croatia's five largest banks have upgraded Croatia's economic growth forecasts for this year to 3% and expect it to decrease to 2.5% in 2020, according to a Croatian Banking Association (HUB) outlook report published on Monday.

The economists revised upwards their forecasts for this year after GDP grew 3.9% in Q1, which ranked Croatia sixth in the EU after Hungary, whose GDP in Q1 went up 5.2%, Romania (+5.1%), Malta (+4.8%), Poland (+4.7%) and Estonia (+4.6%).

The mean forecast for this year was revised to 3% after the 2.6% growth forecast last December. The latest forecasts ranged from 2.8% to 3.2%.

The mean forecast for 2020, of 2.5%, is tied to lower contributions from all components of aggregate demand in comparison withforecasts for 2019.

The growth should still suffice for unemployment to continue to decrease below 7%, with real salary growth to 1.4%, mildly slower due to inflation.The public debt-to-GDP ratio is expected to stay below 70%.

The biggest hurdlesto growth are the unreformed institutional framework,tax and similar burdens, and the lack of foreign direct investment.

The five economistssaid it was very likely the global economy would slow down at the end of this year and early the next.

Asked when they expected Croatia to introduce the euro, two said in 2023, two in 2024 or 2025, and one in mid-2024.

**Investment in Croatian *agriculture* is economically justified, WB analysis shows**

ZAGREB, July 8 (Hina) - The initial results of an in-depth analysis of Croatian ***agriculture*** show that investment in ***agriculture*** is economically justified, and that $1 million invested in ***agricultural*** production generates an increase of $5.19 million in the value of the total volume of economic output.

The analysis was carried out by World Bank experts, who say that the Croatian ***agricultural*** sector has many comparative advantages that can be used to increase growth and development, such as unrestricted access to the EU market, access to ***funding*** under the Common ***Agricultural*** Policy, diverse ***agricultural*** and environmental conditions, good land and rich water resources, relatively low labour costs, good road infrastructure, and growing tourism.

The World Bank, however, notesthat Croatia is still dependent on ***agricultural*** and food imports, while Croatian farmers use obsolete and ineffective machinery, slowly adjust to technological changes and innovations, and rarely form associations, which makes them less competitive and less adaptable to change.

The document shows that in order for the ***agricultural*** and food sector to achieve its full potential, it is necessary to make improvements in ***agricultural*** productivity and in creating added value by connecting primary production and processing.

"***Agriculture*** and rural areas, as well as aquaculture, have huge potential for growth and development, and the structural transformation of these sectors, which in particular has been encouraged since Croatia's entry into the European Union, is going in a good direction," ***Agriculture*** Minister Tomislav Tolusic said.

He said that a strategic vision for the development of ***agriculture*** and rural areas would be finalised by the end of the year, and that a national strategic plan for the EU's Common ***Agricultural*** Policy 2021-2027 would also be prepared.

The analysis shows that Croatia is currently competitive in low-value primary ***agricultural*** products, such as cereals and oil crops (sunflower and soybean), while its competitiveness in high-value products is limited to a relatively small number of horticultural and livestock products.

The document also shows that Croatia should seize the opportunities offered by organic production because compared with other EU countries Croatia has recorded the largest increase in areas under organic production.

**Tourism minister: No problems exist where quality has been improved**

ZAGREB, July 8 (Hina) -Tourism Minister Gari Cappelli on Monday said that no problems existed in tourism where quality had been improved, which he considers is particularly evident in Istria.

"Tourism is no longer the same as we saw until three years ago. In Croatia, where quality has been improved in tourism, there are no problems and in Istria that is particularly evident," Cappelli said after meeting with the authorities ofSveti Petar u Sumi municipality inIstria County.

He added that tourism arrivals were growing in almost all the airports and that an excellent post-season will follow because bookings for September and October are excellent.

"I think that we will endthe year with a mild growth, both financially and physically," said Cappelli,who discussed the development potential of tourism in central Istria and a package of tourism bills with municipal headMario Bratulic and his associates.

Asserting that the ministry wishesto attachimportance to developing Istria's interior, Cappelli saidthat the talksdiscussed projects in that area that will be possible based on anew law on tourist boards.

He said that he doesn't believe that Croatia is expensive andthat it is necessary to raise quality because that is the "key to success."

Commenting on data from the Croatian Tourism Association, according to which reservations in hotels, camps and apartments have slowed down, Cappelli said that one could talk about a slowing down, but also about raising quality and prices.

"I wouldn't panic, there will always be last minute bookings,but according to what I have heard and seen amongmany hoteliers, theyaren't complaining too much with regard to finances. Those with75% fullness are generating financial results as if they were100% full. It is exceptionally important to improve quality," Cappelli said.

**Croatia records rise in number of visits by foreign cruise ships in Jan-May**

ZAGREB, July 8 (Hina) - A total of 171 foreign cruise ships visited the Croatian Adriatic in the first five months of 2019, an increase of 18 percent on the same time last year, according to data from the National Bureau of Statistics (DZS).

They brought 247,500 passengers, up 19 percent, and stayed 386 days, or 25.3 percent longer. The vessels sailed under the flags of nine countries, including 41 flying the Maltese flag, 36 the Italian flag and 26 the Panamanian flag.

Most of the foreign cruise trips, 88, were made in May, which is an increase of 3.5 percent, while the largest increase, of 48.5 percent, was recorded in April, when 49 such trips were made. Unlike last year, this year annual increases were recorded in all five months.

Dubrovnik was the most visited port, with 124 cruise ships docking there, ahead of Split (76 visits), Zadar (32), Korcula (30), Sibenik (25) and Hvar (20). Rovinj, Ploce, Stari Grad, Pomena and Pula each received fewer than 10 visits from cruise ships.

**Pensioners' Party to back Milanovic in presidential race**

ZAGREB, July 8 (Hina) - The Croatian Pensioners' Party (HSU) on Monday informed that it would back the Social Democratic Party (SDP) candidate Zoran Milanovic in the election for president ofstate.

The HSU is continuing it strategic cooperation with the SDP within the framework of the "Declaration on agoodsociety" with the aim of achieving changes in Croatia in the next election cycle, the HSU said in a press release.

For the HSU, this isas expected, considering that we were partners in three coalitions, and the achievements of thepolitical cooperation with the SDP when it was headed by Milanovic are measurable, the press release said.

In 2011 we resumedpension indexation after pensionshad been frozen for two years. The pre-election promisethat we would eliminate privileged pensions for MPs, government officials and Constitutional Court judges waskept at the start of the SDP-ledgovernment's term in 2011, the HSU underscored.

**Shanghai's Public Security Bureau reps visiting Croatia**

ZAGREB, July 9 (Hina) - Representatives of Croatia's Police Directorate and the Zagreb Police Department on Monday met with representatives of Shanghai's Public Security Bureau who are visiting Croatia, the Zagreb Police Department said in a press release.

Zagreb police commissioner Marko Rasic highlighted the excellent results of the Safe Tourist Season project, in which two Chinese police officers participated last summer. "They contributed to better communication between our police officers and tourists from China, and provided an even better feeling of security... even though Zagreb is indeed a safe city"

The deputy head of Shanghai's Public Security Bureau, Chen Zhen, said Chinese Public Security Minister Zheo Kezhi's recent visit to Croatia was aimed at strengthening the cooperation between the two countries and at exchanging good experience and practice.

He said that over the past couple of years Shanghai had a 100% success rate of solving murder and robbery cases, and that this contributed to the feeling of Shanghai as a safe city.

The Chinese delegation is staying in Croatia until July 11. They will also visit Plitvice Lakes National Park and meet with representatives of the Dubrovnik county police.

**Finland wants EU to lead fight against climate change, says ambassador**

ZAGREB, July 8(Hina) - One of the priorities of Finland's presidency over the Council of the EU will be to position the EU as the global leader in the fight against climate change, Finnish Ambassador to Croatia Risto Piipponen said on Monday.

We heard many debates on climate change and what needs to be done. We wish to serve as an example to others, so we set ambitious goals for the fight against climate change until 2035, he said.

The fight against climate change must be integrated into all European Union policies, he added.

Piipponen gave atalk at Europe House in Zagreb on the priorities and goals ofFinland's EU presidency, saying that aside from climate change, switching to a sustainable economy was also important to Finns.

We must work on achieving a transition towards a bioeconomy and switching to a circular economy, whereby we would increase Europe's competitiveness, modernise the economy and employ our citizens, said the ambassador.

The European economy is not in a poor state, but youth unemployment is still a big problem in many member states, he said. The key to resolving thatproblem is indevelopingthe service and industrial sectors as well as in investing in innovation and technology such as artificial intelligence, which would increase productivity and reduce unemployment, he added.

**Western Balkans**

Anotherpriorityof Finland's EU presidency is enlargement to the Western Balkans which has big strategic value for the EU, Piipponen said.

But enlargement is not a shortcut and the countries which want to beginnegotiations must meet the requirements, which include respecting the EU's values, he added.

During its presidency, Finland will try to implement the Council of the EU conclusions concerning the launch of negotiations with Albania and North Macedonia.

Commenting on the migrant situation in the Mediterranean, Piipponen said migrations were not only Greece's or Italy's problem but of all member states.

The situation in the Mediterranean is inhumane and unbearable. We must find solutions and one of those is the temporaryrelocation ofmigrants rescued at sea, he added.

Migrations are our problem but they are also a problem for migrants. We must remember that, as member states, we must respect human rights, international laws and conventions, the ambassador said.

After Finland, the EU will be chaired by Croatia.

**Kosovo, Albania boycott SEECP summit in Bosnia**

ZAGREB, July 8 (Hina) - Bosnia and Herzegovina is wrapping up its year-long chairmanship of the South-East European Cooperation Process (SEECP) with a two-day summit meeting taking place on Mount Jahorina overlooking Sarajevo on Monday and Tuesday, but there will be no formal ceremony of the transfer of rotating presidency since the next chair, Kosovo, is boycotting the gathering.

Angered by the way Bosnia and Herzegovina's Serb officials are treating the Kosovo delegation, Kosovo Foreign MinisterBehgjet Pacollisaid on his official Twitter account that Kosovo "will contribute to constructive regional cooperationalways", adding that thebehavior of Bosnia and Herzegovina"goes against this spirit."

"SEECP is about strengthening reg coop, not harming it and creating obstacles to neighbors," the Kosovo minister wrote in his comment on the attitude of Bosnia and Herzegovina's Presidency chairman Milorad Dodik and Foreign Minister Igor Crnadak.

Kosovo received an invitation to attend the Jahorina summit, but was told that its name in the meeting's paperswould be marked with a footnote saying that its status is still unresolved.

Kosovo President Hashim Thaci and FM Pacolli described such behaviour as unacceptable.

Albania has also cancelled its attendance in the meantime as a sign of solidarity with Kosovo.

Of the 13 SEECP member states, Turkey will be represented by President Recep Tayyip Erdogan, and Presidents Borut Pahor of Slovenia,Milo Djukanovic of Montenegro and Stevo Pendarovski of North Macedonia are due to arrive. Serbia and Bulgaria will be represented by their Prime Ministers, Ana Brnabic and Boyko Borisov respectively, while other countries, including Croatia, will be represented by ministers.

**Erdogan suggests reviving Croatia-Bosnia-Serbia dialogue**

ZAGREB, July 8 (Hina) - Turkish President Recep Tayyip Erdogan on Monday suggested reviving dialogue between Croatia, Bosnia and Herzegovina (BiH), and Serbia to improve the situation in the region and reinforce good neighbourly cooperation, according to a press release issued after his meeting with the members of the BiH Presidency.

Erdogan held talks with Milorad Dodik, Sefik Dzaferovic and Zeljko Komscic in Sarajevo, where he arrived to attend a summit of the South-East European Cooperation Process.

The Presidency's press release said Erdogan expressed willingness to support the revival of cooperation between Croatia, Bosnia and Herzegovina, and Serbia.

He also confirmed Turkey's support for BiH's Euro-Atlantic journey, which he sees as a guarantee of stability and peace.

Dzaferovic said it was important for BiH as well as the entire region to have in Turkey a partner which supported its stability.

He regretted on behalf of the state leadership the decision by Kosovo's representatives not to attend the summit. "I think they made a mistake. They either don't or won't understand the situation in BiH," he said, adding that BiH did not recognise Kosovo because there was no consensus within the country.

He said it was entirely unjustified that Kosovo-BiH cooperation was worse than Kosovo-Serbia cooperation.

**Erdogan's security almost clash with border police at Sarajevo airport**

ZAGREB, July 8 (Hina) - Turkish President Recep Tayyip Erdogan arrived in Sarajevo on Monday for a two-day official visit and his arrival was marked by an incident in which Bosnian border police officers almost clashed with his bodyguards.

Bosnian Border Police Chief Zoran Galic said the incident occurred at the airport after Erdogan's plane landed. The clash was so serious that all of Erdogan's security should have been arrested, he added.

"They were aggressive, acting as though they were in their own country. They don't respect our laws at all. There was pushing and shoving and President Erdogan's security refused to comply with procedure and regular control. They all deserved to be apprehended," said Galic.

Erdogan's bodyguards, known for their aggressive behaviour, even grabbed their weaponsand a direct conflict with the border police was narrowly avoided.

He then went to Kovaci cemetery to pay his respects to former Bosnian Presidency chairman Alija Izetbegovic. There he was met by Izetbegovic's son Bakir andthe Bosniak member of the incumbent Presidency, Sefik Dzaferovic.

Erdogan has claimed repeatedly that before dying Izetbegovic entrusted him with caring for Bosnia and Herzegovina.

After visiting the cemetery, he met with the three incumbent Presidency members. On Tuesday, he is scheduled to attend a summit of countries participating in theSouth-East European Cooperation Process.

**Thousands embark on Peace March from Tuzla to Srebrenica**

ZAGREB, July 8(Hina) - Several thousand people embarked ona peace march on Monday morning from the northeastern Bosnian city of Tuzla to Srebrenica where they are expected to arrive on 11 July to commemorate the genocide committed there by Bosnian Serb forces 24 years ago.

An estimated 5,000 embarked on the 100-kilometre marchalong the routes used by Bosniaks who had fled Srebrenica in the summer of 1995. Among the marchers is the wartime defence commander, Naser Oric, who called for a dignified commemoration of the Srebrenica tragedy.

The remains of 33 genocide victims, unearthed from mass graves and identified in the last 12 months, will be buried at the Potocari Memorial Centre on 11 July.

**2nd Sarajevo Halal Fair to take place on Sept 26-28**

ZAGREB, July 8 (Hina) - The second international Sarajevo Halal Fair will be held in the Bosnian capital on September 26-28, organisers Bosna Bank International (BBI) and Islamic Development Bank (IsDB) announced at a press conference at the Croatian Chamber of Commerce (HGK) in Zagreb on Monday.

The fair is a chance for companies to present their products and services on the halal market, which has an estimated 1.5 billion consumers worldwide, BBI marketing and communications manager Dino Selimovic said.

The fair will also be an opportunity for regional producers of halal products and providers of halal services from Albania, Bosnia and Herzegovina, Croatia, Montenegro, North Macedonia, Serbia and Slovenia to meet with large clients and distributors from the European Union, Saudi Arabia, Turkey, Bahrain, the United Arab Emirates, Malaysia, Indonesia and other halal markets.

Last year, the Sarajevo Halal Fair drew 91 exhibitors from 13 countries, including three Croatian companies, and Selimovic hopes that this year the number of exhibitors from Croatia and the overall number of exhibitors would surpass last year's numbers. He said that currently about 120 Croatian companies were halal-certified.

The global halal market, excluding the financial sector, is projected to reach $3.7 trillion by the end of thisyear and grow by 30 percent by 2020.

Bosnia and Herzegovina and Croatia are halal market leaders in Southeastern Europe. The region has over 250 halal-certified companies and over 5,000 halal-certified products.

**In other news:**

**Parliament to debate credit institutions bill, pension referendum initiative**

ZAGREB, July 8 (Hina) - Parliament continues sitting on Tuesday and lawmakers are expected to debate a bill of amendments to the law on credit institutions that should secure conditions for close cooperation between the Croatian National Bank andthe European Central Bank as part of the process of introducingthe euro currency in Croatia.

Lawmakers are also expected to debate a report by the parliamentary committee on the Constitution, Standing Orders and Political System regarding the civil initiative '67 is too much' to call a referendum on the pension reform.

**Supreme Court upholds Klemm'sprison sentence for embezzlement**

ZAGREB, July 8 (Hina) - Josip Klemm, the owner of the Klemm Security company and former head of a Homeland War police veterans organisation, has to go to prison for one year after the Supreme Court fully upheld a sentence whereby the Zagreb County Court found him guilty of embezzling nearly 3 million kuna of the company's ***funds*** through fictitious contracts with other companies.

Explaining the verdict in 2017, Judge Maja Stampar Stipic said that in determining the sentence the court had taken into account many alleviating circumstances, such as the fact that he had no prior convictions and that he was a respectable businessman, a Homeland War veteran and a family man. No aggravating circumstances were found.

**Croatia to host Eurovision Young Musicians in 2020**

ZAGREB, July 8(Hina) -The Eurovision Young Musicians (EYM) contest will take place in Zagreb next year, the director-general ofCroatian Radio and Television (HRT), Kazimir Bacic, told a news conference in Zagreb on Monday.

Thus, Croatia will be the venue of the 20th edition of this contest, and the HRT will be in charge of broadcasting the event.

The Eurovision Young Musicians is a biennial classical music competition for European musicians that are aged between 12 and 21, and the event is organised by the European Broadcasting Union (EBU) and broadcast on television throughout Europe, with some countries holding national selections.

The first edition of the Eurovision Young Musicians took place in Manchester in the United Kingdom in May 1982 when sixcountries took part in the event.

**Orbico Group takes over Romania's Interbrands**

ZAGREB, July 8(Hina) - The Zagreb-based Orbico Groupstated on Monday that it had become a majority owner of Romania's Interbrands company.

Orbico Group signed a contractwith theHolson Ltd on the takeover of 60% of interest in the Bucharest-based logistics and supply chain Interbrands Marketing &Distribution.

Orbico management board chair Branko Roglic said that the process of the acquisition would be conducted in a few stages.

In mid-January the Croatian group bought 25% of the Romania company's stock and now the portion held by Orbico has risen by 35% to 60%.

Orbico Group is the leading distributor for a large number of internationalbrands ranging from beauty care products through food and non-food products, technical and electrical appliances to pharmaceuticals, toys, textile, cigarettes as well as motor oil products.

Interbrands's annual revenues are more than 200 million euros. It says on its website that it "ishandling around 8% of the fast moving consumer goods in Romania". It has some 2,000employees, "22 distribution partnerships, 3 logistic centers and a fleet of 1470 vehicles," Interbrands says on its web site.

**Indices plunge**

ZAGREB, July 8 (Hina) - The value of the main Zagreb Stock Exchange indices plunged by more than 0.5% on Monday amid modest trading and only one stock crossing the million kuna mark.

The Crobex launched the week in the red, droppingby 0.55% to 1,885.55 points, while the Crobex10 dropped by 0.53%,closing at 1,099.95 points.

Regular turnover amounted to HRK 5.5 million, which was about HRK 900,000 less than on Friday.

The only stock to cross the million kuna mark was that of the Adris tourism and insurance group, generating a turnover of HRK 1.34 million. The price of Adris shares dropped by 0.43% to HRK 463 per share.

(EUR 1 = HRK7.394561)

**THIS BULLETIN INCLUDES ITEMS RELEASED BY 0830 HRS ON TUESDAY**

(Hina) ha

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

**Load-Date:** July 9, 2019

**End of Document**



[***Council of the European Union: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing 'Erasmus': the Union programme education, training, youth and sport and repealing Regulation (EU) No 1288/2013 - Examination of a revised Presidency text PDF document ST 13135 2018 INIT19-10-2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TRN-7SN1-F0YC-N1M7-00000-00&context=1516831)

Impact News Service

November 15, 2018 Thursday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 16193 words

**Body**

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

13135/18 UM/np 1 DG TREE.1.C LIMITE EN Council of the European Union Brussels, 19 October 2018 (OR. en) 13135/18 LIMITE EDUC 362 JEUN 122 SPORT 68 SOC 607 RELEX 862 RECH 426 CADREFIN 261 IA 310 CODEC 1667 Interinstitutional File: 2018/0191(COD) NOTE From: General Secretariat of the Council To: Delegations No. prev. doc.: 12789/18 EDUC 350 JEUN 114 SPORT 65 SOC 588 RELEX 820 RECH 413 CADREFIN 240 IA 297 CODEC 1594 No. Cion doc.: 9574/18 EDUC 241 JEUN 72 SPORT 36 SOC 355 RELEX 487 RECH 264 CADREFIN 57 IA 156 CODEC 913 + ADD 1 Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing 'Erasmus': the Union programme education, training, youth and sport and repealing Regulation (EU) No 1288/2013 - Examination of a revised Presidency text Delegations will find attached a revised version of the above proposal prepared by the Presidency with a view to its finalisation at the Education Committee's meeting on 25 October 2018. Bold type and […] are used to indicate changes to the previous version (12789/18). The changes to Article 14(3a), as were set out in WK 12226/18 INIT, have been integrated into the text. 13135/18 UM/np 2 ANNEX DG TREE.1.C LIMITE EN ANNEX 2018/0191 (COD) Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing 'Erasmus+': the Union programme for education, training, youth and sport and repealing Regulation (EU) No 1288/2013 (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 Articles 165(4) and 166(4) 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. . 13135/18 UM/np 3 ANNEX DG TREE.1.C LIMITE EN (1) In a context of rapid and profound changes induced by technological revolution and globalisation, investing in learning mobility, cooperation and innovative policy development in the fields of education, training, youth and sport is key to building inclusive, cohesive and resilient societies and sustaining the competitiveness of the Union, while contributing to strengthening European identity and to a more democratic Union.

(2) In its Communication on Strengthening European Identity through Education and Culture of 14 November 2017, the Commission put forward its vision to work towards a European Education Area by 2025, in which learning would not be hampered by borders; a Union, where spending time in another Member State for purposes of studying and learning in any form or setting would become the standard and where, in addition to one's mother tongue, speaking two other languages would become the norm; a Union in which people would have a strong sense of their identity as Europeans, of Europe's cultural heritage and its diversity. In this context, the Commission emphasised the need to boost the tried-and-tested Erasmus+ programme in all categories of learners that it already covers and reaching out to learners with fewer opportunities. (3) The importance of education, training and youth for the future of the Union is reflected in the Commission's Communication of 14 February 2018 entitled 'A new, modern Multiannual Financial Framework for a European Union that delivers efficiently on its priorities post-2020'3, which stresses the need to deliver on the commitments made by the Member States at the Gothenburg Social Summit, including through the full implementation of the European Pillar of Social Rights4 and its first principle on education, training and lifelong learning. The Communication stresses the need to step up mobility and exchanges, including through a substantially strengthened, inclusive and extended programme, as had been called for by the European Council in its conclusions of 14 December 2017. 3 COM(2018) 98 final. 4 OJ C 428, 13.12.2017, p. 10. 13135/18 UM/np 4 ANNEX DG TREE.1.C LIMITE EN (4) The European Pillar of Social Rights, solemnly proclaimed and signed on 17 November 2017 by the European Parliament, the Council and the Commission, lays down, as its first key principle, that everyone has the right to quality and inclusive education, training and lifelong learning in order to maintain and acquire skills that enable them to participate fully in society and manage successfully transitions in the labour market. (5) On 16 September 2016 in Bratislava, leaders of twenty-seven Member States stressed their determination to provide better opportunities for youth. In the Rome Declaration signed on 25 March 2017, leaders of twenty-seven Member States and of the European Council, the European Parliament and the European Commission pledged to work towards a Union where young people receive the best education and training and can study and find jobs across the Union; a Union which preserves our cultural heritage and promotes cultural diversity. (6) The mid-term evaluation report of the 2014-2020 Erasmus+ programme confirmed that the creation of a single programme on education, training, youth and sport resulted in significant simplification, rationalisation and synergies in the management of the Programme while further improvements are necessary to further consolidate the efficiency gains of the 2014-2020 Programme. In the consultations for the mid-term evaluation and on the future Programme, Member States and stakeholders made a strong call for ***continuity*** in the Programme's scope, architecture and delivery mechanisms, while calling for a number of improvements, such as making the Programme more inclusive. They also expressed their full support for keeping the Programme integrated and underpinned by the lifelong learning paradigm. The European Parliament, in its Resolution of 2 February 2017 on the implementation of Erasmus+, welcomed the integrated structure of the programme and called on the Commission to exploit fully the lifelong learning dimension of the programme by fostering and encouraging cross-sectoral cooperation in the future programme. Member States and stakeholders also highlighted the need to keep a strong international dimension in the Programme and to extend it to other sectors of education and training. 13135/18 UM/np 5 ANNEX DG TREE.1.C LIMITE EN (7) The open public consultation on Union ***funding*** in the areas of values and mobility confirmed these key findings and emphasised the need to make the future programme a more inclusive programme and to continue to focus priorities on modernising education and training systems as well as strengthening priorities on fostering European identity, active citizenship and participation in democratic life. (8) In its Communication on 'A modern budget for a Union that protects, empowers and defends - the multiannual financial framework for 2021-2027'5 adopted on 2 May 2018, the Commission called for a stronger “youth” focus in the next financial framework, notably by more than doubling the size of the 2014-2020 Erasmus+ Programme, one of the Union’s most visible success stories. The focus of the new Programme should be on inclusiveness, and to reach more young people with fewer opportunities. This should allow more young people to move to another country to learn or work. (9) In this context, it is necessary to establish the successor programme for education, training, youth and sport (the 'Programme') of the 2014-2020 Erasmus + programme established by Regulation (EU) No 1288/2013 of the European Parliament and the Council6. The integrated nature of the 2014-2020 programme covering learning in all contexts - formal, non-formal and informal, and at all stages of life - should be maintained to boost flexible learning paths allowing individuals to develop those competences that are necessary to face the challenges of the twenty-first century. 5 COM(2018) 321 final. 6 Regulation (EU) No 1288/2013 of the European Parliament and the Council of 11 December 2013 establishing 'Erasmus+': the Union programme for education, training, youth and sport and repealing Decisions No 1719/2006/EC, No 1720/2006/EC and No 1298/2008/EC (OJ L 347, 20.12.2013, p. 50). 13135/18 UM/np 6 ANNEX DG TREE.1.C LIMITE EN (10) The Programme should be equipped to become an even greater contributor to the implementation of the Union's policy objectives and priorities in the field of education, training, youth and sport. A coherent lifelong learning approach is central to managing the different transitions that people will face over the course of their life cycle. In taking this approach forward, the next Programme should maintain a close relationship with the overall strategic framework for Union policy cooperation in the field of education, training and youth, including the policy agendas for schools, higher education, vocational education and training and adult learning, while reinforcing and developing new synergies with other related Union programmes and policy areas. (11) The Programme is a key component of building a European Education Area. It should be equipped to contribute to the successor of the strategic framework for cooperation in education and training and the Skills Agenda for Europe7 with a shared commitment to the strategic importance of skills and key competences8 for sustaining jobs, growth and competitiveness. It should support Member States in reaching the goals of the Paris Declaration on promoting citizenship and the common values of freedom, tolerance and non-discrimination through education9. (12) The Programme should be coherent with the new European Union youth strategy10, the framework for European cooperation in the youth field for 2019-2027, based on the Commission's Communication of 22 May 2018 on 'Engaging, connecting and empowering young people: a new EU Youth Strategy'11, including as regards the strategy’s aspirations to support quality youth work. This entails attention for mobility, capacity building, innovation and recognition of youth work within the context of the 2012 Council Recommendation on the validation of non-formal and informal learning. This also calls for the promotion of quality tools and systems that should be used in the training of youth workers and that correspond to the changing circumstances of young people’s lives. These should be embedded in a broader quality approach to empower youth organisations. 7 COM(2016) 381 final. 8 Council Recommendation of 22 May 2018 on key competences for lifelong learning (OJ C 189, 4.6.2018, p.1). 9 [Reference]. 10 [Reference - to be adopted by the Council by the end of 2018]. 11 COM(2018) 269 final. 13135/18 UM/np 7 ANNEX DG TREE.1.C LIMITE EN (13) The Programme should take into account the relevant EU Work Plan for Sport which is the cooperation framework at Union level in the field of sport for the years […]12. Coherence and complementarity should be ensured between the relevant EU Work Plan for Sport and actions supported under the Programme in the field of sport. There is a need to focus in particular on grassroots sports, taking into account the important role that sports play in promoting physical activity and healthy lifestyle, social inclusion and equality. The Programme should contribute to promote European common values through sport, good governance and integrity in sport and sustainable development, as well as education, training and skills in and through sport. (14) The Programme can be used to support any field of study, and in particular contributes to strengthening the Union's innovation capacity by supporting activities that help people develop knowledge, skills and attitudes needed for the future in forward-looking study fields or disciplines such as science, technology, engineering and mathematics, climate change, the environment, clean energy, artificial intelligence, robotics, data analysis and arts/design. Innovation can be fostered through all mobility and cooperation activities, whether directly or indirectly managed. (15) Synergies with Horizon Europe should ensure that combined resources from the Programme and the Horizon Europe Programme13 are used to support activities dedicated to strengthening and modernising European higher education institutions. Horizon Europe will, where appropriate, complement the Programme's support for the European Universities initiative, in particular its research dimension as part of developing new joint and integrated long term and sustainable strategies on education, research and innovation. Synergies with Horizon Europe will help to foster the integration of education and research in higher education institutions. 12 [Reference]. 13 COM(2018) [ ]. 13135/18 UM/np 8 ANNEX DG TREE.1.C LIMITE EN (16) The Programme should be more inclusive by improving its outreach to those with fewer opportunities, including through more flexible learning mobility formats, and by fostering participation of small organisations, in particular newcomers and community-based grassroots organisations that work directly with disadvantaged learners of all ages. In addition to physical learning mobility, virtual formats, such as virtual cooperation, blended and virtual mobility, should be promoted to reach more participants, in particular those with fewer opportunities and those for whom moving physically to a country other than their country of residence would be an obstacle. (17) In its Communication on Strengthening European identity through education and culture, the Commission highlighted the pivotal role of education, culture and sport in promoting active citizenship and common values amongst the youngest generations. Strengthening European identity and fostering the active participation of individuals in the democratic processes is crucial for the future of Europe and our democratic societies. Going abroad to study, learn, train and work or to participate in youth and sport activities contributes to strengthening this European identity in all its diversity and the sense of being part of a cultural community as well as to fostering such active citizenship, among people of all ages. Those taking part in mobility activities should get involved in their local communities as well as engage in their host country local communities to share their experience. Activities linked to reinforcing all aspects of creativity in education, training and youth and enhancing individual key competencies should be supported. (18) The international dimension of the Programme should be boosted aiming at offering a greater number of opportunities for mobility, cooperation and policy dialogue with third countries not associated to the Programme. Building on the successful implementation of international higher education and youth activities under the predecessor programmes in the fields of education, training and youth, the international mobility activities should be extended to other sectors, such as in vocational education and training and sport. 13135/18 UM/np 9 ANNEX DG TREE.1.C LIMITE EN (19) The basic architecture of the 2014-2020 programme in three chapters - education and training, youth and sport – structured around three key actions has proved successful and should be maintained. Improvements to streamline and rationalise the actions supported by the Programme should be introduced. Stability and ***continuity*** should also be ensured in terms of management and implementing modes. In the overall, at least 75% of the Erasmus+ budget should be under indirect management by the national agencies. This includes flagship actions like mobility in all fields of education, training, youth and sport as well as cooperation partnerships, including small-scale partnerships in the field of education, training and youth. (20) The Programme should reinforce existing learning mobility opportunities, notably in those sectors where the Programme could have the biggest efficiency gains, to broaden its reach and meet the high unmet demand. This should be done notably by increasing and facilitating mobility activities for higher education students, school pupils, including school exchanges, and learners in vocational education and training, such as apprentices and trainees. Mobility of low-skilled adult learners should be embedded in partnerships for cooperation. Mobility opportunities for youth participating in non-formal learning activities should also be extended to reach more young people. Mobility of staff in education, training, youth and sport should also be reinforced, considering its leverage effect. In line with the vision of a true European Education Area, the Programme should also boost mobility and exchanges and promote student participation in educational and cultural activities by supporting digitalisation of processes, such as the European Student Card. This initiative can be an important step in making mobility for all a reality first by enabling higher education institutions to send and receive more exchange students while still enhancing quality in student mobility and also by facilitating students' access to various services (library, transport, accommodation) before arriving at the institution abroad. 13135/18 UM/np 10 ANNEX DG TREE.1.C LIMITE EN (21) The Programme should encourage youth participation in Europe's democratic life, including by supporting participation projects for young people to engage and learn to participate in civic society, raising awareness about European common values including fundamental rights, bringing together young people and decision makers at local, national and Union level, as well as contributing to the European integration process. (22) Building on the evaluation and further development of DiscoverEU launched as a preparatory action in 2018, the Programme should offer young people more opportunities to discover Europe through learning experiences abroad. Eighteen year olds, in particular those with fewer opportunities, should be given the chance to have a first-time, short-term individual or group experience travelling throughout Europe in the frame of an informal educational activity aimed at fostering their sense of belonging to the European Union and discovering its cultural diversity. The Programme should identify bodies in charge of reaching out, offering support and selecting the participants, based on clear and transparent criteria. It should be ensured that DiscoverEU is inclusive, geographically balanced and supports activities with a strong learning dimension. (23) The Programme should also enhance the learning of languages, in particular through widened use of online tools, as e-learning offers additional advantages for language learning in terms of access and flexibility. (24) The Programme should support measures that enhance the cooperation between institutions and organisations active in education, training, youth and sport, recognising their fundamental role in equipping individuals with the knowledge, skills and competences needed in a changing world as well as to adequately fulfil the potential for innovation, creativity and entrepreneurship, in particular within the digital economy. 13135/18 UM/np 11 ANNEX DG TREE.1.C LIMITE EN (25) In its Conclusions of the 14 of December 2017, the European Council called on Member States, the Council and the Commission to take forward a number of initiatives to elevate European cooperation in education and training to a new level, including by encouraging the emergence by 2024 of 'European Universities', consisting in bottom-up networks of universities across the Union. In its conclusions of 28 June 2018, the European Council stated that 'cooperation between research, innovation and education should be encouraged, including through the European Universities initiative'. The Programme should support these European Universities. (26) The 2010 Bruges Communiqué called for support of vocational excellence for smart and sustainable growth. The 2017 Communication on Strengthening Innovation in Europe's Regions points to linking vocational education and training to innovation systems, as part of smart specialisation strategies at regional level. The Programme should provide the means to respond to these calls and support the development of transnational platforms of Centres of vocational excellence closely integrated in local and regional strategies for growth, innovation and competitiveness. These centres of excellence should act as drivers of quality vocational skills in a context of sectorial challenges, while supporting overall structural changes and socio-economic policies in the Union. (27) To increase the use of virtual cooperation activities, the Programme should support a more systematic and coherent use of the online platforms such as eTwinning, the School Education Gateway, the Electronic Platform for Adult Learning in Europe, the European Youth Portal and the online platform for higher education and, if necessary, any further online platform that may be set up in the fields of education, training and youth. 13135/18 UM/np 12 ANNEX DG TREE.1.C LIMITE EN (28) The Programme should contribute to facilitating transparency and recognition of skills and qualifications, as well as the transfer of credits or units of learning outcomes, to foster quality assurance and to support validation of non-formal and informal learning, skills management and guidance. In this regard, the Programme should also provide support to contact points and networks at national and Union level that facilitate cross-European exchanges as well as the development of flexible learning pathways between different fields of education, training and youth and across formal and non-formal settings. Support should also be provided to the Bologna process. (29) The Programme should mobilise the potential of former Erasmus+ participants and support activities in particular of Alumni networks, ambassadors and Europeers, by encouraging them to act as multipliers of the Programme. (30) As a way to ensure cooperation with other Union instruments and support to other policies of the Union, mobility opportunities should be offered to people in various sectors of activity, such as the public sector, ***agriculture*** and enterprise, to have a learning experience abroad allowing them, at any stage of their life, to grow and develop professionally but also personally, in particular by developing an awareness of their European identity and an understanding of European cultural diversity. The Programme should offer an entry point for Union transnational mobility schemes with a strong learning dimension, simplifying the offer of such schemes for beneficiaries and those taking part in these activities. The scaling-up of Erasmus+ projects should be facilitated; specific measures should be put in place to help promoters of Erasmus+ projects to apply for grants or develop synergies through the support of the European Structural and Investment ***Funds*** and the programmes relating to migration, security, justice and citizenship, health and culture, as well as with the European Solidarity Corps. 13135/18 UM/np 13 ANNEX DG TREE.1.C LIMITE EN (31) It is important to stimulate teaching, learning and research in European integration matters, as well as to promote debates on these matters through the support of Jean Monnet actions in the fields of higher education but also in other fields of education and training, in particular through teacher and staff training. Fostering a sense of European identity and commitment is particularly important at times when the common values on which the Union is founded, and which form part of our European identity, are put to the test, and when citizens show low levels of engagement. The Programme […] should continue to contribute to the development of excellence in European integration studies. The progress of the institutions financed under the Jean Monnet actions in delivering on the programme objectives will be monitored and evaluated regularly. Exchange between these institutions and other institutions at national or transnational level should be encouraged, in full respect of their academic freedom. (32) Reflecting the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement and achieve the United Nations' Sustainable Development Goals, this Programme will contribute to mainstream climate action in the Union's policies and to the achievement of an overall target of [25%] of the Union budget expenditures supporting climate objectives. Relevant actions will be identified during the Programme's preparation and implementation and reassessed in the context of the relevant evaluations and review process. (33) This Regulation lays down a financial envelope for the Programme which is to constitute the prime reference amount, within the meaning of [reference to be updated as appropriate Point 17 of the Interinstitutional Agreement between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management14], for the European Parliament and the Council during the annual budgetary procedure. 14 OJ L […], […], p. […]. 13135/18 UM/np 14 ANNEX DG TREE.1.C LIMITE EN (34) Within a basic envelope for actions to be managed by the national agencies in the field of education and training, a breakdown of minimum allocation per sector (higher education, school education, vocational education and training and adult education) should be defined in order to guarantee a critical mass of appropriations to reach the intended output and results in each of these sectors. (35) Regulation (EU, Euratom) No 2018/1046 (the 'Financial Regulation')15 applies to this Programme. It lays down rules on the implementation of the Union budget, including the rules on grants, prizes, procurement and indirect implementation. (36) The types of financing and the methods of implementation under this Regulation should be chosen on the basis of their ability to achieve the specific objectives of the actions and to deliver results, taking into account, in particular, the costs of controls, the administrative burden, and the expected risk of non-compliance. This should include consideration of the use of lump sums, flat rates and unit costs, as well as financing not linked to costs as referred to in Article [125(1)] of the Financial Regulation. For the actions managed by the national agencies, the budgetary allocations to implement the actions should be accompanied by an adequate support for the operating costs of national agencies, in the form of a management fee, to ensure effective and sustainable implementation of the delegated management tasks. The principles of transparency, equal treatment and non–discrimination as set out in the Financial Regulation should be respected in the implementation of the Programme. 15 OJ L 193, 30.7.2018, p. 1. 13135/18 UM/np 15 ANNEX DG TREE.1.C LIMITE EN (37) Third countries which are members of the European Economic Area (EEA) may participate in the Programme in the framework of the cooperation established under the European Economic Area (EEA) agreement, which provides for the implementation of Union programmes by a decision under that agreement. Third countries may also participate on the basis of other legal instruments. This Regulation should grant the necessary rights for and access to the authorising officer responsible, the European Anti-Fraud Office (OLAF) as well as the European Court of Auditors to comprehensively exert their respective competences. The full participation of third countries in the Programme should be subject to the conditions laid down in specific agreements covering the participation of the third country concerned to the Programme. Full participation entails, moreover, the obligation to set up a national agency and managing some of the actions of the Programme under indirect management. Individuals and entities from third countries that are not associated to the Programme should be able to participate in some of the actions of the Programme, as defined in the work programme and the calls for proposals published by the Commission. When implementing the Programme, specific arrangements could be taken into account with regard to individuals and entities from European microstates. (38) In view of Article 349 of the Treaty on the Functioning of the European Union and in line with the Commission's communication on 'A stronger and renewed strategic partnership with the Union's outermost regions'16, the Programme should take into account the specific situation of these regions. Measures will be taken to increase the outermost regions' participation in all actions. Mobility exchanges and cooperation between people and organisations from these regions and third countries, in particular their neighbours, should be fostered. Such measures will be monitored and evaluated regularly. 16 COM(2017) 623 final. 13135/18 UM/np 16 ANNEX DG TREE.1.C LIMITE EN (39) Pursuant to [reference to be updated as appropriate according to a new Decision on OCTs Article 94 of the Council Decision 2013/755/EC17], individuals and entities established in overseas countries or territories are eligible for ***funding*** subject to the rules and objectives of the Programme and possible arrangements applicable to the Member State to which the relevant overseas country or territory is linked. The constraints imposed by the remoteness of these countries or territories should be taken into account when implementing the Programme, and their participation in the Programme monitored and regularly evaluated. (40) In compliance with the Financial Regulation, the Commission should adopt work programmes and inform the European Parliament and the Council thereof. The work programme should set out the measures needed for their implementation in line with the general and specific objectives of the Programme, the selection and award criteria for grants, as well as all other elements required. Work programmes and any amendments to them should be adopted by implementing acts in accordance with the examination procedure. (41) Pursuant to paragraph 22 and 23 of the Inter-institutional agreement for Better Law-Making of 13 April 201618, there is a need to evaluate the Programme on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burdens, in particular on Member States. Such requirements should include specific, measurable and realistic indicators which can be measured over time as a basis for evaluating the effects of the Programme on the ground. (42) Appropriate outreach, publicity and dissemination of the opportunities and results of the actions supported by the Programme should be ensured at European, national and local level and may take into account various target groups and sectors. The outreach, publicity and dissemination activities should rely on all the implementing bodies of the Programme, including, when relevant, with the support of other key stakeholders. 17 Council Decision 2013/755/EU of 25 November 2013 on the association of the overseas countries and territories with the European Union ('Overseas Association Decision') (OJ L 344, 19.12.2013, p. 1). 18 Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making of 13 April 2016 (OJ L 123, 12.5.2016, p. 1). 13135/18 UM/np 17 ANNEX DG TREE.1.C LIMITE EN (43) In order to ensure greater efficiency in communication to the public at large and stronger synergies between the communication activities undertaken at the initiative of the Commission, the resources allocated to communication under this Regulation should also contribute to covering the corporate communication of the political priorities of the Union, provided that these are related to the general objective of this Regulation. (44) In order to ensure efficient and effective implementation of this Regulation, the Programme should make maximum use of delivery mechanisms already in place. The implementation of the Programme should therefore be entrusted to the Commission, and to national agencies. Where feasible, and in order to maximise efficiency, the national agencies should be the same as the one designated for the management of the predecessor programme. The scope of the ex-ante compliance assessment should be limited to the requirements that are new and specific to the Programme, unless justified, such as in case of serious shortcomings or underperformance on the part of the national agency concerned. (45) In order to ensure sound financial management and legal certainty in each participating country, each national authority should designate an independent audit body. Where feasible, and in order to maximise efficiency, the independent audit body should be the same as the one designated for the actions referred to in the previous programme. (46) Member States should endeavour to adopt all appropriate measures to remove legal and administrative obstacles to the proper functioning of the Programme. This includes resolving, where possible, and without prejudice to Union law on the entry and residence of third-country nationals issues that create difficulties in obtaining visas and residence permits. In line with Directive (EU) 2016/801 of the European Parliament and of the Council19, Member States are encouraged to establish fast-track admission procedures. 19 Directive (EU) 2016/801 of the European Parliament and of the Council of 11 May 2016 on the conditions of entry and residence of third-country nationals for the purposes of research, studies, training, voluntary service, pupil exchange schemes or educational projects and au pairing (OJ L 132, 21.5.2016, p. 21). 13135/18 UM/np 18 ANNEX DG TREE.1.C LIMITE EN (47) The performance reporting system should ensure that data for monitoring programme implementation and evaluation are collected efficiently, effectively and in a timely manner, and at the appropriate level of granularity. Such data should be communicated to the Commission in a way that complies with relevant data protection rules. (48) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council20. (49) In order to simplify requirements for beneficiaries, simplified grants in the form of lump-sums, unit-costs and flat-rate ***funding*** should be used to the maximum possible extent. The simplified grants to support the mobility actions of the Programme, as defined by the Commission, should take into account the living and subsistence costs of the host country. The Commission and national agencies of the sending countries should have the possibility to adjust these simplified grants on the basis of objective criteria, in particular to ensure access to people with fewer opportunities. In accordance with national law, Member States should also be encouraged to exempt those grants from any taxes and social levies. The same exemption should apply to public or private entities awarding such financial support to the individuals concerned. 20 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). 13135/18 UM/np 19 ANNEX DG TREE.1.C LIMITE EN (50) In accordance with the Financial Regulation, Regulation (EU, Euratom) No 883/2013 of the European Parliament and the Council21, Council Regulation (Euratom, EC) No 2185/9622 and Council Regulation (EU) 2017/193923, the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities and fraud, the recovery of ***funds*** lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. In particular, in accordance with the Regulation (EU, Euratom) No 883/2013 and Regulation (Euratom, EC) No 2185/96, the European Anti-Fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) may investigate and prosecute Union fraud and other illegal activities affecting the financial interests of the Union, as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council24. In accordance with the Financial Regulation, any person or entity receiving Union ***funds*** is to fully cooperate in the protection of the Union’s financial interests and grant the necessary rights and access to the Commission, the European Anti-Fraud Office, the European Public Prosecutor's Office and the European Court of Auditors, and to ensure that any third parties involved in the implementation of Union ***funds*** grant equivalent rights. 21 Regulation (EU, Euratom) No 883/2013 of the European Parliament and the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF), OJ L 248 (18.9.2013, p. 1). 22 Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2). 23 Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor’s Office (‘the EPPO’) (OJ L 283, 31.10.2017, p. 1). 24 Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L198, 28.7.2017, p. 29). 13135/18 UM/np 20 ANNEX DG TREE.1.C LIMITE EN (51) It is necessary to ensure the complementarity of the actions carried out within the Programme with activities undertaken by the Member States and with other Union activities, in particular those in the fields of education, culture and the media, youth and solidarity, employment and social inclusion, research and innovation, industry and enterprise, ***agriculture*** and rural development with a focus on young farmers, cohesion, regional policy and international cooperation and development. In this regard, consistency and complementarity with relevant policies and instruments at national level should be sought when implementing Erasmus+ actions without a transnational or international character. (52) While the regulatory framework already allowed Member States and regions to establish synergies in the previous programming ***period*** between Erasmus+ and other Union instruments, such as the European structural and investment ***funds***, which also support the qualitative development of education, training and youth systems in the Union, this potential has so far been underexploited, thus limiting the systemic effects of projects and impact on policy. Effective communication and cooperation should take place at national level between the national bodies in charge of managing these various instruments to maximise their respective impact. The programme should allow for active cooperation with these instruments. (53) In order to review or complement the performance indicators of the Programme, 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 respect of the Annex. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level, and that those consultations are conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making. 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 systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts. 13135/18 UM/np 21 ANNEX DG TREE.1.C LIMITE EN (54) It is appropriate to ensure the correct closure of the predecessor programme, in particular as regards to the continuation of multi-annual arrangements for its management, such as the financing of technical and administrative assistance. As from 1 January 2021, the technical and administrative assistance should ensure, if necessary, the management of actions that have not yet been finalised under the predecessor programme by 31 December 2020. (55) This Regulation respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union. In particular, this Regulation seeks to ensure full respect for the right to equality between men and women and the right to non-discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation, and to promote the application of Articles 21 and 23 of the Charter of Fundamental Rights of the European Union. (56) Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 TFEU apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes and indirect implementation, and provide for checks on the responsibility of financial actors. [Rules adopted on the basis of Article 322 TFEU also concern the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States, as the respect for the rule of law is an essential precondition for sound financial management and effective Union ***funding***.] (57) Since the objective of this Regulation cannot be sufficiently achieved by the Member States but can rather, by reason of its transnational character, the high volume and wide geographical scope of the mobility and cooperation activities ***funded***, its effects on access to learning mobility and more generally on Union integration, as well as its reinforced international dimension, 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 in order to achieve that objective. 13135/18 UM/np 22 ANNEX DG TREE.1.C LIMITE EN (58) Regulation (EU) No 1288/2013 should be repealed with effect from 1 January 2021. (59) In order to ensure ***continuity*** in the ***funding*** support provided under the Programme, this Regulation should apply from 1 January 2021, HAVE ADOPTED THIS REGULATION: CHAPTER I GENERAL PROVISIONS Article 1 Subject matter This Regulation establishes Erasmus+, the programme for Union action in the field of education, training, youth and sport ('Programme'). The Programme shall be implemented for the ***period*** from […] to […]. It lays down the objectives of the Programme, the budget for the ***period*** 2021-2027, the forms of Union ***funding*** and the rules for providing such ***funding***. 13135/18 UM/np 23 ANNEX DG TREE.1.C LIMITE EN Article 2 Definitions For the purposes of this Regulation, the following definitions apply: (1) 'lifelong learning' means learning in all its forms (formal, non-formal and informal learning) taking place at all stages in life and resulting in an improvement in knowledge, skills and attitudes or participation in society in a personal, civic, cultural, social and/or employment-related perspective, including the provision of counselling and guidance services. It includes early childhood education and care, general education, vocational education and training, higher education, adult education and other learning settings outside formal education and training, such as youth work; (2) 'learning mobility' means moving physically to a country other than the country of residence, in order to undertake study, training such as traineeships and apprenticeships, or non-formal or informal learning. It may be accompanied by measures such as language support and training and/or be complemented by online learning and virtual cooperation. In some specific cases, it may take the form of learning through the use of information technology and communications tools; (3) 'non-formal learning' means learning which takes place through planned activities in terms of learning objectives and learning time, and where some form of learning support is present; (4) 'informal learning' means learning resulting from daily activities and experiences which is not organised or structured in terms of objectives, time or learning support. It may be unintentional from the learner's perspective; (5) 'young people' means individuals aged between 13 and 30; (6) 'grassroots sport' means physical leisure activity, organised and non-organised, practised regularly at non-professional level for health, educational or social purposes; 13135/18 UM/np 24 ANNEX DG TREE.1.C LIMITE EN (7) 'higher education student' means any person enrolled at a higher education institution, including at short-cycle, bachelor, master or doctoral level or equivalent. It also covers […] recent graduates; (8) 'staff' means any person who, on either a professional or a voluntary basis, is involved in education, training or non-formal learning, and may include professors, teachers, trainers, school leaders, youth workers, sport staff, non-educational staff and other practitioners involved on a regular basis in promoting learning; (8a) 'sport staff'` means persons involved in the direction, instruction, training and management of a sports team or individual sports people, both on a paid or voluntary basis; (9) 'vocational education and training learner' means any person enrolled in an initial or continuous vocational education and training programme at any level from secondary up to post-secondary level. It includes the participation of individuals who have recently graduated or have obtained a qualification […] from such programmes; (10) 'school pupil' means any person enrolled in a learning capacity at an institution providing general education at any level from early childhood education and care to upper secondary education, considered by the national authorities as eligible to participate in the Programme, in their respective territories; (11) 'adult education' means any form of non-vocational education for adults after initial education, whether of a formal, non-formal or informal nature; (12) 'third country not associated to the Programme' means a third country which does not participate fully in the Programme but whose legal entities may exceptionally benefit from the Programme in duly justified cases in the Union's interest; (13) 'third country' means a country that is not a Member State; 13135/18 UM/np 25 ANNEX DG TREE.1.C LIMITE EN (14) 'partnership' means an agreement between a group of institutions and/or organisations to carry out joint activities and projects; (15) 'joint master degree' means an integrated study programme offered by at least two higher education institutions resulting in a single degree certificate or multiple degree certificates issued and signed by all the participating institutions jointly and recognised officially in the countries where the participating institutions are located; (16) 'international' means any action involving at least one third country not associated to the Programme; (17) 'virtual cooperation' means any form of cooperation using information technology and communications tools facilitating and supporting learning objectives; (18) 'higher education institution' means any type of higher education institution which, in accordance with national law or practice, offers recognised degrees or other recognised tertiary level qualifications, whatever such establishment may be called as well as any other type of higher education institution which is considered by the national authorities as eligible to participate in the Programme, in their respective territories; (19) 'transnational' means any action involving at least two countries which are either Member States or third countries associated to the Programme; (20) 'youth participation activity' means an activity outside formal education and training, carried out by informal groups of young people and/or youth organisations, and characterised by a non-formal learning approach. It includes activities contributing to citizenship education; (21) 'youth worker' means a professional or an experienced volunteer involved in non-formal learning who supports young people in their personal socio-educational and professional development and the development of their competences. It includes persons who plan, steer, coordinate and implement activities in the field of youth; 13135/18 UM/np 26 ANNEX DG TREE.1.C LIMITE EN (22) 'EU Youth dialogue' means the dialogue with young people and youth organisations involving policy and decision makers, as well as experts, researchers and other relevant civil society actors, as appropriate. It serves as a forum for continuous joint reflection and consultation on the priorities, implementation and follow-up of European cooperation in the field of youth; (23) 'third country associated to the Programme' means a third country which is party to an agreement with the Union allowing for its participation in the Programme and which fulfils all the obligations laid down in this Regulation in relation to Member States; (24) 'legal entity' means any natural or legal person created and recognised as such under national law, Union law or international law, which has legal personality and which may, acting in its own name, exercise rights and be subject to obligations, or an entity without legal personality in accordance with Article [197(2)(c)] of the Financial Regulation; (25) 'people with fewer opportunities' means people facing obstacles that prevent them from having effective access to opportunities under the Programme for economic, social, cultural, geographical or health reasons, a migrant background or for reasons such as disability and educational difficulties; (26) 'national authority' means one or more authorities in charge, at national level, of monitoring and supervising the management of the Programme in a Member State or in a third country associated to the Programme; (27) 'national agency' means one or more bodies in a given Member State or third country associated to the Programme in charge of managing the implementation of the Programme at national level. There may be more than one national agency in a given Member State or third country associated to the Programme; (27a) 'newcomer organisation' means any organisation or institution that has not previously received support in a given type of action supported by this Programme or its predecessor programme either as a coordinator or a partner. 13135/18 UM/np 27 ANNEX DG TREE.1.C LIMITE EN Article 3 Programme objectives 1. The general objective of the Programme is to support the educational, professional and personal development of people in education, training, youth and sport, in Europe and beyond, thereby contributing to sustainable growth, jobs and social cohesion and to strengthening European identity and citizenship. As such, the Programme shall be a key instrument for building a European education area, supporting the implementation of the European strategic cooperation in the field of education and training, with its underlying sectoral agendas, advancing youth policy cooperation under the Union Youth Strategy 2019-2027 and developing the European dimension in sport. The programme shall support actions and activities with European added value. 2. The Programme has the following specific objectives: (a) promote learning mobility of individuals and groups, as well as cooperation, quality, inclusion, excellence, creativity, and innovation at the level of organisations and policies in the field of education and training; (b) promote non-formal and informal learning mobility and active participation among young people, as well as cooperation, quality, inclusion, creativity and innovation at the level of organisations and policies in the field of youth, including youth work; (c) promote learning mobility of sport staff, as well as cooperation, quality, inclusion, creativity and innovation at the level of sport organisations and sport policies. 13135/18 UM/np 28 ANNEX DG TREE.1.C LIMITE EN 3. The objectives of the Programme shall be pursued through the following three key actions which mainly have either a transnational or an international character: (a) learning mobility ('key action 1'); (b) cooperation among organisations and institutions ('key action 2'); and (c) support to policy development and cooperation ('key action 3'); The objectives shall also be pursued through Jean Monnet actions as set out in Article 7. The description of the actions supported under each key action is set out in Chapter II (education and training), Chapter III (youth) and Chapter IV (sport). CHAPTER II EDUCATION AND TRAINING Article 4 Key action 1 Learning mobility In the field of education and training, the Programme shall support the following actions under key action 1: (a) the mobility of higher education students and staff; (b) the mobility of vocational education and training learners and staff; (c) the mobility of school pupils and staff; (d) the mobility of adult education staff; (e) language learning opportunities. 13135/18 UM/np 29 ANNEX DG TREE.1.C LIMITE EN Article 5 Key action 2 Cooperation among organisations and institutions In the field of education and training, the Programme shall support the following actions under key action 2: (a) partnerships for cooperation and exchanges of practices which might develop innovative approaches, including small-scale partnerships to foster a wider and more inclusive access to the Programme; (b) partnerships for excellence, such as European universities, platforms of Centres of vocational excellence and Erasmus Mundus joint master degrees; (c) partnerships for innovation to strengthen Europe's innovation capacity; (d) online platforms and tools for virtual cooperation including the support services for eTwinning and for the electronic platform for adult learning in Europe. Article 6 Key Action 3 Support to policy development and cooperation In the field of education and training, the Programme shall support the following actions under key action 3: (a) the preparation and implementation of the Union general and sectoral policy agendas in education and training, including with the support of the Eurydice network or activities of other relevant organisations or the support to the Bologna Process; 13135/18 UM/np 30 ANNEX DG TREE.1.C LIMITE EN (b) the support to Union tools and measures that foster the quality, transparency and recognition of competences, skills and qualifications25; (c) policy dialogue and cooperation with key stakeholders, including Union-wide networks, European non-governmental organisations and international organisations in the field of education and training; (d) measures that contribute to the qualitative and inclusive implementation of the Programme; (e) cooperation with other Union instruments and support to other Union policies; (f) dissemination and awareness-raising activities about European policy outcomes and priorities as well as on the Programme. Article 7 Jean Monnet actions The Programme shall support teaching, learning, research and debates on European integration matters through the following actions: (a) Jean Monnet action in the field of higher education; (b) Jean Monnet action in other fields of education and training; 25 In particular the common framework for the provision of better services for skills and qualifications (Europass); the European Qualifications Framework; the European Quality Assurance Reference Framework for Vocational Education and Training; the European Credit System for Vocational Education and Training; the European Credit Transfer and Accumulation System; the European Quality Assurance Register for Higher Education; the European Association for Quality Assurance in Higher Education; the European Network of Information Centres in the European Region and National Academic Recognition Information Centres in the European Union; and the Euroguidance networks. 13135/18 UM/np 31 ANNEX DG TREE.1.C LIMITE EN (c) support to the following institutions pursuing an aim of European interest: the European University Institute, Florence, including its School of Transnational Governance; the College of Europe (Bruges and Natolin campuses); the European Institute of Public Administration, Maastricht; the Academy of European Law, Trier; the European Agency for Special Needs and Inclusive Education, Odense and the International Centre for European Training, Nice. CHAPTER III YOUTH Article 8 Key action 1 Learning mobility In the field of youth, the Programme shall support the following actions under key action 1: (a) the mobility of young people; (b) youth participation activities; (c) DiscoverEU activities; (d) the mobility of youth workers; (e) language learning opportunities 13135/18 UM/np 32 ANNEX DG TREE.1.C LIMITE EN Article 9 Key action 2 Cooperation among organisations and institutions In the field of youth, the Programme shall support the following actions under key action 2: (a) partnerships for cooperation and exchanges of practices, including small-scale partnerships to foster a wider and more inclusive access to the Programme; (b) partnerships for innovation to strengthen Europe's innovation capacity; (c) online platforms and tools for virtual cooperation. Article 10 Key action 3 Support to policy development and cooperation In the field of youth, the Programme shall support the following actions under key action 3: (a) the preparation and implementation of the Union policy agenda on youth, inter alia with the support of the Youth Wiki network; (b) Union tools and measures that foster the quality, transparency and recognition of competences and skills, in particular through Youthpass; (c) policy dialogue and cooperation with relevant key stakeholders, including Union-wide networks, European non-governmental organisations, and international organisations in the field of youth, the EU Youth dialogue as well as support to the European Youth Forum; 13135/18 UM/np 33 ANNEX DG TREE.1.C LIMITE EN (d) measures that contribute to the qualitative and inclusive implementation of the Programme; (e) cooperation with other Union instruments and support to other Union policies; (f) dissemination and awareness-raising activities about European policy outcomes and priorities as well as on the Programme. CHAPTER IV SPORT Article 11 Key action 1 Learning mobility In the field of sport, the Programme shall support, under key action 1, the mobility of sport staff, in particular in the framework of organised sport. 13135/18 UM/np 34 ANNEX DG TREE.1.C LIMITE EN Article 12 Key action 2 Cooperation among organisations and institutions In the field of sport, the Programme shall support the following actions under key action 2: (a) partnerships for cooperation and exchanges of practices, including small-scale partnerships to foster a wider and more inclusive access to the Programme; (b) not for profit sport events aiming at further developing the European dimension of sport. Article 13 Key action 3 Support to policy development and cooperation In the field of sport, the Programme shall support the following actions under key action 3: (a) the preparation and implementation of the Union policy agenda on sport and physical activity; (b) policy dialogue and cooperation with relevant key stakeholders, including European non-governmental organisations and international organisations in the field of sport; (c) dissemination and awareness-raising activities about European policy outcomes and priorities and about the Programme. 13135/18 UM/np 35 ANNEX DG TREE.1.C LIMITE EN CHAPTER V FINANCIAL PROVISIONS Article 14 Budget 1. The financial envelope for the implementation of the Programme for the ***period*** 2021-2027 shall be EUR [30 000 000 000] in [current prices]. 2. The Programme shall be implemented according to the following indicative distribution: (a) EUR [24 940 000 000, representing 83,1% of the amount in paragraph 1] for actions in the field of education and training, from which: (1) at least EUR [8 640 000 000, representing 34,6% of the total amount in this paragraph] should be allocated to higher education actions referred to in point (a) of Article 4 and point (a) of Article 5; (2) at least EUR [5 230 000 000, representing 21% of the total amount in this paragraph] to actions in vocational education and training referred to in point (b) of Article 4 and point (a) of Article 5; (3) at least EUR [3 790 000 000, representing 15,2% of the total amount this paragraph] to school education actions referred to in point (c) of Article 4 and point (a) of Article 5; (4) at least EUR [1 190 000 000, representing 4,8% of the total amount in this paragraph] to adult education actions referred to in point (d) of Article 4 and point (a) of Article 5; (5) EUR [450 000 000, representing 1,8% of the total amount in this paragraph] for Jean Monnet actions referred to in Article 7; 13135/18 UM/np 36 ANNEX DG TREE.1.C LIMITE EN (6) an indicative amount of EUR [4 000 000 000, representing 16 % of the total amount in this paragraph] to actions that are primarily directly managed and for horizontal activities in point (e) of Article 4, points (b) to (d) of Article 5 and points (a) to (f) of Article 6. (7) an indicative amount of EUR [1 640 000 000, representing 6,6% of the total amount in this paragraph] for a margin of flexibility that can be used to support any actions in Chapter II. (b) EUR [3 100 000 000 representing 10,3% of the amount in paragraph 1] for actions in the field of youth referred to in Articles 8 to 10; (c) EUR [550 000 000 representing 1,8% of the amount in paragraph 1] for actions in the field of sport referred to in Articles 11 to 13; and (d) at least EUR [960 000 000 representing 3,2% of the amount in paragraph 1] as a contribution to the operational costs of the national agencies. (e) an indicative amount of EUR [450 000 000, representing 1,5% of the amount in paragraph 1] for programme support. 3. In addition to the financial envelope as indicated in paragraph 1, and in order to promote the international dimension of the Programme, an additional financial contribution shall be made available from Regulation …/… [Neighbourhood Development and International Cooperation Instrument]26 and from Regulation …/… [IPA III]27, to support actions implemented and managed in accordance with this Regulation. This contribution shall be financed in accordance with the Regulations establishing those instruments. 26 [Reference]. 27 [Reference]. 13135/18 UM/np 37 ANNEX DG TREE.1.C LIMITE EN 3a. The ***funds*** that are to be managed by national agencies shall be allocated on the basis of population and cost of living in the Member State, distance between capitals of Member States and performance. These criteria and their underlying formulae shall be further specified by the Commission in the work programme, as referred to in Article 19 of this Regulation. Those formulae shall, as far as possible, and, from the first year of the implementation of the programme, avoid substantial reductions in the annual budget allocated to Member States from one year to the next and shall minimise excessive imbalances in the level of ***funds*** allocated. Allocation of ***funds*** based on performance shall apply in order to promote an efficient and effective use of resources. The criteria used to measure performance shall be based on the most recent data available. 4. The amount referred to in paragraph 1 may be used for technical and administrative assistance for the implementation of the Programme such as preparatory, monitoring, control, audit and evaluation activities, including corporate information technology systems. 5. Without prejudice to the Financial Regulation, expenditure for actions resulting from projects included in the first work programme may be eligible as from 1 January 2021. [6. Resources allocated to Member States under shared management may, at their request, be transferred to the Programme. The Commission shall implement those resources directly in accordance with point (a) of Article 62(1) of the Financial Regulation or indirectly in accordance with point (c) of that Article. Where possible those resources shall be used for the benefit of the Member State concerned.] 13135/18 UM/np 38 ANNEX DG TREE.1.C LIMITE EN Article 15 Forms of EU ***funding*** and methods of implementation 1. The Programme shall be implemented, in a consistent manner, in direct management in accordance with the Financial Regulation or in indirect management with bodies referred to in Article 62(1)(c) of the Financial Regulation. 2. The Programme may provide ***funding*** in any of the forms laid down in the Financial Regulation, in particular grants, prizes and procurement. 3. Contributions to a mutual insurance mechanism may cover the risk associated with the recovery of ***funds*** due by recipients and shall be considered a sufficient guarantee under the Financial Regulation. The provisions laid down in [Article X of] Regulation X [successor of the Regulation on the Guarantee ***Fund***] shall apply. CHAPTER VI PARTICIPATION IN THE PROGRAMME Article 16 Third countries associated to the Programme 1. The Programme shall be open to the participation of the following third countries: (a) members of the European Free Trade Association, which are members of the European Economic Area (EEA), in accordance with the conditions laid down in the European Economic Area agreement; 13135/18 UM/np 39 ANNEX DG TREE.1.C LIMITE EN (b) acceding countries, candidate countries and potential candidates, in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective framework agreements and Association Council decisions, or similar agreements, and in accordance with the specific conditions laid down in agreements between the Union and those countries; (c) countries covered by the European Neighbourhood Policy, in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective framework agreements and Association Council decisions, or similar agreements, and in accordance with the specific conditions laid down in agreements between the Union and those countries; (d) [other third countries, in accordance with the conditions laid down in a specific agreement covering the participation of the third country to any Union programme, provided that the agreement: – ensures a fair balance as regards the contributions and benefits of the third country participating in the Union programmes; – lays down the conditions of participation in the programmes, including the calculation of financial contributions to individual programmes and their administrative costs. These contributions shall constitute assigned revenues in accordance with Article [21(5)] of the Financial Regulation; – does not confer to the third country a decisional power on the programme; – guarantees the rights of the Union to ensure sound financial management and to protect its financial interests.] 2. The countries referred to in paragraph 1 shall fully take part in the Programme only insofar as they fulfil all the obligations which this Regulation imposes on Member States. 13135/18 UM/np 40 ANNEX DG TREE.1.C LIMITE EN Article 17 Third countries not associated to the Programme As regards the actions referred to in Articles 4 to 6, points (a) and (b) of Article 7, and Articles 8 to 13, the Programme may be open to the participation of the following third countries: (a) third countries referred to in Article 16 which do not fulfil the condition set out in paragraph 2 of that Article; (b) any other third country. Article 18 Rules applicable to direct and indirect management 1. The Programme shall be open to public and private legal entities active in the fields of education, training, youth and sport. 2. When implementing the Programme, inter alia in the selection of participants and the award of grants, the Commission and the Member States shall ensure that efforts are made to promote social inclusion and improve outreach to people with fewer opportunities. 3. For selections under both direct and indirect management, the evaluation committee referred to in Article [145(3), third indent] of the Financial Regulation may be composed of external experts. 4. Public entities, as well as institutions and organisations in the fields of education, training, youth and sport that have received over fifty percent of their annual revenue from public sources over the last two years shall be considered as having the necessary financial, professional and administrative capacity to carry out activities under the Programme. They shall not be required to present further documentation to demonstrate that capacity. 13135/18 UM/np 41 ANNEX DG TREE.1.C LIMITE EN 5. To improve access to people with fewer opportunities and ensure the ***smooth*** implementation of the Programme, the Commission may adjust or may authorise the national agencies referred to in Article 24 to adjust, on the basis of objective criteria, the grants to support mobility actions of the Programme. 6. The Commission may launch joint calls with third countries not associated to the Programme or their organisations and agencies to finance projects on the basis of matching ***funds***. Projects may be evaluated and selected through joint evaluation and selection procedures to be agreed upon by the ***funding*** organisations or agencies involved, in compliance with the principles set out in the Financial Regulation. CHAPTER VII PROGRAMMING, MONITORING AND EVALUATION Article 19 Work programme The Programme shall be implemented by work programmes referred to in Article [108] of the Financial Regulation. In addition, the work programme shall give an indication of the amount allocated to each action and of the distribution of ***funds*** between the Member States and third countries associated to the Programme for the actions to be managed through the national agency. The work programme shall be adopted by the Commission by means of an implementing act. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 31. 13135/18 UM/np 42 ANNEX DG TREE.1.C LIMITE EN Article 20 Monitoring and reporting 1. Indicators to report on the progress of the Programme towards the achievement of the general and specific objectives laid down in Article 3 are set out in the Annex. 2. To ensure effective assessment of the Programme towards the achievement of its objectives, the Commission shall be empowered to adopt delegated acts in accordance with Article 30 to amend the Annex to review or complement the indicators where considered necessary and to supplement this Regulation with provisions on the establishment of a monitoring and evaluation framework. 3. The performance reporting system shall ensure that data for monitoring Programme implementation and evaluation are collected efficiently, effectively, in a timely manner and at the appropriate level of detail by beneficiaries of Union ***funds*** within the meaning of Article [2(5)] of the Financial Regulation. To that end, proportionate reporting requirements shall be imposed on beneficiaries of Union ***funds*** and Member States. 13135/18 UM/np 43 ANNEX DG TREE.1.C LIMITE EN Article 21 Evaluation 1. Evaluations shall be carried out in a timely manner to feed into the decision-making process. 2. The interim evaluation of the Programme shall be performed once there is sufficient information available about the implementation of the Programme, but no later than four years after the start of the programme implementation [by 31 December 2024]. It shall also be accompanied by a final evaluation of the predecessor programme. 3. Without prejudice to the requirements set out in Chapter IX and the obligations of national agencies as referred to in Article 24, Member States shall submit to the Commission, by 31 May 2024, a report on the implementation and the impact of the Programme in their respective territories. 4. At the end of the implementation ***period***, but no later than four years after the end of the ***period*** specified in Article 1, a final evaluation on the results and impact of the Programme shall be carried out by the Commission. 5. The Commission shall communicate the results of the evaluations accompanied by its observations to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. 13135/18 UM/np 44 ANNEX DG TREE.1.C LIMITE EN CHAPTER VIII INFORMATION, COMMUNICATION AND DISSEMINATION Article 22 Information, communication and dissemination 1. National agencies referred to in Article 24 shall develop a consistent strategy with regard to the effective outreach as well as dissemination and exploitation of results of activities supported under the actions they manage within the Programme, shall assist the Commission in its general task of disseminating information concerning the Programme, including information in respect of actions and activities managed at national and Union level, and its results, and shall inform relevant target groups about the actions and activities undertaken in their country. 2. The recipients of Union ***funds*** shall acknowledge the origin and ensure the visibility of the Union ***funding***, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public. 3. The legal entities within the sectors covered by the Programme shall use the brand name 'Erasmus+' for the purpose of communication and dissemination of information relating to the Programme. 4. The Commission shall implement information and communication actions relating to the Programme, and its actions and results. Financial resources allocated to the Programme shall also contribute to the corporate communication of the political priorities of the Union, as far as they are related to the objectives referred to in Article 3. 13135/18 UM/np 45 ANNEX DG TREE.1.C LIMITE EN CHAPTER IX MANAGEMENT AND AUDIT SYSTEM Article 23 National authority 1. By […], the Member States shall notify the Commission, by way of a formal notification transmitted by their Permanent Representation, of the person(s) legally authorised to act on their behalf as the national authority for the purposes of this Regulation. In the event of replacement of the national authority during the course of the Programme's lifetime, the Member State concerned shall notify the Commission thereof immediately, in accordance with the same procedure. 2. The Member States shall take all necessary and appropriate measures to remove any legal and administrative obstacles to the proper functioning of the Programme, including, where possible, measures aimed at resolving issues that give rise to difficulties in obtaining visas. 3. By […], the national authority shall designate a national agency or national agencies. In cases where there is more than one national agency, Member States shall establish an appropriate mechanism to coordinate the management of the implementation of the Programme at national level, particularly with a view to ensuring coherent and cost-efficient implementation of the Programme and effective contact with the Commission in this respect, and to facilitating the possible transfer of ***funds*** between agencies, thereby allowing for flexibility and better use of ***funds*** allocated to Member States. Each Member State shall determine how it organises the relationship between its national authority and the national agency, including tasks such as the establishment of the national agency's work programme. The national authority shall provide the Commission with an appropriate ex-ante compliance assessment that the national agency complies with points (c)(v) and (vi) of Article [58(1)] and Article [60(1), (2) and (3)] of the Financial Regulation, and with the Union requirements for internal control standards for national agencies and rules for the management of programme ***funds*** for grant support. 13135/18 UM/np 46 ANNEX DG TREE.1.C LIMITE EN 4. The national authority shall designate an independent audit body as referred to in Article 26. 5. The national authority shall base its ex-ante compliance assessment on its own controls and audits, and/or on controls and audits undertaken by the independent audit body referred to in Article 26. Where the national agency designated for the Programme is the same as the national agency designated for the predecessor Programme, the scope of the ex-ante compliance assessment shall be limited to the requirements that are new and specific to the Programme. 6. In the event that the Commission rejects the designation of the national agency based on its evaluation of the ex-ante compliance assessment, or if the national agency does not comply with the minimum requirements set by the Commission, the national authority shall ensure that the necessary remedial steps are taken to ensure that the national agency complies with the minimum requirements, or shall designate another body as national agency. 7. The national authority shall monitor and supervise the management of the Programme at national level. It shall inform and consult the Commission in due time prior to taking any decision that may have a significant impact on the management of the Programme, in particular regarding its national agency. 8. The national authority shall provide adequate co-financing for the operations of its national agency to ensure that the Programme is managed in compliance with the applicable Union rules. 9. Based on the national agency's yearly management declaration, the independent audit opinion thereon and the Commission's analysis of the national agency's compliance and performance, the national authority shall, each year, provide the Commission, with information concerning its monitoring and supervision activities in relation to the Programme. 13135/18 UM/np 47 ANNEX DG TREE.1.C LIMITE EN 10. The national authority shall take responsibility for the proper management of the Union ***funds*** transferred by the Commission to the national agency in the framework of the Programme. 11. In the event of any irregularity, negligence or fraud attributable to the national agency, or any serious shortcomings or underperformance on the part of the national agency, where this gives rise to claims by the Commission against the national agency, the national authority shall be liable to reimburse to the Commission the ***funds*** not recovered. 12. In the circumstances referred to in paragraph 11, the national authority may, on its own initiative or upon request from the Commission, revoke the mandate of the national agency. Where the national authority wishes to revoke that mandate for any other justified reason, it shall notify the Commission of the revocation at least six months before the envisaged date of termination of the mandate of the national agency. In such cases, the national authority and the Commission shall formally agree on specific and timed transition measures. 13. In the event of revocation, the national authority shall carry out the necessary controls regarding the Union ***funds*** entrusted to the national agency whose mandate has been revoked, and shall ensure an unimpeded transfer to the new national agency of those ***funds*** and of all documents and management tools required for the management of the Programme. The national authority shall provide the national agency whose mandate has been revoked with the necessary financial support to continue to meet its contractual obligations vis-à-vis the beneficiaries of the Programme and the Commission pending the transfer of those obligations to a new national agency. 14. If so requested by the Commission, the national authority shall designate the institutions or organisations, or the types of such institutions and organisations, to be considered eligible to participate in specific Programme actions in their respective territories. 13135/18 UM/np 48 ANNEX DG TREE.1.C LIMITE EN Article 24 National agency 1. The national agency shall: (a) have legal personality or be part of an entity having legal personality, and be governed by the law of the Member State concerned; a ministry may not be designated as a national agency; (b) have the adequate management capacity, staff and infrastructure to fulfil its tasks satisfactorily, ensuring efficient and effective management of the Programme and sound financial management of Union ***funds***; (c) have the operational and legal means to apply the administrative, contractual and financial management rules laid down at Union level; (d) offer adequate financial guarantees, issued preferably by a public authority, corresponding to the level of Union ***funds*** it shall be called upon to manage; (e) be designated for the duration of the Programme. 2. The national agency shall be responsible for managing all stages of the project lifecycle of the actions that shall be described in the work programme referred to in Article [19], in conformity with [points (c)(v) and (vi) of Article 58(1)] of the Financial Regulation. 3. The national agency shall issue grant support to beneficiaries within the meaning of Article [2(5)] of the Financial Regulation by way of a grant agreement as specified by the Commission for the Programme action concerned. 4. The national agency shall report each year to its national authority and the Commission in accordance with Article [60(5)] of the Financial Regulation. The national agency shall be in charge of implementing the observations issued by the Commission following its analysis of the yearly management declaration and of the independent audit opinion thereon. 13135/18 UM/np 49 ANNEX DG TREE.1.C LIMITE EN 5. The national agency may not without prior written authorisation from the national authority and the Commission delegate to a third party any task of Programme or budget implementation conferred on it. The national agency shall retain sole responsibility for any tasks delegated to a third party. 6. Where the mandate of a national agency is revoked, that national agency shall remain legally responsible for meeting its contractual obligations vis-à-vis the beneficiaries of the Programme and the Commission pending the transfer of those obligations to a new national agency. 7. The national agency shall be in charge of managing and winding up the financial agreements relating to the predecessor programme that are still open at the beginning of the Programme. Article 25 European Commission 1. On the basis of the compliance requirements for national agencies referred to in Article 23(3), the Commission shall review the national management and control systems, in particular on the basis of the ex-ante compliance assessment provided to it by the national authority, the national agency's yearly management declaration and the opinion of the independent audit body thereon, taking due account of the yearly information provided by the national authority on its monitoring and supervision activities with regard to the Programme. 2. Within two months of receipt from the national authority of the ex-ante compliance assessment referred to in Article 23(3), the Commission shall accept, conditionally accept or reject the designation of the national agency. The Commission shall not enter into a contractual relationship with the national agency until it has accepted the ex-ante compliance assessment. In the event of conditional acceptance, the Commission may apply proportionate precautionary measures to its contractual relationship with the national agency. 13135/18 UM/np 50 ANNEX DG TREE.1.C LIMITE EN 3. The Commission shall each year make the following Programme ***funds*** available to the national agency: (a) ***funds*** for grant support in the Member State concerned for the actions of the Programme the management of which is entrusted to the national agency; (b) a financial contribution in support of the Programme management tasks of the national agency which shall be established on the basis of the amount of Union ***funds*** for grant support entrusted to the national agency; (c) if relevant, additional ***funds*** for measures under point (d) of Article 6 and point (d) of Article 10. 4. The Commission shall set the requirements for the national agency work programme. The Commission shall not make Programme ***funds*** available to the national agency until the Commission has formally approved the national agency's work programme. 5. After assessing the yearly management declaration and the opinion of the independent audit body thereon, the Commission shall address its opinion and observations thereon to the national agency and the national authority. 6. In the event that the Commission cannot accept the yearly management declaration or the independent audit opinion thereon, or in the event of unsatisfactory implementation by the national agency of the Commission's observations, the Commission may implement any precautionary and corrective measures necessary to safeguard the Union's financial interests in accordance with Article [60(4)] of the Financial Regulation. 7. Regular meetings shall be organised with the network of national agencies in order to ensure coherent implementation of the Programme across all Member States and all third countries referred to in Article 17. 13135/18 UM/np 51 ANNEX DG TREE.1.C LIMITE EN Article 26 Independent audit body 1. The independent audit body shall issue an audit opinion on the yearly management declaration as referred to in Article [60(5)] of the Financial Regulation. It shall form the basis of the overall assurance pursuant to Article [123] of the Financial Regulation. 2. The independent audit body shall: (a) have the necessary professional competence to carry out public sector audits; (b) ensure that its audits take account of internationally accepted audit standards; (c) not be in a position of conflict of interest with regard to the legal entity of which the national agency forms part. In particular, it shall be independent, in terms of its functions, of the legal entity of which the national agency forms part. 3. The independent audit body shall give the Commission and its representatives, as well as the Court of Auditors, full access to all documents and reports in support of the audit opinion that it issues on the national agency's yearly management declaration. CHAPTER X CONTROL SYSTEM Article 27 Principles of the control system 1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected by the application of measures to prevent fraud, corruption and any other illegal activities, by effective controls and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and dissuasive penalties. 13135/18 UM/np 52 ANNEX DG TREE.1.C LIMITE EN 2. The Commission shall be responsible for the supervisory controls with regard to the Programme actions and activities managed by the national agencies. It shall set the minimum requirements for the controls by the national agency and the independent audit body. 3. The national agency shall be responsible for the primary controls of grant beneficiaries for the Programme actions referred to in Article 24(2). Those controls shall give reasonable assurance that the grants awarded are used as intended and in compliance with the applicable Union rules. 4. With regard to the Programme ***funds*** transferred to the national agencies, the Commission shall ensure proper coordination of its controls with the national authorities and the national agencies, on the basis of the single audit principle and following a risk-based analysis. This provision shall not apply to investigations carried out by the European Anti-Fraud Office (OLAF). Article 28 Protection of the financial interests of the Union Where a third country participates in the Programme by a decision under an international agreement or by virtue of any other legal instrument, the third country shall grant the necessary rights and access required for the authorizing officer responsible, the European Anti-Fraud Office (OLAF), the European Court of Auditors to comprehensively exert their respective competences. In the case of the European Anti-Fraud Office, such rights shall include the right to carry out investigations, including on-the-spot checks and inspections, provided for in Regulation (EU, Euratom) No 883/2013. 13135/18 UM/np 53 ANNEX DG TREE.1.C LIMITE EN CHAPTER XI COMPLEMENTARITY Article 29 Complementarity with other Union policies, programmes and ***funds*** 1. The Programme shall be implemented so as to ensure its overall consistency and complementarity with other relevant Union policies, programmes and ***funds***, in particular those relating to education and training, culture and the media, youth and solidarity, employment and social inclusion, research and innovation, industry and enterprise, digital policy, ***agriculture*** and rural development, environment and climate, cohesion, regional policy, migration, security and international cooperation and development. 2. An action that has received a contribution from the Programme may also receive a contribution from any other Union programme, provided that the contributions do not cover the same costs. 3. Where the Programme and the European Structural and Investment (ESI) ***Funds*** referred to in Article 1 of Regulation (EU)XX [CPR] provide jointly financial support to a single action, that action shall be implemented in accordance with the rules set out in this Regulation, including rules on recovery of amounts unduly paid. 13135/18 UM/np 54 ANNEX DG TREE.1.C LIMITE EN 4. Actions eligible under the Programme which have been assessed in a call for proposals under the Programme and which comply with the minimum quality requirements of that call for proposals, but which are not financed due to budgetary constraints, may be selected for ***funding*** by the European Structural and Investment (ESI) ***funds***. In this case the co-financing rates and the eligibility rules based on this Regulation shall apply. These actions shall be implemented by the managing authority referred to in Article [65] of Regulation (EU)XX [CPR] in accordance with the rules set out in that Regulation and ***fund*** specific regulations, including rules on financial corrections. CHAPTER XII ***TRANSITIONAL*** AND FINAL PROVISIONS Article 30 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 Article 20 shall be conferred on the Commission for the duration of the programme. 3. The delegation of power referred to in Article 20 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. 13135/18 UM/np 55 ANNEX DG TREE.1.C LIMITE EN 5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council. 6. A delegated act adopted pursuant to Article 20 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. Article 31 Committee procedure 1. The Commission shall be assisted by a committee within the meaning of Regulation (EU) No 182/2011. 2. The committee may meet in specific configurations to deal with sectoral issues. Where appropriate, in accordance with its rules of procedure and on an ad hoc basis, external experts, including representatives of the social partners, may be invited to participate in its meetings as observers. 3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply. Article 32 Repeal Regulation (EU) No 1288/2013 is repealed with effect from 1 January 2021. 13135/18 UM/np 56 ANNEX DG TREE.1.C LIMITE EN Article 33 ***Transitional*** provisions 1. This Regulation shall not affect the continuation or modification of the actions initiated under Regulation (EU) No 1288/2013, which shall continue to apply to the actions concerned until their closure. 2. The financial envelope for the Programme may also cover technical and administrative assistance expenses necessary to ensure the transition between the Programme and the measures adopted under Regulation (EU) No 1288/2013. 3. By way of derogation from Article [130(2)] of the Financial Regulation, and in duly justified cases, the Commission may consider the costs directly linked to the implementation of the supported activities and incurred during the first six months of 2021 as eligible for financing from 1 January 2021, even if they were incurred by the beneficiary before the grant application was submitted. 4. If necessary, appropriations may be entered in the budget beyond 2027 to cover the expenses provided for in Article 14(5), to enable the management of actions and activities not completed by [31 December 2027]. 5. Member States shall ensure at national level the unimpeded transition between the actions carried out in the context of the Erasmus+ programme (2014-2020) and those to be implemented under this Programme. 13135/18 UM/np 57 ANNEX DG TREE.1.C LIMITE EN Article 34 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. 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 13135/18 UM/np 58 ANNEX TO ANNEX DG TREE.1.C LIMITE EN ANNEX TO ANNEX Indicators (1) High quality learning mobility for people from diverse backgrounds (2) Organisations and institutions with a reinforced European and international dimension What to measure? (3) Number of people taking part in mobility activities under the Programme (4) Number of people with fewer opportunities taking part in learning mobility activities under the Programme (5) Share of participants that consider having benefitted from their participation in learning mobility activities under the Programme (6) Number of institutions and organisations supported by the Programme under key action 1 (learning mobility) and key action 2 (cooperation) (7) Number of newcomer organisations supported by the Programme under the key action 1 (learning mobility) and key action 2 (cooperation) (8) Share of institutions and organisations supported by the Programme who have developed high quality practices as a result of their participation in the Programme

**Load-Date:** November 16, 2018

**End of Document**



[***E Vietnam Airlines retires last A330 amid fleet transformation; Vietnam Airlines has retired its last A330-200, a type it has operated for the last 13 years.***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5X20-G9K1-JCF2-H11P-00000-00&context=1516831)

Flight International

September 13, 2019

Copyright 2019 DVV Media International Ltd. All Rights Reserved



**Section:** FLIGHTGLOBAL.COM

**Length:** 28451 words

**Body**

Vietnam Airlines has retired its last A330-200, a type it has operated for the last 13 years.

The airline notes that the type has transported nearly 20 million passengers and operated nearly 96,000 flights. The type served both international and domestic routes.

The carrier is well advanced in a fleet upgrade programme that also saw it retire its Boeing 777-200s.

Vietnam Airlines

Cirium fleets data shows that the airline’s existing widebody fleet comprises 14 A350-900s, 11 787-9s, and two 787-10s. The airline says that new aircraft have reduced maintenance an operating costs, and helped cut emissions.

In a recent interview with Airline Business, chief executive Duong Tri Thanh said that the company is content with its existing widebody fleet, and that it’s priority is replacing older A321s.

Vietnam Airlines has 53 A321ceos and 12 A321neos.

JOURNAL : Farmers Weekly

The ***Agriculture*** Bill, which sets out the government’s Brexit plans to pay farmers public money for delivering environmental services, may be set to fall.

The bill was last debated in the House of Commons on 20 November 2018, when it finished its progress through the committee stage.

But its progress through the Commons has been delayed, mainly due to other pressing parliamentary business, and the government’s focus on planning for a no-deal Brexit.

See also: Plan to abolish farm subsidies could be delayed

Prime minister Boris Johnson’s decision this week to prorogue parliament for five weeks has prompted fears that the bill will fall.

This was further exacerbated on Tuesday evening (3 September), when Mr Johnson’s Conservative government was defeated in a crucial no-deal Brexit vote, raising the prospects of a general election on 15 October.

If the government decides not to carry over the ***Agriculture*** Bill, it would look to reintroduce the bill in the next parliamentary session. The details would be set out in the Queen’s Speech on 14 October.

A Defra source told Farmers Weekly that there is a reluctance among Conservative party whips to table a carry-over motion (for the bill to be carried over to the next session), as it would be amendable and there is potential for opposition MPs to exploit this.

“If prime minister Boris Johnson calls an election, there is the likelihood that the bill falls anyway,” added the source.

'Missing in action'

Jill Rutter, programme director for the Institute for Government, said: “The ***Agriculture*** Bill has been completely missing in action for months.

“The government was quite reluctant to bring it back anyway because of the number of amendments attached to it.

“I think it is quite possible that it will fall. It will fall anyway if there is a general election. They would have to go back to the start.”

But Ms Rutter said there were no indications that Defra was seeking to make significant changes to its post-Brexit farm policy plans, which include phasing out direct payments over a seven-year ***period*** and introducing a new Environmental Land Management scheme (ELMs), which would pay farmers “public money for delivering public goods”.

“Defra is clearly working on the basis that most of the Michael Gove policies would carry on,” she added.

“George Eustice is back as a Defra minister. He was working in the department for most of the time when Michael Gove was developing the new farm payments scheme. That would be another sign of ***continuity***.”

Vicki Hird,  food and farming policy adviser from the charity Sustain, said: “If this bill falls, that is a huge setback for farmers and the environment.

“We must see a new one tabled swiftly in the new parliamentary session, with a renewed commitment to supporting farmers well for delivering public goods, tackling public health and animal welfare issues and to making the supply chain transparent and fairer.”

Trade Bill delayed

There are similar concerns that the Trade Bill and Fisheries Bill could also fall amid the Brexit chaos.

A Defra spokesperson said: “We are committed to championing our farming sector and ensuring we seize the opportunities offered by Brexit. We will make sure that Brexit works for farmers across the whole of the UK.

“Our ambitions plans for a new land management system will unlock potential for farmers and land managers based on the principles of public money for the provision of public goods.”

Efra committee on Defra no-deal plans postponed

Meanwhile, Defra secretary Theresa Villiers and Defra permanent secretary Tamara Finkelstein were due to appear before the Environment, Food and Rural Affairs (Efra) Commons select committee on Wednesday (4 September). But this been postponed.

MPs on the Efra committee were due to question the Defra leaders about the government’s plans for emergency support to farmers in the event of a no-deal Brexit, and the impact on the price and availability of food.

JOURNAL : Farmers Weekly

A public consultation has been launched on plans to split up Easton and Otley ***agricultural*** college in East Anglia, and merge it with two other colleges.

Views are being sought on proposals to merge the Norfolk-based Easton campus with City College Norwich and the Suffolk-based Otley campus with Suffolk New College.

It is claimed the move will help secure the long-term future of both land-based campuses, against a backdrop of cuts in ***funding*** and an inadequate Ofsted rating.

See also: Easton and Otley ***agricultural*** college to be split up

It will also offer students a wider range of progression routes into Higher Education or apprenticeships.

Easton and Otley College currently has around 4,000 students, half of which are full time and half part-time.

Mark Pendlington, chair of Easton and Otley College corporation, said: “We are absolutely committed to a solution that provides outstanding teaching and training opportunities, as well as strong finances to enable more investment and growth, and a truly inspiring business plan which propels the land-based industry to lead the way in the new competitive post-Brexit world of the future.”

The consultation ***period*** is set to run until midnight on 1 October.

Digital innovation farm at Hartpury

Hartpury University and Hartpury College have announced a 10-year vision to create a Digital Innovation Farm, in response to the rise in technology in farming.

A £2m agri-tech centre, which will provide students and outside organisations with access to the latest commercial technology, is already due to open in autumn 2019.

The development will also include the National Centre for ***Agricultural*** Data Management and Interpretation, designed to assist the industry in its advancement of ***agricultural*** technology, data and security.

The college is also aiming to attract leading agri-tech companies to the campus over the next decade to create a state-of-the-art digital farming complex.

JOURNAL : Farmers Weekly

Store cattle prices are back on 2018 levels but not fully reflective of the depressed prime market, levy board data suggests.

Average prices for continental store animals have been 4.5-6.9% back on the year from the first eight months of 2019 (see table), according to AHDB figures for England and Wales.

However, prime cattle prices, which plateaued in August, have run at a greater discount, back 8-10% on the year.

See also: Spring store trade hit by low beef values

Continental steer prices in England and Wales 2019

Average to date (Jan-Aug 2019)

Difference on year (Jan-Aug 2018)

Yearling steers

£801

-£46

18-month steers

£890

-£53

Two-year-old steers

£984

-£62

Source: Livestock Auctioneers Association and AHDB

Frome

Store cattle trade has strengthened through August at Frome market, where Trevor Rowland and his team saw one of the better sales of the year last week (30 August).

An entry of 578 store cattle saw 16-month-old Angus steers and heifers to £1,000 and £895, respectively, and 13-month Charolais steers and heifers to £788 and £700.

“Everything came right on Friday,” Mr Rowland told Farmers Weekly. “We had good numbers, good quality and good enough demand.”

He said that dairy-cross cattle had been a bit more variable of late and that a bigger difference could be seen between good cattle and the rest.

Friesian steers at 14 months had made £550, while Holstein steers had been making about £450, Mr Rowland reported.

He suggested that forward stores were being discounted the most but added: “Demand is good for all cattle. Perhaps people are trying to buy them now before the market lifts.”

Mold

An entry of 191 stores and 121 stirks was reported at Mold last week (30 August), topped by a pen of five 22-month-old Charolais steers at £1,150.

This was closely followed by a Limousin steer the same age at £1,140, as a “pleasing show” of cattle made a solid trade, although second choice, out-of-spec cattle were slightly harder to place.

Auctioneer and valuer James Griffiths of J Bradburne Price told Farmers Weekly that excellent grass growth had kept buyers interested in store cattle, meaning stores were looking well sold when considering the current prime cattle values.

He said good suckler-bred Limousin-type bullocks were making up to £1,105 at 18 months old and the better dairy-cross steers at 8-10 months were hitting £650 and more.

Looking ahead, he said weekly throughputs were expected to build to 400-600-head through September and October.

JOURNAL : Farmers Weekly

Police in Northumbria are appealing for information after a cyclist was killed in collision with a combine harvester.

The incident happened shortly before 1pm on Tuesday (27 August) in the village of Ogle, Northumberland.

See also: Industry campaign urges farmers to #DriveSafetyForward

A 77-year-old cyclist had been travelling through the village when he was involved in a collision with the combine.

Emergency services attended, but the cyclist was pronounced dead at the scene.

Tragic collision

Sergeant Ray Lowery, of Northumbria Police’s motor patrols department, said: “This is a really tragic collision in the middle of rural Northumberland.

“It is devastating for the family of the cyclist and we have specially trained family liaison officers supporting them at this difficult time.

“An investigation to establish the circumstances around the collision are ongoing and we really need any witnesses to get in touch.

“We are particularly keen to speak to anyone who was driving near Ogle at the time of the collision to review any dashcam footage they may have.

“If you saw the cyclist or the combine harvester in the area around the time of the collision then we want to hear from you.”

Anyone with information is asked to contact 101 quoting reference 517 27/08/19 or Crimestoppers anonymously on 0800 555 111.

JOURNAL : Farmers Weekly

Since 2016 the team at Stowell Farms in Wiltshire has adopted a multi-pronged approach to improving herd health.

The strategy has ultimately led to better performance, less disease and reduced antibiotic use.

Herd manager Bryn Moore has been leading the charge, aided by vet Paddy Gordon of Shepton Vets.

Their efforts have paid off, with mastitis down by more than half and lameness by two-thirds.

This has facilitated a 50% drop in antibiotic use and a 0.5p/l reduction in vet med spend. Fresh cow health and fertility have also improved (see table).

Better health, coupled with improved genetics and moving to three-times-a-day milking, has also aided a yield increase of 1,750kg a cow a year.

Farm facts

530 Holstein Friesians

1,150ha total

560ha of arable contract farmed

All year round calving

11,500 litres a cow a year

3.85% fat

3.2% protein

Three times a day milking through rotary

499kW AD plant

See also: 4 ways Sweden has cut antibiotics use on dairy farms

Mr Moore’s recognition that health and fresh cow performance were not where they should be spurred on the changes.

The fact that his new managerial role coincided with a ***period*** of low milk price also underlined the need for change at a time when the farm owners were questioning the dairy’s future.

As a result, Mr Moore and Mr Gordon worked to establish the “big three” areas for attention, identified as fertility, lameness and mastitis.

They have implemented the following changes, which have made all the difference.

1. Introducing milk protocols

Putting milking protocols in place and ensuring they were adhered to was one of the first things Mr Moore did, as well as changing the type of milk liner used to suit the herd.

Protocols have focused on ensuring a consistent milking routine that provides sufficient teat stimulation and preparation time.

Previously cows would have been pre-dipped and cupped-on immediately. Now, there is a 60-90 second gap before they are wiped, following stripping and pre-dipping.

There is then another 10-15 second gap before they are cupped-on. This has proved the best procedure to optimise milk let-down in this herd.

High cell count cows also get a yellow band on their leg and their cluster is dipped in peracetic acid.

2. Providing a clean, comfortable bed

The amount of straw used on top of mattresses has been increased to improve udder cleanliness, while the cubicles have been lowered to help improve lying times, which has also helped foot health.

The brisket board in the milking heifer group has also been adjusted to avoid smaller heifers lying too far in and getting dirty udders.

3. Avoiding over-diagnosis and over-treatment

Avoiding over-diagnosis and over-treatment of mastitis has helped promote responsible use of antibiotics. This takes into account the fact some cows will have clots in their fore milk, but won’t need treating with antibiotics, and some will self cure.

“In the past, we’ve been guilty of chucking antibiotics at the cow,” comments Mr Moore. “We work on the 10 strip rule. If there’s still a lot of clots after 10 strips, we look to treat.”

This means, if clots are present after 10 strips, and the cow is showing no other symptoms such as being sick or having a swollen quarter, she will be treated with non steroidal anti-inflammatories.

She will then be reassessed at the next milking. By picking up cows early and treating in such a way, it is more likely she will recover and not require antibiotics.

4. Routine mobility scoring and foot trimming

The herd is now mobility scored fortnightly, with the aim of picking up score 2 cows early, and treating them before they develop into chronic, score 3 cows.

With white line disease and ulcers the main issues on farm, for the first six months this involved trimming or applying blocks to around 10 cows/day to get on top of the problem.

Now levels have dropped considerably. Whereas previously not every cow would have received a routine trim every year, now every animal is trimmed at 100 days in milk and drying off.

5. Focusing on transition cows

With a view to getting cows off to a good start post-calving so they go on to be fertile, productive animals, a loose straw transition yard has been converted into 100 deep-bed sand cubicles (50 for pre-calvers and 50 for fresh calvers).

This has an adjoining straw calving yard. A low stocking rate of about 40 cows per 50 cubicles reduces stress.

Cows at risk of ketosis (e.g. fat or twin-bearing animals) will also receive a monensin bolus to prevent problems.

Fresh cows are managed in a dedicated group where they remain for three weeks after calving. In the past they would have been kept on a straw yard with sick animals for about seven days.

Fresh cow protocols are also followed, including temperature checks and blood ketone monitoring so issues are picked up and treated promptly.

6. Identifying and culling problem cows early

In the past, the team were guilty of giving cows multiple chances to get pregnant and holding on to repeat mastitis offenders. Today, the aim is to cull “in a proactive way” so that culls are identified before they are bred.

Cows will now not be served after 220 days in milk. The 100-day cull rate has subsequently reduced.

7. Introducing heifers to cubicles early

Changing the transition straw yard to sand cubicles has enabled heifers to be introduced to cubicles three weeks prior to calving, which has aided lying times when they enter the milking herd, helping foot and udder health.

The aim is to build a 250-cow cubicle shed, which will allow bulling heifers to be cubicle trained.

8. Installing smart tag technology

A smart ear tag system was installed about six month ago to help health and heat detection further.

The tags automatically monitor rumination, body temperature, activity and eating – with any abnormalities flagged up to the team.

This will help pick up sick cows early, allowing prompt intervention with anti-inflammatories where appropriate.

This should further reduce antibiotic use.

Benefits

Mr Moore believes the disease reductions have benefited the farm financially. Quoting an industry-recognised cost of £220 a case of mastitis and an original incidence of 52%, he says the reductions in mastitis incidence alone add up to a significant saving.

Referencing what lessons he’s learned when it comes to optimising cow health, he says:

“It’s about being proactive and putting protocols in place that are adhered to, involving the team to make them feel a part of what we’re trying to achieve, and having a good relationship with the vet and outside individuals that can aid the business.

Stowell Farms – performance improvements

2016

2019

Herd size

440

520

Yield (kg/cow/year)

9,750

11,501

Mastitis (%)

52

22

Antibiotic tubes (/cow/year)

3.3

1.2

Lameness score 2-3 (%)

27

9

Ketosis (%)

30

13

Preg rate (%)

18

25

Vet spend (p/l)

1.7

1.2

JOURNAL : Farmers Weekly

The National Beef Association has called for the age limit at which cattle are classified as beef to be reduced to boost the sector’s profitability.

Regulatory definitions state bovine products must be classified as veal up to 12 months old, and beef thereafter.

See also: Are rare breed native cattle set for a resurgence in the UK?

But reducing the limit from 12 to eight months would add millions of pounds a year to bottom lines through lower input costs and improved specification, the NBA said.

NBA chief executive Chris Mallon argued that the veal-to-beef definition was outmoded and should be changed.

The regulation was introduced within the European Commission in 1968 to provide a distinction between adult bovines and calves for the beef and veal markets.

“This was not for consumer information, but to allow distinct rules of intervention, as calves and adult cattle received different levels of payment.

“The rules were not designed for production, but for subsidy payments that no longer exist,” Mr Mallon explained.

“What this means is that, unlike pork or poultry, beef production is held back by definitions that are out of date,” he added.

Improved genetics and production systems now mean cattle can be finished well before 12 months, but must be held back on farms.

This adds months of bedding, feed and labour costs and often sees carcasses go out of spec during the extended finishing ***period***, reducing profitability still further.

“A rule change would also increase the turnover of cattle on beef units, increasing production and adding significant sums to incomes,” Mr Mallon said.

The NBA also argued that shorter finishing times would deliver environmental benefits in reduced emissions and lower resource use.

“An additional advantage of younger production systems would be reduced greenhouse gas emissions per animal.

“We are often accused of not competing well with the efficiency of the poultry and pork industries,” Mr Mallon pointed out.

"Changing this outdated age definition, which sets the beef industry at a significant disadvantage, would, therefore, help us compete," he said.

JOURNAL : Farmers Weekly

NFU president Minette Batters has written to prime minister Boris Johnson calling for an urgent review of the government’s tariff policy in preparation for a no-deal Brexit.

Under the current no-deal applied trade tariffs, the UK would be forced to trade on World Trade Organization (WTO) rules.

The NFU says this means UK farmers would face higher fees on exports – as much as 48% on lamb and 84% on beef.

See also: Boris Johnson victory raises fears of no-deal Brexit

In the letter, Mrs Batters reaffirmed the NFU’s view that a no-deal Brexit would be a disaster for British farming.

Any exiting of the EU must be conducted ***smoothly*** and in an orderly manner, she told Mr Johnson.

Mrs Batters said: “If we leave without a deal the sudden change in our trading relationship with the EU will have severe impacts on the UK food and farming sectors, not least due to the tariff treatment of both imports and exports.

Market surplus

“Clearly the imposition of tariffs on our exports to the EU will most likely lead to a surplus of domestic products on the UK market, while at the same time lower or no tariffs on imports into the UK will put further pressure on domestic producer prices.”

Among other requests, the NFU wants the prime minister to ensure detailed arrangements are in place for robust and timely market monitoring to understand the impact of the tariff regime – and to enable remedial action adjusting tariffs if necessary.

Mrs Batters said: “Safeguarding Britain’s food producers and our domestic food supply has never been more important.

“Leaving the EU, our closest neighbour and trading partner, in a ***smooth*** and orderly way is vital to allow our farm businesses to have a viable and sustainable future.”

JOURNAL : Farmers Weekly

Warning: Contains an image that may distress some readers

A farmer who lost at least 26 lambs and breeding ewes in the latest incident of illegal sheep butchery in Northamptonshire has told of his frustration and sadness.

Patrick Green, from Church Farm, Harpole, has spent his life breeding and raising sheep with his father, James.

Police called him in the early hours of Friday 30 August, after they found at least 26 of his lambs and New Zealand Suffolk cross Mule breeding ewes had been killed and illegally slaughtered overnight in a field between Duston and Harpole.

See also: Video - Farm bunds fend off rural criminals

The sheep had recently been given medication and Trading Standards warned of “serious health repercussions” from eating meat unfit for human consumption.

“These sheep cost me a lot of money to buy. I’ve invested in them for the future of my farm and it makes me very sad to see them killed like this. I feel very empty,” said Mr Green.

The grim discovery is being treated as the latest in a series of illegal butchery incidents and sheep thefts in the county this summer. In total, more than 150 sheep have been illegally butchered since the start of the year, including 37 lambs in three separate incidents on a farm in Whilton, near Daventry.

Third-generation farmer Mr Green has been breeding to improve his flock for the past five years, shaping his farming operation to solely concentrate on rearing sheep in a bid to produce “the ideal, healthy animals”.

Emotional distress

When officers broke the news of the illegal slaughter, he said his initial reaction was annoyance and concern about the cost, before the emotional impact hit home.

“I spend my life looking after my animals, to produce them for the food market healthily and safely, breeding for the future of my stock,” he said.

“I’ve never killed an animal, I spend my time looking after them so they have good lives, and then someone comes along and brutalises them like this, and I feel it very keenly.

“I look after 1,300 lambs on my own and care deeply for their welfare. Something like this really makes you lose your drive and lose heart.

“Farming is isolated enough as a profession. I’m not a wealthy businessman, this is a day-to-day business and I work hard for every penny I earn.”

Mr Green decided to speak out about his experience to raise awareness of the effect of illegal slaughter offences on farmers. He is encouraging anyone with information about the offences to contact Northamptonshire Police on 101 quoting Operation Stock.

Are you a farmer who has been affected by the illegal sheep butchery incidents in Northamptonshire and neighbouring counties? If so, Farmers Weekly would like to speak to you. Please email [*philip.case@proagrica.com*](mailto:philip.case@proagrica.com) with your contact details.

JOURNAL : Farmers Weekly

Harvest continues with yields above budget, but quality has been a bit mixed. We had a go with some white wheat for a local miller to make a golden wholemeal flour.

Sadly, the protein was dire, it has gone for dog food. There goes the £20/t premium.

Crusoe is a variety that we will call time on too, with low brown rust resistance and this year failing on protein. Zyatt and Skyfall will be our mainstay varieties now.

See also: How a radical blackgrass strategy slashed seed return

The Explorer spring barley was on a block 10 miles from base, so we called in three very able drivers to snatch that one Sunday. That too fortunately has the required quality and will go for Budweiser.

Rye has a place in a second straw slot for us and although we rather neglected it and combined our class one wheats first, we seem to have kept hold of Hagberg by the skin of our teeth.

I stayed out of the combine cab when Hew was cutting the leaning rye. Let’s just say his faithful black lab Finn probably learned some new words.

Borage

Winter beans out-yielded spring beans and will show a decent gross margin, but the star crop money-wise will be borage.

Having been warned that harvesting it would be like feeding a ripe cow pat into the new pick-up header, we waited for a hot sunny day for maximum dryness of the swath.

Thanks to good support from our dealer P Tuckwell, Hew got our John Deere T670 winding it in nicely.

We’d been warned not leave it in the trailer overnight, and I can see why. After just a few hours, a thermometer plunged into the crop revealed an eye-popping 40C.

It was reluctant to leave the trailer. As I tipped the trailer and opened the tailgate, it moved at the speed of cold treacle.

Our last crop to harvest will be millet and it’s looking like it will be my job to combine it while Hew is watching rugby in Japan. That dealer I praised, he’s promised me a combine refresher training course.

Christy Willett farms with her son Hew on 475ha at Parklands Farm, Galleywood in Essex, growing combinable crops alongside diversifications into horse stables on DIY livery, industrial and office lets. Christy and Hew are also AHDB Chelmsford Monitor Farmers.

JOURNAL : Farmers Weekly

In life we can always be sure that we will have at least have one fan – our mother.

But after last month’s column my 89-year-old mother wasn’t as complimentary as usual. “Too negative Michael,” she said, to which I replied: “That’s the reality of beef farming at the moment.”

So while the fat price hasn’t improved since I last wrote I have decided my mum is right and there are a lot of things to be positive about on the farm.

More cattle have left and have killed out really well, with an average carcass weight of 349kg. Cattle are looking really well and the scales show it, with many cattle still running at 1.7kg of daily liveweight gain.

Grass growth has been phenomenal. I even got a break in the weather and our contractors were able to get our arable silage and another 12ha of second cut in the pit in perfect conditions.

See also: Replacing cereals with forage can increase beef gross margin by £115 a head

I was probably about two weeks late for the peas in the mix, but that is part of the joy of farming in Scottish weather conditions.

The undersown grass is full of red and white clover, so hopefully this will be rocket fuel for the lambs. The pit is as full as I have seen it.

I have decided to buy some extra nitrogen to store for next year, it’s my little bit of planning for a no-deal Brexit where there could be large levies applied and the currency could do anything – although I could be completely wrong.

I have been appointed as a director of Farmstock Scotland, which is our Scotland-wide farmer marketing co-op.

I have always sold my surplus lambs through Farmstock and firmly believe that in these days, with the reduction in options of meat processor/buyers, our only option is to join forces as a collective voice.

We have had to update the Damn Delicious website and the new site has gone live and we are now “mobile friendly”.

I am really chuffed with the new site and hopefully everyone will find it really easy to use and will place lots and lots of orders.

Michael Shannon finishes 150 head of mostly Angus beef stores each year and runs 280 Scotch Mules on a 100ha forage-only enterprise, as well as free-range turkeys for Christmas, near Biggar, Lanarkshire. Meat is sold through his online business and farm shop Damn Delicious, with surpluses sold deadweight.

JOURNAL : Farmers Weekly

The harvest weather has finally improved, with the unsettled weather of the first three weeks of August giving way to something more like summer.

Unlike last year when our yields were compromised by drought, this year has been an almost perfect growing season, with winter and spring crops drilled in good time, into warm dry seed-beds and crucially, not being affected by a spell of excess rainfall at any time.

This has resulted in exceptional yields of both grain and straw, which will go some way to making up for the rapidly falling grain price.

See also: How to get the most from Avadex this autumn

Fortunately, the new combine, with its automation of both throughput and threshing, is working well and giving a decent increase in output over the old machine.

It’s nice to finally get some technology that delivers what is promised without any aggravation.

Ploughing

As we approach the end of August, we are just over halfway through the harvest, well ahead of an average season this far north.

Now we just need the weather to stay reasonable to get the rest of the spring barley and the wheat cut.

Due to the wet conditions during most of August, I have reverted to the plough to provide a dry seed-bed for oilseed rape establishment, with only the last field to be done with the subsoiler and discs now that conditions have improved.

Having been let down last year with a subsoiler drill demo, I made sure that I spoke to both dealer and manufacturer early this year, but despite promises that one would be available, there has been no sign of a machine.

The machinery trade must still be a bit more buoyant than they make out if they can afford to ignore potential sales.

My faith in the impartiality of the BBC has been dented by its coverage of the recent climate change report and how UK ***agriculture*** and in particular grazed livestock fit in.

It was particularly biased and now makes me question how it portrays other subjects of which I don’t have background knowledge.

I note that the Scottish levy body QMS has launched a PR campaign in the press and on radio promoting our livestock, which is fantastic, but I think it also needs to put out some positive stories on the environmental side as well.

Robert Drysdale is farm manager at Farmcare’s 1,610ha business in Aberdeenshire, growing winter and spring barley, wheat and oilseed rape across four contract farming agreements to the south of Inverurie. The farm has 130 beef cows on land less suitable for crop production.

JOURNAL : Farmers Weekly

Well this past month has been a bit of a blur and I can’t fit everything into this column.

As I write this, the new rotary has been getting fitted for 11 days now and the platform is complete, with all the stall work on.

The next job is to install the milking equipment, which will make the progress so far look much slower. There is also some wiring to do.

The collecting yard is complete, the printing is done for the non-slip surface and looks brilliant after we had to come up with a batching method for the concrete due to a lack of concrete barrel mixers around our area.

But between the concreting crew, concrete supplier and my dad, they managed to come up with a successful idea.

See also: Is herd expansion the answer to dairy profitability? The options assessed

We have also got the main run of slats and channels fitted along between the sheds and enough cubicle head posts in for approximately 100 cubicles.

Meanwhile, Xchanger has got a fair bit of its pipework fitted. This is a glycol heat exchange system taking heat from milk and using it as heat energy.

The joiner has clad 90% of the front of the building as well, but aside from all of the building developments, we were relieved to pass our four-yearly bTB test. This is always a nerve-racking time and we can only imagine how tough it is for farmers in areas with a bTB problem.

Cow production has been lifting and it’s gone over 36l a day since we followed our nutritionist’s recommendations.

However, we have had a dip in milk components. We are just below butterfat levels of 4% for the first time in quite a while.

Alongside all of that we have weaned the lambs off the fell and they have come in looking very well, although they’ll not be finished any time soon.

The fell is a rough hill and the grazing up there is fairly low in nutritional value.

However, they are now on some silage aftermath. Normally we would have weights at weaning for all the lambs but with all the building going on, time for jobs like that has been very difficult to come by.

Patrick Morris-Eyton is a Farmer Focus writer from Cumbria. Read his biography.

JOURNAL : Farmers Weekly

Pedigree sheep breeding is always interesting. History is littered with people spending lots of money to join a particular club without success.

The public might question 200,000gns for a ram lamb at the top of the breeding pyramid.

At the bottom of the pyramid many rams sell for prices very low down the money scale and prime lambs languish near or below cost of production.

Expensive tups have become more affordable with semen sales and AI/ET work, which multiply genetics quickly. This is helped along by farmers with multiple income streams.

The only tup I had marked at Worcester last week went way over my budget so for now a secondary lamb has to do.

See also: Lanark Texel lamb makes second highest price ever

Disappointingly, breeding that has proven results in the RamCompare project did not feature in the high prices, which does not bode well for the profitable future of the sheep industry.

I'm sure that if the same results had been achieved in the pig or poultry industry, the genetics would be well sought after.

We have about half the commercial ewes in good condition on minimal grazing to hold them pre-tupping, although unfortunately a couple thought there'd be more grass in heaven.

Getting all groups in the right condition, in the right place, at the right time is challenging the number of fields and time management.

We got some really good winter barley straw dry and in the shed.

Unfortunately two fields of spring barley yielded a really light crop and we are now waiting for some spring oat straw to be comfortable for winter.

The current political rubbish does not help any planning.  Are we going into survival mode?

Would the most financially sensible thing to do, be throw in the towel, sell everything, have a rest and see how long before the country becomes hungry?

Being fat and wealthy enough to waste billions of pounds of food every year it might take them a while.

The lack of balanced education among the vegan/ecological group could result in a very different landscape.

James and Belinda Kimber farm 850 commercial and pedigree sheep and 30 pedigree Simmental and Charolais cattle in Wiltshire across 95ha (45ha owned) with the help of their children, Josh, Izzy and Richard. James also runs a foot-trimming business and Belinda has a B&B.

JOURNAL : Farmers Weekly

Harvest has been proceeding at a pace. Yields look reasonably promising, although there are still too many heaps around the place to have final measured totals yet.

We have a variety of grain storage facilities around the different farms, all on floor and of various ages.

A collection of mobile dryers perform sterling service in keeping the crop flowing away.

See also: Why a major blackgrass project is looking at soil health

It does, however, mean that we need to re-handle quite a lot of crop as we proceed through the harvest ***period***.

The occasional wet ***period*** can be helpful in allowing us to catch up, although the converse would suggest that no wet ***periods*** would mean that drying wasn’t required!

Central storage

I also have access to a significant tonnage in Kernow Grain, our local central store.

I have always been a great advocate of central storage, believing it to be the way forward in certain circumstances.

It is the ideal solution for off-lying blocks of land, short-term farming agreements, smaller farm situations and where it just doesn’t make sense to invest in modern grain storage.

The ability to move grain straight away at harvest is a massive help in situations like ours, where we have complex logistical problems to solve at a busy time of the year.

Some may consider it to be an expensive option, but it really depends on how you manage value within your own business.

If it’s combined with good marketing opportunities, then there is another major plus point.

Serious fire

The team at Kernow deserves huge credit this year as the store suffered a serious fire in the control room at the start of harvest.

However, thanks to some superb commitment, they have managed to get the store up and running again quickly while ensuring that anyone who needed to move grain was able to do so.

We are now getting to the point where potato and onion harvesting become the major focus.

Yield digs are suggesting considerably better crops than those of last season.

My feeling at this stage is for no records and no disasters, just a good steady average year. What that all means in financial terms remains to be seen.

JOURNAL : Farmers Weekly

A farmer has been killed in an accident involving a combine harvester in Shropshire.

In a statement released on Friday (30 August), the Health and Safety Executive said the death, which happened in the village of Halfway House, near Shrewsbury, was transport-related.

“Initial indication is a self-employed farmer was killed by contact with a combine harvester,” said the HSE.

See also: Industry campaign urges farmers to #DriveSafetyForward

The HSE said the death was being treated as work-related, but this will be subject to a further assessment.

A spokesperson for West Mercia Police said: “Police were called at around 6.30pm on 21 August about an industrial accident after a man had been hit by a combine harvester at Halfway House, in Shrewsbury.

“Sadly, the man was pronounced dead at the scene. The death was referred to the Health and Safety Executive.”

NFU 'deeply saddened'

Jonathan Evans, NFU Shropshire county adviser, said: “We were deeply saddened to hear this news and just one fatality or accident on farm is one too many; our thoughts go out to all following this latest incident.

“British ***agriculture*** is a fantastic industry and it can be as safe as any other.

“Earlier this year the Farm Safety Partnership set a target to reduce the number of farming fatalities by at least 50% by the summer of 2023, we must strive for that with a goal to reduce that number to zero.

“Our members have far-reaching skills, working with heavy machinery and livestock, and we will continue to work with them and others to help transform farming’s safety record.

“We need to focus our approach to save lives in our industry and share ways to prevent or minimise risk with our friends and neighbours.”

Most dangerous industry

Farming is statistically the most dangerous occupation and the rate of fatal injury is about 18 times higher than the average across all other industries.

Almost 400 people have been killed while at work on British farms in the past 10 years, while thousands more have suffered serious injuries and work-related ill health.

JOURNAL : Farmers Weekly

Farm workshops are a brilliant starting point for heavy-metal machinery projects but, for inventions requiring delicate components, there’s inevitably a point at which home-builders have to resort to buying bits off the internet.

But that’s not so for Jonny Leech, a Norfolk farmer and self-employed designer who decided the shrewder move was to buy his own 3D printer that would allow him to churn out plastic parts of any size or shape on the cheap.

His motivation for investing a princely £175 in the clever printing kit was to develop a precise maize seed metering system that would improve the farm’s patchy forage maize yields.

See also: 10 single-pass cultivator options for heavy land

The printed plastic parts were the first part of a jigsaw that also involved making his own subsoiler-style chassis combined with a quality stash of components found around the farm, including old coulters, DD packer rings and a Stocks Turbo Jet applicator.

Last year, prior to embarking on the project, he tried sowing the farm’s forage maize crop using a regular Great Plains Centurion configured to 50cm-row spacings to determine the impact of drilling without seed singulation and precise in-row spacing.

Sadly, a severe lack of rain savaged yields anyway, but it grew enough to conclude that plants in close proximity to one another were weaker than those with more space.

And the process of blocking rows on the drill’s distribution head played havoc with the air stream, leaving clumps of plants to compete with one another.

Decision made; singulation of the seed was key to consistent crop performance – he just had to design a drill fit for the job.

Singulation system

Most maize metering systems use a vacuum to suck seeds into recesses dotted around a speed-regulated rotating disc.

Operators can then adjust the in-row spacing by altering the speed at which it whizzes round.

The drill-making big guns have this system down to a fine art, with Vaderstad claiming to be able to singulate maize seeds at barmy speeds of up to 20kph on its high-capacity Tempo.

However, off-the-shelf versions are unpalatably expensive when bought in low quantities.

Typical prices can hit £500/row, which would have blown Mr Leech’s budget before he had started on the machine’s metalwork.

Instead, he used his experience from a two-year spell as a design and test engineer at Great Plains (prior to the closure of its Lincolnshire factory) to draw up the system using 3D software package Solidworks.

The plans were then transferred to the printer, which created them as three-dimensional models by squirting heated plastic through a tiny nozzle to form a stack of 0.2mm-thick layers (see box, 3D printing explained).

Testing phase

The most challenging part of designing the disc-based singulator was finding a way to control the vacuum so that each seed is released down the tube at a precise point, says Mr Leech.

In the end, he settled on a scheme that works conversely to most other singulators by sealing the non-vacuumed quarter of the disc to a neutral pressure.

However, he has since found a plastic compound that his printer is able to form into a flexible seal, so future versions will have more traditional three-quarter air-proofing.

A pressure gauge on the vacuum manifold helped set the hydraulic fan to provide the perfect pressure for pulling seeds on to the disc without having doubles and misses, and little plastic singulator teeth help to knock off any unwanted hangers-on.

As Mr Leech worked through the dozens of revisions and tweaks, he decided to rig up a test bed to check performance. To do so, he salvaged a window wiper motor to rotate the disc and a redundant hoover to form the vacuum.

And 15 prototype designs later, he had a unit that performed to 99% singulation accuracy at 12kph, which was ample given it would be mounted to a slow-moving subsoiler.

It then took three months to print the parts for all six rows but, at £60 in total, cost a fraction of bought-in equivalents.

JL Design maize planter

Width:  3m

Subsoiler legs:  Six

Working depth: 14in

Hoppers: 2x 400-litres

Openers: double-disc

Row spacing: 50cm

Metering: disc-based singulation system

Power required: 200hp

Working speed: 8kph

Build cost: £10,000 (coulters, Stocks applicator, packer rings and other components were of no cost)

Feeding the disc

The disc’s ability to pick up and singulate seed is compromised when there are too many or too few available, so managing the size of the seed pool that sits against the turning disc was crucial.

To keep a steady feed, Mr Leech mounted a proximity sensor in the singulator’s plastic housing, which speaks to a cruder metering system further up the chain.

By adjusting its sensitivity, he was able to regulate the amount of seed dropped down to the disc.

In real working conditions, it constantly flickers on and off as seeds arrive and depart, balancing the supply of seed with the demand of the singulator.

As the seed pool level drops below the sensor, it engages a triple-pocketed metering cup that drags seed from the main hopper over a lip and into the airstream produced by the fan, which carries it to the singulator’s holding bay.

Driving the singulator

To keep things cheap and simple, each singulator unit has a chain-and-sprocket drive from the rear press wheels.

The driven side (nearest the ground) uses a stainless-steel sprocket, but the one at the other end of the bicycle chain is 3D-printed and made of plastic, which means Mr Leech can manufacture a stock of gear options to alter the sowing rate.

Amazingly, the plastic sprockets managed 70ha without showing any signs of wear. And the perk of using plastic is that it will break if something jams, which may save damaging something more valuable further up the line.

Drill design

Mr Leech’s plan initially centred around building the metering system – the key element in achieving sowing consistency – but once its accuracy and reliability was proven, the focus switched to the chassis and drilling components.

As the farm lies on drought-prone land and maize is a notoriously lazy rooter, he decided to go for a strip-till system incorporating a subsoiler leg – a setup that would also lend itself to planting sugar beet and oilseed rape.

He settled on a fairly simple 3m mounted unit and commissioned a local fabricator to laser-cut and weld the chassis he had designed.

The general layout mirrors that of a regular subsoiler, with six legs staggered across two rows to loosen directly underneath the seed.

These carry Sumo’s low-disturbance, narrow-winged GLS grassland points for maximum shattering but limited soil heave to avoid pulling too many clods to the surface.

Working depth tends to be set at around 14in but can be adjusted by way of holes on the legs, which means the position of the packer and coulters on the main frame remains consistent.

Star-shaped wheels trail each leg to flick trash from the rows and minimise the risk of hairpinning, and the packer element is made from old DD rings welded into pairs.

These close the slot behind the leg and keep the ground as flat as possible ahead of the seeding element.

Coulter assemblies

A Great Plains Centurion was raided for its double-disc assemblies and main coulter bodies, but their rudimentary single-pivot arrangement had to be replaced with a parallel linkage.

This helps to keep the maize coulter running level and encourages seeds to fall vertically to the trench without hitting the tube’s walls, which would otherwise compromise the consistency of in-row spacing.

The linkage attaches directly to the chassis so, as long as the top link of the machine is adjusted correctly, the units should always run level.

Each row also has its own compression spring, which maintains downward pressure but offers a degree of contour following.

Mr Leech tried to 3D-print his own seed tubes to run down the back of the double-disc openers, but his fairly low-grade printer left plastics with a slightly grainy finish so, instead, he bought the same drop tubes and seed sensors as used on Great Plains’ planters.

Although his tests indicated that the cells in the seed disc filled reliably, he fitted an LED counting sensor half way down each tube to monitor exactly what was going into the ground.

At £130/sensor, it was one of the more extravagant expenses but, with precision the priority, they were essential for monitoring each row’s real-time seed population and displaying it on a Dickey John PM300 screen.

It also has an alarm facility to alert the operator if the target seed population – 115,000 seeds/ha in Mr Leech’s case – strays outside of a set boundary.

A second, home-made control box allows individual row shut-off using simple toggle switches and relays that talk to the singulator’s proximity sensors, which is important for tramlining.

Granular fertiliser

Jonny Leech’s drill also has the capacity to apply micro-granular fertiliser directly in the row with the seed, which he hopes will promote early rooting.

He has fitted a Stocks Turbo Jet to plates on the main chassis, which allows him to apply Primary-P starter fertiliser – made up predominantly of phosphorous – at 20kg/ha.

Its six outlets are hosed up to the rear drop tubes on the row units and the product is blown into the trench to mix with the seed.

Early results

The drill immediately trimmed what was a four-pass system to just two. However, the current establishment method involves applying pig and poultry muck that has to be incorporated to adhere with cross-compliance rules, so it’s not possible to run a true strip-till approach.

That said, replacing muck applications with liquid digestate would make a single-pass system feasible.

So far it has covered 70ha and, in most places, the crop hit germination rates of close to 100% despite tricky post-drilling conditions that caused soil capping.

The singulator proved consistent, says Mr Leech, particularly as it was only working at 7-8kph – the equivalent of 12 seeds/sec on each row.

However, he does intend to change the existing 2in-wide press wheels to 4in concave-shaped versions so the ground around the seed is pressed but the area directly above it is left relatively loose.

This should reduce unnecessary compaction caused by the high downward pressure, which he applies to make sure the drive to the metering units is consistent.

The farm also plans to run trial plots for oilseed rape this autumn that will help determine whether small seeds are worth singulating.

He’s already developed a new singulation disc with microscopic holes to pick up the rape seed, with the aim of sowing them roughly 5cm apart at a rate of 40 seeds/sq m.

3D printing explained

The concept of printing plastic to form 3D structures may seem a funny one to fathom, but it has become an easy way for hobbyists and large-scale manufacturers alike to form relatively complex shapes from CAD drawings.

It works by feeding melted plastic through the nozzle tip of a robotised arm to build vertical layers and starts on a glass-covered base to prevent the workpiece from warping.

Mr Leech’s kit is one of the cheapest versions available – it was just £175 – and arrived in kit form.

However, budget models are limited by the range of plastics they can work with and lay thicker horizontal sheets (in this case, 0.2mm thick) so the end result tends to have a scratchy, unpolished finish.

These systems are perfect for prototyping as the plastic costs peanuts to buy, but the catch is that users must be comfortable with CAD modelling or be able to source their designs from elsewhere before loading them into the printer.

In the future, designers may offer their drawings for sale, which could allow farmers with a 3D printer to manufacturer their own replacement parts.

JOURNAL : Farmers Weekly

Nearly half of UK farmers would be happy with a no-deal Brexit, despite the grim warnings issued by many farming organisations, according to an exclusive Farmers Weekly poll.

In the latest Farmers Weekly Sentiment Tracker, 57% said they would not be happy with a no-deal Brexit, while 43% said they would.

Concern about leaving without a deal was strongest in Yorkshire and Humberside, Northern Ireland and Scotland, while farmers in Wales, the north of England and south-east England were most relaxed about the prospect.

[*https://infogram.com/fw-sentiment-tracker-sept-2019-1h7z2lqy1dzg6ow?live*](https://infogram.com/fw-sentiment-tracker-sept-2019-1h7z2lqy1dzg6ow?live)

The monthly survey also found:

Optimism about farm business prospects is at its lowest since the survey started just over a year ago

Most farmers expect input prices to rise and output prices to fall over the coming year, with farmers significantly more pessimistic about output prices than a year ago.

Almost 300 farmers took part in the survey, conducted via email in August.

JOURNAL : Farmers Weekly

Farmers required to apply for an abstraction licence for previously exempt activities risk losing their right to abstract unless they get on with it before the end of the month.

New regulations came into effect on 1 January 2018 which ended the practice of taking water from the environment for certain uses and from certain sources without an abstraction licence (see "Who needs to apply?").

Farmers in England and Wales who have previously been able to abstract water under an exemption were given a two-year window in which to get a new licence in place – also known as a new authorisation.

See also: Abstraction licence breaches could lead to BPS penalties

But the Environment Agency has warned that it needs enough time to accept and validate applications before the final 31 December 2019 deadline, and this process can take up to three months.

To be valid, an application must contain all of the necessary information set out in the guidance notes.

An application will not be accepted as valid until the EA has confirmed that all the required information has been provided and that it is correct.

“This is why the Environment Agency and Defra have strongly advised those now needing a licence to submit their application by 30 September, as this allows sufficient time for any mistakes with the application to be rectified before the deadline,” said a Defra statement.

Alexandra Phillips, an associate at law firm MFG Solicitors, said farmers who continued to abstract after 31 December without the appropriate licence faced being left with hefty financial penalties or enforcement action.

“These new rules are coming in to help protect the environment and we want all landowners and farmers who take water from their land to have the correct abstraction licence in place,” she said.

“It is vital to apply now, as abstractors should benefit from the Environment Agency’s current ‘light touch’ approach, which means that most existing abstractors’ applications will be approved.

“The last thing people want is to be short of water if they are watering crops or feeding animals.

“Applying quickly for the new-look licence will therefore guard against any of those risks.”

Delayed applications

Farmers who get their validated applications in on time should have a licence granted based on their existing abstraction requirements.

The Environment Agency will still validate applications after the 31 December deadline, providing that the application has been received before the closing date.

If the application is correct and complete it will still be accepted as valid at this point.

However, if the application includes incorrect or incomplete information the applicant will not be able to benefit from the special ***transitional*** arrangements in place.

This means their application will be considered under more stringent regulations and licences will be granted on the basis of water availability.

As a result, farmers may risk losing their right to secure their current water supply where no new water is available.

Who needs to apply?

Farmers abstracting more than 20cu m on any one day for one of the previously exempt purposes listed below, and where the abstraction started before 1 January 2018, must apply to the Environment Agency for an abstraction licence.

All forms of irrigation, including trickle

Transfers into managed wetland systems to maintain field water levels

Abstractions within previously exempt areas – there are currently 11 of these dotted across England and Wales

Transferring water by a navigation, harbour or conservancy authority

Abstracting water into and between internal drainage districts

Dewatering mines, quarries and engineering works

Warping (abstraction of water containing silt for deposit onto ***agricultural*** land)

The majority of abstractions covered by Crown and visiting forces

JOURNAL : Farmers Weekly

All being well, in a few weeks’ time, with harvest done and dusted, and if I can keep myself to the new regime of late drilling, we’ll be off to Newcastle-upon-Tyne to drop off “son number two” at university.

And there are so many things I’m looking forward to: first, a long drive that actually takes me somewhere (unlike a day’s combining).

Second, a tsunami of nostalgia as Hazel and I go back to where we met 38 years ago. Will the Wimpy burger bar in Northumberland Street – where I wooed Hazel by making duck noises with a plastic straw – still be there? (I knew how to show a girl a good time).

See also: Read more from Charlie Flindt

But the really exciting bit will come once the teaching starts.

I tried as hard as I could to get him to study ***Agricultural*** Engineering (like his father), or ***Agricultural*** and Food Marketing (like his mother), or even plain ***Agriculture*** (like many of the nation’s farming elite) but no; he had his sights set on Politics and Economics.

Now, when he first announced this, I was about to launch into my “You’ll be bringing shame and dishonour on this family – don’t you ever darken my doorway again!” routine – but then had a thought: it would actually be very handy to have an economist in the family.

Brexit bonus

It’s true that most financial news stories include the words “against economists’ expectations” and that they have predicted seven of the past five recessions.

But I hope that after a few months of top-quality teaching, he’ll be able to solve the greatest mystery in modern farming: why do all the farming authorities and experts treat the weak pound as being bad news?

The single biggest positive event in my farm’s finances has been the huge drop in the pound against the euro since the Brexit vote.

My annual subsidy cheque has been boosted year on year, without me lifting a finger. The value of the 2,000-odd tons of stuff I grow and sell is boosted by every single drop in the pound, completely independently of my skill as a farmer or what the weather has done.

Yes, the prices achieved by Hazel’s livestock have struggled – but that’s oversupply, not currency.

“But inputs”, they cry. “All our inputs will soar in price.” This brings up another interesting economic principle – and it’s one I discussed with my son during his Economics A-level.

The price of stuff varies according to what the buyer can afford. In other words, sellers charge what they can get. Predictions of what input prices “will” be in two or three years’ time are fatuous.

Pound stretcher

It would be a great little exercise for the AHDB to work out what would have happened to the finances of an average mixed farm like mine had the Brexit vote gone the other way, and the pound leapt upwards against the euro by the same percentage, especially with EU subsidy payments also being phased out.

(The AHDB won’t do this, of course; they have an anti-Brexit message to pursue).

We were on an iffy financial footing four years ago – things are a lot healthier now. We’re investing it all – preparing for Farmageddon. If it happens.

The great news is that son number two has his sights set on a career as a serial quangocrat, flitting effortlessly from agency to NGO, from “authority” to charity, doing no real work but earning a fortune.

He’ll be able to keep his parents feather-bedded in luxury for the rest of their days – especially if he ends up at the National Trust. That would be our biggest input – rent – sorted.

JOURNAL : Farmers Weekly

The government is being urged to consider the wider implications before supporting the introduction of genetic modification to UK ***agriculture*** post-Brexit.

Prime minister Boris Johnson has demonstrated his support for GMs, but his comments have divided opinion among those for and against the use of this technology.

“Let’s start now to liberate the UK’s extraordinary bio-science sector from anti-genetic modification rules and let’s develop the blight-resistant crops that will feed the world,” stated Mr Johnson in his first speech as prime minister in July.

See also: New gene editing technology may lead to disease-resistant crops

A no-deal Brexit could pave the way for a free-trade deal to be struck between the UK and the US, where genetically-modified crops are engineered for insect resistance or herbicide tolerance and widely grown.

Economic factors

But according to Roger Kerr, chief executive at the Organic Farmers & Growers (OF&G), which certifies more than 50% of UK organic land, there are economic and scientific issues to consider.

“The economic issues with GM relate to scale and market access,” said Mr Kerr. “If UK ***agriculture*** adopts GM, then farmers will find they have to bring their costs of production in line with GM producers in the US and China.

“UK ***agricultural*** output is equivalent to just a tenth of that of the US and only 2% of Chinese ***agricultural*** output – the differences in scale are huge. And post-Brexit, we’ll be competing in global markets with some of the largest ***agricultural*** operations in the world.

“Also, some EU markets may be closed to GM products, so assuming a trade deal can be agreed, these higher-margin opportunities will be closed to UK producers.”

Cross-contamination

Mr Kerr said introducing insect- and fungal-resistant crops in the UK would risk cross-contamination of non-GM crops and potentially release harmful genes into wild populations.

He called for independent research in controlled environments on the effects of GM, before rolling out the science without fully understanding the risks involved.

Finally, Mr Kerr said there is a “common fallacy” to think we need GM to produce more food to feed the growing world population – when around half the food produced is currently wasted.

JOURNAL : Farmers Weekly

There are just days left to enter Farmers Weekly's harvest photo competition, which gives readers the rare chance to get their sensational snap on to the front cover of ***agriculture***'s best read magazine.

Ahead of the competition deadline of midnight Sunday, 8 September, loyal readers have uploaded over 1,000 images to the harvest 2019 gallery on FWi – a record number of entries.

The winning harvest shot will be revealed on 20 September, along with several runners-up. This competition is open to all amateur photographers – the photo must be your own and taken this year. There is no limit to the number of entries you can submit.

See also: 6 super snapshots of harvest 2019

How to enter

Visit our harvest 2019 gallery to upload your photos and videos, check out what others have been sharing and to read the full terms and conditions of the competition.

When uploading your entries, don’t forget to add a short description telling us where the photo was taken and what it shows.

See also: Tips for farm photography from an FW photo competition winner

Top tip – cover-worthy images will need to be high-resolution (that’s about 2,400 pixels wide or a minimum 2MB file size) and able to be cropped to a square.

For inspiration, check out last year’s winning harvest photo and the runners-up.

We will also be sharing our favourite harvest photos and videos on our Facebook, Twitter and Instagram pages – so keep an eye out.

Some of our favourites so far...

We've picked a handful of our top shots so far to give a flavour of the high standard of entries to this year's photo competition. Go to the harvest 2019 gallery to enter the competition.

JOURNAL : Farmers Weekly

Combines made excellent progress in the final week of August, with much of harvest now wrapped up in the South – although further north there’s still plenty to do, with some fields too wet to travel on.

Perthshire

In Perthshire, about 75% of the spring barley is now safely gathered, according to Robin Barron, general manager at East of Scotland Farmers.

“But the weather is catchy again now, so we’re in limbo with harvest.”

Yields across the board have been above average, and quality is pretty good too, with very low nitrogen contents at about the 1.4% mark, he added.

“Screenings and skins are all fine – although we have seen a little bit of pre-germination. But the vast majority is going into the malting pile.”

Very few people have started cutting winter wheat yet. “It’s early days – most are just trying to protect the malting barley quality.”

County Down

Harvest is only about 50% complete in the Newtonards area of County Down, with showery weather frustrating harvest attempts, said Charles Davidson, director at North Down Grain.

“There’s going to be nothing cut this week, and wet ground conditions are going to be a hassle.”

However, the remaining crops are looking healthy, and yields have been terrific, he added.

“Bushel weights are only just reaching where they should be, but yields across winter wheat, winter barley and oilseed rape are outstanding. We’re having to do a lot of drying, but if we get good weather from now on, it will be okay.”

Shropshire

Across the water in Shropshire, Rob Bebbington has finished harvest at Fieldfare Farms, Whitchurch, and has spent the past few days helping neighbours.

“We’ve cut more in the past 10 days than in the first three weeks. It was a frustrating start, but we got there in the end.”

Barbados and Incentive oilseed rape averaged 3.7-4t/ha where it was combined, but flooding earlier in the season meant the whole planted area came in at 3t/ha, said Mr Bebbington.

Illustrious milling wheat made the grade and yielded a pleasing 9.1t/ha, while Valerie and Amistar winter barley, grown for seed, was also good at 9.3t/ha.

Planet spring barley was the main disappointment, averaging 6.2t/ha, but that was probably due to its very low moisture, he added. “It came in at 10-11%.”

Somerset

Further south, harvest is in its final throes, with 36,000t safely in West Country Grain’s Devon store.

“Wheat has come in slightly wet, averaging 16% across the whole crop,” said store manager John Collins.

“Milling wheat hasn’t been good, with proteins down around 11%.” However, yields have been pleasing, and bushel weights are heavy, averaging 77.7kg/hl.

“Later crops are a bit dark, but we haven’t had any problems with sprouted grains.”

Barley has come in dry and averaged 67.1kg/hl, while milling oats are on the light side at 53.2kg/hl.

“We took in 4,500t of oilseed rape – about 1,000t down on last year, and it’s averaged 8.4% moisture and 44.2% oil.”

The crops suffered a lot with flea beetle, with plenty of live beetles turning up in harvested seed, he added. “But all in all, it’s been a pretty successful harvest.”

Cambridgeshire

Grain has also generally come in dry at Fengrain, with wheat averaging 15.23% moisture, said the firm’s Jonni Henson. Milling wheat quality is a touch on the low side, with Group one and two varieties averaging 12.97% protein, 257 hagberg and 75.5kg/hl.

“Bushel weights have taken a knock in the eastern area, and proteins are generally variable across the milling wheats. But biscuit qualities are standing well.”

Top performers on the protein front include Chochise and Gallant, at 14.3% and 13.54%, respectively, with Gallant also leading from a hagberg perspective at 285.

JOURNAL : Farmers Weekly

Using embryo transfer (ET) together with a synchronisation programme is helping a renowned Texel flock speed up genetic gain.

The Clark family, consisting of brothers Alan, Andrew and David and mother Helen, are well known for breeding leading females, ram lambs and shearlings from their 60-strong Garngour, Teiglum and Clark flocks, which run together in Lanarkshire.

They have achieved prices up to 70,000gns – for the ram lamb Teiglum Young Gun in 2016 – and have realised several more five-figure sums for their stock.

The Clarks use ET on a number of their top females every year, with a handful of ewes flushed twice.

Farm facts

600 head of commercial ewes, mostly Texel-crosses

60 pedigree Texels

Flushing 20-30 Texels a year

Farming 526ha

Sold ram lambs up to 70,000gns and shearlings to £29,000

Only the best ram lambs are offered creep to get them in top condition for sales at Carlisle and Lanark. Twin lambs are introduced from about two weeks old and singles when needed.

Female selection

Only the best females are selected to flush, and they must be from good, trouble-free families. The aim is to breed a balanced type, with good conformation as well as breed character.

Alan says: “We are breeding for the pedigree market, but ultimately every animal we produce needs to be able to perform commercially.”

See also: What to consider if you want to AI sheep

Conception rates have been as high as 80% in the younger females, with last year’s average 77%.

On average, six embryos are obtained from each donor ewe flushed.

Home-bred recipient ewes from the 600-head commercial ewe flock (Bluefaced Leicester cross Texel) are used as they are milky ewes with good mothering ability.

Most recipients are one- or two-crop ewes that have successfully held and produced good lambs previously. The rest of the commercial flock is bred to Texel rams, to produce finished lambs off grass.

Synchronisation programme

Embryo transfer speeds up a flock’s genetic gain by breeding more progeny from the best ewes.

The donor ewe is super-ovulated using hormones, so she produces more eggs than usual at a synchronised mating.

Fertilised embryos are flushed from the donor ewe and transplanted into suitably synchronised recipient ewes to establish a surrogate pregnancy.

Synchronisation is used in both the donor and recipient ewes (see timeline box).

After consulting with their vet and breeding company, the Clarks switched from using sponges to a T-shaped progesterone device called CIDR Ovis which mimics the natural progesterone of the sheep.

They say it is easier to insert and remove compared with sponges but that the timings are different, so it is important to follow the exact guidelines.

Ewes are flushed in September and October to lamb in March-April. The Clarks work with a specialised breeding company which performs all the ET and AI work.

Management of ewes

Donor ewes are managed carefully in the run up to flushing. They are housed for a ***period*** of a few weeks in summer and fed hay and water in order to get them in the correct body condition.

They are then turned out on to silage aftermaths and at the time of insertion both the donor and recipient ewes are fed a high plane of nutrition.

The diet for donors and recipients at insertion consists of 50:50 beet pulp and oat mix with an energy of 13-14ME. They stay on that until the point of flushing.

During the first few weeks, recipients are grazed in surrounding fields as a group to keep them settled, which helps embryo development.

It can be costly to carry out ET work, but the Clarks say the cost is justified on their farm.

Alan says: “It can be a lot of money, but we are getting the return by being able to sell more top-pedigree animals at the sales and privately. Synchronisation also allows you to lamb when it suits you.”

Is synchronisation right for me?

Synchronisation isn’t reserved for the elite pedigree breeders. It is something that can benefit commercial producers wishing to reap financial rewards by marketing their lambs earlier.

Bringing forward the breeding season, to tup in the summer and lamb in late December or early January, means farmers can get lambs away by April and May.

Figures from AHDB show that lambs sold in April and May generate on average 21% greater return over those sold in the summer months, giving a possible extra £18 per 45kg lamb.

In addition, synchronising oestrus and then using AI gives farmers access to superior rams without the initial purchase costs and accelerates flock genetics. A top terminal sire can add £3.50 sale value a lamb/year.

Timings of synchronisation and insemination with T-shaped progesterone devices

One CIDR Ovis device is inserted into the vagina of each ewe.

The vaginal insert is left in position for 12 days, followed by an injection of equine chorionic gonadotropin (eCG) hormone at device removal.

The onset of oestrus occurs within one to two days after removal of the insert, at which time animals are inseminated.

Synchronisation methods compared

Teaser

Chronogest sponge

CIDR Ovis

Active ingredient

Testosterone

Flugestone Acetate 0.20g

Progesterone 0.35g

Withdrawal (meat)

0 days

2 days (after removal)

0 days

Appearance

Vasectomised male

Vaginal sponge

T-shaped vaginal device

Effect

Induces oestrus

Induction and synchronisation of oestrus and ovulation

Induction and synchronisation of oestrus and ovulation

Duration

14-17 days followed by entire male

14 days followed by injection of eCG\*

12 days followed by injection of eCG\*

Pack size

N/A

X25

X20

Cost

£300/teaser

£2.50/sponge

£4.50/device

\*Equine chorionic gonadotropin, formerly known as PMSG

Source: Kirsten Williams, SAC Consulting beef and sheep consultant

JOURNAL : Farmers Weekly

Taking the time to clean and disinfect hoof knives between feet makes sense considering hoof knives have been identified as carriers of digital dermatitis treponemes.

This is the belief of vet Roger Blowey, who first found these digital dermatitis (DD)-causing bugs on 97% of cattle hoof knives in a farm study carried out with Liverpool University in 2014.

They were less easy to identify in slurry. These findings complement other work carried out in the US, UK, Denmark and New Zealand, which identified undisinfected hoof knives as a possible risk factor forDD transmission.

See also: How to help prevent lameness with foot trimming technique

Although it isn’t clear if the level of contamination on knives is high enough to infect animals, Mr Blowey says the findings suggest disinfection is the right route to take – particularly considering the fact DD accounts for more than 30% of all lameness in the UK.

“We know from lab studies that digital dermatitis treponemes remain alive on knives for two hours , so they must represent a potential route of transmission from cow to cow.

And it’s possibly why we’ve seen so many digital dermatitis treponemes in non-healing lesions like toe necrosis as we’re inoculating digital dermatitis into the corium of the hoof by using knives,” he says.

“My own view is that if it’s a possible route of transmission, surely to goodness we should be taking precautions between trimming cows and even between feet.”

Mr Blowey has been working with Amy Gillespie at Liverpool University, in an AHDB Dairy-***funded*** study, to establish the best technique for hoof knife disinfection.

Their preliminary study in 2018 found that cleaning and disinfecting hoof knives after trimming cows with M4 (late chronic) and M2 (acute active ulceration) DD lesions resulted in a significant reduction in DD treponemes on these knives.

Further field studies are planned. Three Defra-approved disinfectants were used, with a similar reduction seen with each one (see panel).

Such disinfection techniques should go hand in hand with general DD control strategies such as regular foot-bathing and slurry management.

With DD treponemes also being found in some healthy feet, it’s important to disinfect knives when trimming every cow, and not just cows showing signs of DD.

Below, Mr Blowey advises how to disinfect knives correctly.

Hoof knife disinfection

What you will need:

Gloves – should be worn at all times when trimming

A bucket of soapy water (preferably warm)

Container for disinfectant – this should hold four hoof knives to enable a pair of knives to be disinfecting, while you use the other two

Disinfectant – use either 2% Virkon, 2% sodium hypochlorite or 1% FARM30. The key is using a Defra-approved disinfectant at the advised concentration

Step-by-step guide: knife disinfection protocol:

Make sure knives are free from dirt and faecal matter. Fill a container with your chosen, suitable disinfectant and submerge the blades for at least 20 seconds.

After trimming each foot, clean your hands and knives in the bucket of soapy water to remove visible dirt.

Dry knives with a paper towel. This will also help remove dirt.

Return the knives to the disinfectant for at least 20 seconds before the next use.

To minimise disruption to workflow, alternate between the two pairs of knives.

AHDB Dairy and Liverpool University have produced a guide to knife disinfection. Search and download the PDF online.

JOURNAL : Farmers Weekly

Many growers are already harnessing hybrid barley’s spring vigour, its ability to build canopy quickly and its complex plant architecture to smother out blackgrass.

However, independent research has now revealed the crop to be equally effective against other problematic grassweeds.

Trials by Agrii and Adas, in partnership with Syngenta, have shown that hybrid barley can reduce the populations of brome and ryegrass by almost 70%, and should therefore be a key element of any integrated weed strategy this coming season.

Brome

While blackgrass has been the focus in recent years, bromes are affecting growers across all cereal-growing regions in the UK.

“Sterile brome is public enemy number two,” says Paul Roche, seeds technical manager at Syngenta.

While the weed is more selective of soil type than blackgrass, he believes the uptake of direct drilling means the weed is set to become an increasing problem, as the seed is left on the surface.

Traditionally found on headlands, brome tillers less than blackgrass in a crop, producing just one or two tillers compared with seven when growing on a headland without any competition.

However, each brome tiller produces between two and six times as many seeds as blackgrass, producing a huge seed return of 50-80 seeds per tiller compared with just 15-20 for blackgrass.

So how can farmers tackle the weed and reduce seed return?

One factor hampering efforts is the lack of up-to-date information on how to control the weed.

“Information on brome is limited. It was last looked at in the 1980s, but has largely been ignored since good control was being achieved by herbicides,” says Sarah Cook, Adas senior research consultant and weed specialist.

One area needing research is the potential role of hybrid barley, as some farmers had reported anecdotal success in controlling brome.

So, in 2018, Syngenta started to investigate the potential effectiveness of hybrid barley in stamping out the grassweed.

The trial

Trials were carried out by Syngenta and Adas at two sites in Cambridgeshire to compare the competitiveness of hybrid barley against conventional two-row winter barley and winter wheat.

This was followed by another year of trials at different sites in Cambridgeshire and North Yorkshire.

Four years of data show that the population of brome in hybrid barley is 50% lower than it was in wheat, purely due to the competitive effect.

While two-row barley reduced the number quite well, the brome dragged the crop down, while the winter wheat was not able to be harvested.

Alongside a higher number of brome plants in the crop, growth analysis of the weeds when wheat was at growth stage 30 showed there was a higher incidence of brome, with two tillers per plant rather than one per plant.

These results are mirrored by those achieved by Agrii at a high-pressure site near Edinburgh, which again compared hybrid barley with conventional two-row barley and winter wheat, but also with six-row conventional winter barley.

At the high-pressure site, hybrid barley achieved 50-90% control, with the average being 69%.

[*https://infogram.com/hybrid-barley-1hdw2jq3q7dp4l0?live*](https://infogram.com/hybrid-barley-1hdw2jq3q7dp4l0?live)

As well as reducing the number of tillers on brome plants, the seed, as well as being fewer, is also less mature when compared to weed plants growing in wheat.

While both two-row and six-row conventional barley reduced the amount of seed produced compared to wheat, they did not give as good results as the hybrid barley.

Combining barley before wheat will also have a significant effect on the number of seeds that are allowed to reach full maturity before harvest.

While the reduction in weed numbers by hybrid barley is significant, it is not a magic bullet and must be used as part of an integrated strategy, stresses Dr Cook.

Effect of cultivation

The effect of cultivation on weed numbers was looked at in more detail at the trial in Edinburgh.

Situated on a real working farm, the site has a mixed population of both great and sterile brome, and a long history of direct drilling, meaning all seeds were towards the top of the soil profile.

Ploughing to invert the seed and burying them lower down the soil profile had a major impact on seed density, says Mr Roche.

“Brome numbers in the crop that had been direct drilled were like a forest, but there were only a few plants in the ploughed areas,” he says.

“It’s a quick and simple thing for growers to do, and the equipment is readily available.”

Ryegrass

Syngenta has also been exploring the potential for hybrid barley in controlling ryegrass by holding a simple crop species trial this year, comparing it with winter wheat and conventional winter barley.

While conventional winter barley reduced the ryegrass seed return by 22% compared to winter wheat, hybrid barley reduced it by 67% at its Doncaster Ryegrass Focus site.

As well as having fewer heads overall, more of the ryegrass growing in the hybrid barley was below the crop canopy and, therefore, was less developed.

“The results from this trial were surprising in how well the hybrid barley worked,” says Mr Roche.

“The very best type of head to have are ones that form their heads below the canopy, as the quality of the florets is reduced and there is a lower seed return.”

[*https://infogram.com/hybrid-barley-brome-reduction-1hd12y1v1qzw2km?live*](https://infogram.com/hybrid-barley-brome-reduction-1hd12y1v1qzw2km?live)

JOURNAL : Farmers Weekly

Many farmers aspire to grow the size of their farm in order to increase their income, but new research has confirmed that this is not a guaranteed path to success.

Independent analysis of a large set of Welsh sheep and suckler cow enterprises show that as businesses increase in size, it is only the range of performances that increases, with profits rising for some while losses deepen for others.

The data was taken from the Hybu Cig Cymru (HCC) Red Meat Benchmarking Survey and looked at net margin per livestock unit in 2016-17 and 2017-18 across more than 1,500 farms.

See also: Natural Capital: What it is and how to value it on your farm

The report concluded that it is “critical to become exceptional at managing a grazing livestock enterprise before growing.”

Therefore, a farmer should only seek to take on more sheep or cattle once the performance of the enterprises and the management of them is in top condition, it said, as both the risks and opportunities rise as a business increases in size.

Greater risk to cattle enterprises

The study, which looked at sheep, cattle and mixed enterprises in lowland and upland areas, reveals that the risk is particularly great in cattle enterprises.

The data showed good cattle farmers only saw a small increase in net margin as herd size increased, while poor performers saw a much larger increase in net losses.

Four key findings from the Red Meat Benchmarking Project

Minimise fixed costs. Beef and sheep farmers in the top third spend about half what those in the bottom third spend an animal. High fixed costs often come from large machinery bills.

Minimise variable costs. The best producers find small savings across all aspects of the business which have a large combined impact. This can include concentrate costs, forage, and veterinary and medicine costs.

Growing a business in size is only likely to grow profits if it is already profitable at a smaller scale. Bigger businesses will make larger losses when things go wrong. Top-third performers often have a higher stocking rate, suggesting businesses should look to intensify on existing land where possible before taking on additional acres.

Consider succession. More than half of the enterprises surveyed had a principal decision maker over the age of 51, but less than half had a succession plan in place. There is evidence that involving the younger generation in business decisions early on can contribute to improved net margins and increase profitability.

HCC industry and development manager John Richards said: “The top-performing enterprises generate a financially viable, and in some cases, very profitable business.

“These businesses, however, weren’t necessarily the largest in terms of scale or size. What the data analysis has evidenced is the importance of building a business based on solid foundations before attempting to grow and expand.”

Lower overhead costs

Mr Richards said the data shows that top performers keep their overhead costs considerably lower for each breeding animal than the farms in the bottom tier.

Figures from the sheep enterprises show that top-third performers have almost half the amount of overhead costs when compared with the bottom third.

Sheep farmers in the top third had £0.63 of overhead and variable costs for each £1 earned, while those in the bottom third spent £1.19 for each £1 of output.

However, Welsh cattle producers are in a more perilous situation, with even the top third of performers spending £1.02 for each £1 of output, while the bottom third spent more than double what they earned from the enterprise, at £2.17 of costs for £1 of output.

This included a wage of £9.34/hour allocated to each hour of unpaid labour worked in each enterprise.

High costs

Graham Redman, the lead report author, said businesses in the beef and sheep sectors struggle to scale up successfully, as land and livestock are prohibitively expensive, while output is lower than from rival sectors such as dairy.

Mr Redman, who is also a partner at consultancy firm Andersons and edits the John Nix Pocketbook, noted the findings are similar across the UK.

Fresh data from the new 2020 John Nix projects average upland beef and sheep enterprises across the UK will make a £64/ha loss next year, and a high-performing business will make a £155/ha profit.

In contrast, the average dairy farm is expected to make a return of £490/ha and a high-performing one £947/ha.

JOURNAL : Farmers Weekly

I am a huge admirer of new entrants coming into our fantastic industry.

They often bring with them new ideas and really are a breath of fresh air with the way they approach farming.

It is great to see them getting the profile across various platforms that they deserve for the hard work and risks they take in order to get into the sector.

All that said though, we should not be forgetting the people who were born into the industry and have come from generations of farmers to work the land.

See also: Read more from all of our young farmer columnists

Just because their story does not fit the fairytale script that various media platforms desire, does not mean that they haven’t had their own uniquely difficult challenges in order to carry out the profession that they love.

I have a huge frustration with the common misconception among ***agricultural*** circles that those who are from family farms just have everything handed to them on a plate.

Weight of expectation

As I am sure many of us who are not first-generation farmers will testify, this is most certainly not the case. In fact, this is far from it.

As many of us grew up on farms as young children we are all aware of the commitment that the farm and its lifestyle entails.

From the moment we can more or less walk, we are thrust into helping out on the farm, something that is very unique to ***agriculture***.

This often leads to missing out on simple childhood things that other people take for granted.

Holidays, for example, or even something as simple as going down the park to play football with your friends after school.

Family pressure can be a powerful and hard-to-ignore factor.

Many next generation farmers find themselves walking away from the family business due the constant weight of expectation.

Whether you think it or not, you always feel pressured to live up to your family's ideology when it comes to the choices you make and the way you carry out your role.

It's very difficult to have the freedom to make your own decisions.

I know farmers in their 60s who have been farming all their life, but still have to check with their parents before they decide to do something in regards to the direction farm is heading in.

Succession stress

It is often easier starting from scratch with only the burden of your own expectation, not being constantly compared and judged to previous generations before you.

The biggest white elephant when it comes to family farms and one that many people can relate to is the thorny issue of succession.

This is a subject that is often veiled in secrecy as no one wants to show their hand, but it is vitally important to know the direction of where the farm is heading.

Many people can work their best working years with the perception that they will one day have full control of the reins, only for this to be swept from under their feet due to not discussing the matter fully and understanding what formalities are actually in place.

This is a dire situation for anyone to find themselves in and its one we all have in the back of our head, no matter what way we butter it up.

It isn't as easy as we are led to believe coming from generations of farmers, and whether people realise it or not, sometimes it really is easier to be a lone figure starting out in your own right.

Every entry point into farming has its own trials and tribulations, but don’t think that family farming is all plain sailing.

JOURNAL : Farmers Weekly

John Deere has introduced a number of upgrades for its flagship S-series combines, including improvements to its automation systems and residue management.

These will apply to 2020 model machines, for which the order books opened in August 2019.

A change to the Interactive Combine Adjustment (ICA2) system means it is now capable of automatically controlling the combine’s speed – a task that required operator input before.

Now it will detect if there are high levels of chaff or broken grains in the sample and adjust various settings, including forward speed, until the desired quality is reached.

John Deere is backing the new system with a guarantee offering customers compensation for any broken grain losses of more than 1%.

This will apply for wheat cut during the 2020 season and customers are able to sign up to the deal via John Deere’s UK website.

See also: Video: Claas launches biggest-ever Lexion combine – the 790hp 8900

Changes to the straw chopper and chaff spreader have also been introduced to help counteract the effect of side winds.

These allow the machine to automatically adjust the angle of spread according to the wind speed and direction.

When the combine turns around, the system is also clever enough to sense the change in orientation and mirror the broadcast pattern.

Remote adjustment of the straw chopper counter knife also allows the operator to fine-tune chop quality without getting out of their seat.

They can then monitor the results of their actions in the combine’s reversing camera.

Finally, Deere engineers have added a highly accurate humidity sensor to improve the accuracy of the yield meter.

W- and T-series updates

Buyers of the firm’s W- and T-series combines now have the option of adding the fourth-generation 4640 Greenstar display to the cab.

When choosing this option, combine settings are still housed in the armrest screen, but all other functions can be controlled through the 4640 display.

These include guidance, documentation, data transmission and Machinesync, which automatically steers the tractor/trailer combination driving alongside.

The 4640 display is removable and can be used to perform other tasks, such as operating section control on a sprayer.

New headers

John Deere is also launching a 700X range of variable-length headers for 2020.

These will feature a low-profile feeding design to give a ***smoother*** transition to the auger, particularly for short crops such as spring barley.

The slip clutch position has also been moved directly to the auger to minimise wear and thicker skid plates have been added.

JOURNAL : Farmers Weekly

Kent grower Alan Clifton-Holt is switching varieties to raise the harvested yields of his biscuit-making wheats – and foresees a good demand for his grain even in Brexit future.

He is growing all biscuit wheats from his base on Romney Marsh as he earns a good price premium and says they are cheaper to grow than nitrogen-hungry breadmaking varieties.

With strong domestic demand and a host of export ports, he is looking to maximise production of his 500ha of quality winter wheat where he budgets for a high yield of 12t/ha.

His recently cut harvest was largely of the varieties Basset and Elicit, but a small plot of newcomer Firefly has done well despite concern over the variety’s resistance to brown rust.

“Firefly is a step up in yield compared with Basset and Elicit, and stands up better at harvest time,” he told Farmers Weekly.

See also: Which bread- and biscuit-making wheat varieties to grow

Higher yield

In an on-farm trial harvested this summer, one 20ha field was split equally between Firefly and Basset and after they had similar treatments, the Firefly yielded 1.5t/ha higher at 13.5t/ha.

So this autumn, Firefly and Basset will be his main varieties, with 40% of each, while Elicit will fall to 20% as its open ear nature means it has a tendency to shed grain on the farm near to harvest time.

Mr Clifton-Holt is largely committed to biscuit wheats as they earn a £5-15/t premium over feed wheat and are less costly in term of nitrogen fertiliser, high yielding and less demanding in terms of specifications than breadmaking wheats.

Farm facts

AA Clifton, Haguelands Farm, Burwash, Romney Marsh, Kent

1,450ha of arable land

Six-year rotation of winter wheat, winter barley, oilseed rape, winter wheat (cover crop), spring barley (cover crop) and then peas/spring beans

His group 3 biscuit wheats see good demand in northern European countries such as the Netherlands, Belgium and Germany, but he is confident there are other markets available if Brexit means that tariffs are imposed on exports to the EU.

“In the event of Brexit, Europe does not dictate wheat prices. It is domestic demand and the world price, and so there will always be somewhere we can sell,” he said.

Domestic and export demand

Domestic biscuit makers use about 1m tonnes of wheat annually, while there is good export demand outside Europe such as in North Africa, and in Kent the farm is blessed with good grain export ports at Dover, Rye and on the Isle of Sheppey as well as Tilbury in Essex.

Typically, biscuit makers look for wheat with 10.7% protein, 180 Hagberg and 72kg/hl specific weight, compared with a breadmaking standard of 13-250-76, meaning it is easier to hit specifications, especially on protein contents.

The family-run operation at Haguelands Farm, Burwash, southeast of Ashford, is based on rich silty Romney Marsh soils, although the 1,450ha it farms stretches from Rye up as far as Canterbury.

Brown rust threat

The main disease threat in this part of Kent is brown rust, and although Firefly is the top-rated biscuit wheat, at 8 on the AHDB recommended list (where 1 is very poor and 9 is very good), there have been signs that this rating could come down after disease was seen in the variety this season.

Mr Clifton-Holt has examined many trials in the area of fungicide-treated and untreated Firefly and has seen the effects of brown rust in untreated plots, but he is confident his fungicide programme with a focus on late T3 head sprays will be adequate.

“If you miss out a T3 spray then brown rust will be a real problem in our area,” he said.

His programme, agreed with his agronomist, starts with a robust T0 spray, while rates of T1 and T2 spray can be reduced if needed, and then the T3 treatment is very important for brown rust.

“We have seen odd bits of brown rust, and although there were worries around mid-June we have seen no yield penalty," he added.

Trialling Firefly

Variety

Yield  (t/ha)

Protein (%)

Hagberg (seconds)

Specific weight (kg/hl)

Firefly

13.5

11.2

267

76.5

Basset

12

10.9

257

77.3

Elicit

11.8

11.4

303

75.6

On-farm trial split a 20ha field equally between Firefly and Basset. The Elicit figures are for a separate field with similar treatments.

JOURNAL : Farmers Weekly

Widespread support for innovative crop technologies, which could make a huge difference to the farming community and food production challenges, has been revealed in a new poll.

The YouGov survey of more than 2,000 people was carried out in July for the ***Agricultural*** Biotechnology Council (ABC), the umbrella organisation for the ***agricultural*** biotechnology industry in the UK.

Nearly three quarters (72%) said they would support the use of new technologies and innovation – such as new plant breeding techniques to increase crop diversity and security.

See also: The future of food production - 3D printing and gene editing

While 82% believe there will be an increased emphasis on new technology and innovation in food production and farming in the future – for example, in gene editing, which can help make crops more nutritious, as well as pest and disease resistant.

When asked if they would be supportive of British farmers being able to grow GM crops, 43% said yes.

There was also strong agreement among those surveyed that farmers and scientists are the most trusted groups to help the UK to deal with food production challenges, trusted by 76% and 75% of respondents, respectively.

UK politicians were the least trusted group to tackle these issues, with only 16% of respondents believing politicians are well prepared. But nearly half (49%) would trust UK supermarkets to ensure that the UK is well prepared in the event of any future food production challenges.

Insect consumption

Meanwhile, 32% of British adults surveyed believe the consumption of insects will likely become more commonplace, in the wake of challenges in food production.

ABC is calling on the government to use the UK’s exit from the EU as an opportunity to take advantage of ground-breaking technologies that have recently been blocked by political intervention at an EU level.

The European Court of Justice ruled last summer (2018) that gene editing should be subject to the same regulatory framework as genetic modification.

Gene editing

But the use of gene editing and GM technology in the UK post Brexit could help UK farming flourish, while maintaining the highest levels of consumer safety and environmental protection, said ABC chair Mark Buckingham.

“Using cutting-edge technology and growing techniques will enable the UK to deal with the serious challenges of keeping our farmers competitive, maintaining a safe, affordable food supply and protecting our natural environment,” he added.

“With Brexit on the horizon, techniques such as editing individual genes in crops to make them more resistant to diseases offer a fantastic opportunity to help British farmers lead the world in agri-science.”

JOURNAL : Farmers Weekly

Defra minister George Eustice has unveiled fresh details about government plans to help the sheep sector in the event of a no-deal Brexit.

Speaking during a debate in parliament on Tuesday (3 September), Mr Eustice acknowledged that the sector was the “most exposed in its trading relationship with the EU”.

Currently, about one-third of the UK’s annual production of lamb is exported and about 95% of this goes to the European Union.

France was the main EU export destination, followed by Germany and Belgium.

See also: Report warns family farms will bear brunt of no-deal Brexit

Farming organisations have warned that under no deal, the export of sheepmeat to the EU would be almost entirely wiped out by tariffs and regulating barriers.

This has also sparked fears of a wasteful cull of millions of lambs and breeding ewes.

But Mr Eustice said culling sheep was “not under consideration” and he added: “We do not want to reduce the capacity of our flock.

Two options

Mr Eustice revealed that the government was considering two possible no-deal options.

First, a headage payment on breeding ewes “in the event that farmers producing lambs have the shock to their income”.

The Rural Payments Agency has been told to design the administrative procedures necessary to make such headage payments.

The second option, a “slaughterhouse premium”, would involve a supplementary top-up payment for lambs at the point of slaughter.

“We could use a combination of those options but, broadly speaking, a headage payment and income-support approach would be the right approach to adopt,” said Mr Eustice.

The minister also said that discussions with the Treasury about what support may need to be set aside were “at an advanced stage”.

But no final decisions could be taken until the UK leaves the EU.

Gove pledges support

Elsewhere, former Defra secretary Michael Gove, now the Chancellor of the Duchy of Lancaster, who is in charge of the government’s no-deal planning, said the sheep industry would require government support to ensure its continued health.

He said the Treasury will make money available for all businesses, including farms that are “fundamentally viable but may face particular turbulence in the event of a no deal”.

NFU president Minette Batters has also written to prime minister Boris Johnson to demand an urgent review of the government’s no-deal tariff policy.

She warned that lower or no tariffs on imports into the UK would put further pressure on domestic producer prices.

JOURNAL : Farmers Weekly

The future of an invaluable slaughterhouse and butchery service on the Scottish Isle of Mull has been secured thanks to financial support from the Prince’s Countryside ***Fund*** (PCF).

The PCF has awarded £10,000 and The Prince of Wales’s Charitable ***Fund*** has also offered grant support to help protect the future of Mull Slaughterhouse.

One of only 107 small abattoirs in the UK, Mull Slaughterhouse employs five people and provides an essential service to local food producers in Argyll & Bute and the Highlands and Islands.

See also: Farmers work together to save local abattoir from closure

Its closure would require livestock to travel a further 145 miles by road and ferry to the Central Belt, leading to unnecessary stress to the animals and added transport costs for farmers.

Claire Saunders, PCF director, said the ***fund*** was “deeply concerned” with ensuring that the critical role local abattoirs play in their economies is recognised, safeguarded and that they have a sustainable future.

“Many butchers, farmers and crofters depend on the service offered by the Mull abattoir and we believe it needs proper support,” she added.

Vital role

The grant recognises the vital role that the abattoir plays in this rural and isolated community.

The abattoir currently receives support only from private grant ***funding***.

Prince Charles has long spoken of the importance of retaining island facilities and small to medium abattoirs.

His Countryside ***Fund*** recently completed a project that established the Scottish Island Abattoir Association, with the aim of improving abattoirs’ levels of operation.

In December, the PCF also awarded £50,000 to the construction of an abattoir on the Isle of Skye and Lochalsh to ensure that local meat production is financially viable.

JOURNAL : Farmers Weekly

An all-in-one calf milk mixer and dispenser from New Zealand firm Stallion promises to cut the workload when feeding large groups of calves.

The Mixer Tanker Feeder (or MTF for short) can be towed behind an ATV or pickup and has a 1,000-litre mixing tank powered by a Honda pump.

This means the operator can tip the milk powder and water in at the yard and then drive to the feeding area while the batch mixes – a job that takes three to five minutes.

See also: Vario Volume extension increases BvL mixer wagon capacity

To help ease the filling process, there’s a float gauge that rises out of the tank to show the water level.

Stallion advises adding about 100 litres of water to the tank, before starting the pump and tipping in the powder.

Water can then be topped up to the desired level.

Mixed milk can be dispensed into smaller pen feeders using a petrol-pump-style hand lance, or via the tanker’s integrated teat manifold.

This comes with 50 teats as standard, but there’s the option of upping this to a maximum of 80.

The teat manifold wraps around the entire tanker, giving the maximum amount of space for the calves to feed, and the drawbar can be retracted to avoid injuries.

In a bid to prevent corrosive slurry eating through the metalwork, all steel parts have been galvanised.

Stallion has also made the tank and all other plastic components out of impact-resistant polyethylene.

As standard, the MTF comes with a pull-start engine, but there is the option of adding an electric starter.

In the UK, it’s available though Kiwi Kit and is priced from £4,595.

JOURNAL : Farmers Weekly

The number of co-operatives operating in the ***agricultural*** sector has shrunk, but their combined turnover has risen to a three-year high at just over £7.9bn.

Co-operatives UK has produced its annual summary of the role of co-ops in the economy which reveals that a total of 434 farmer co-ops now operate in the UK – down from 440 the previous year.

The number of farmer members has also dropped by 1.8% to 153,486 after successive increases since 2015.

See also: Number of UK farmer co-ops falls for fifth year

But the report also shows the importance of farmer co-ops to the "co-op economy", with nine ***agricultural*** businesses featuring in the top 20 best performing UK co-ops by turnover.

In fact, ***agricultural*** co-ops are second only to the high-street retail sector in terms of turnover.

Retail’s dominance is not unexpected given it includes household names such as the Co-Op Group and the John Lewis Partnership.

Openfield

Openfield, which is owned by 4,152 farmers and sells around 4 million tonnes of British grain every year, featured as the seventh-largest co-op in the UK and the second-largest of the farmer-owned co-ops, behind Arla Foods.

Ed Mayo, Co-operatives UK secretary general, said the economy could learn a lot from businesses such as Openfield.

“More co-ops can help pave the way for an economy that doesn’t just serve the rich – those already at the top of the food chain,” he said.

“Co-ops are more equitable; wealth is shared among members and they enrich the communities in which they operate.”

The 2019 report also reveals that co-ops are a resilient business model, with almost three out of four co-op start-ups (72%) still in operation after the first five years of existence.

In contrast, more than half of all new companies (57%) ceased to exist before reaching that same milestone.

Turnover of top 10 farming co-ops:

1. Arla Foods: £2.6bn

2. Openfield Group:  £627m

3. Mole Valley Farmers:  £491m

4. Dale Farm Co-operative:  £482m

5. Berry Garden Growers:  £346m

6. The AF group:  £274m

7. First Milk:  £248m

8. LacPatrick:  £224m

9. Fram Farmers:  £195m

10. United Oilseeds Producers:  £156m

JOURNAL : Farmers Weekly

It speaks volumes when the very first slide shown at a Welsh government presentation to farmers about the current bovine TB situation is an advert for a farming mental health charity.

This was the case here in north-east Wales at an event I attended earlier this year.

The packed room was then informed over the next hour-and-a-half that the 75% increase in new incidents that we’ve seen over the past 12 months in the area now known as ‘the ITBAN’ (Intermediate TB Area North), was entirely the fault of farmers for moving cattle irresponsibly from high-risk areas.

See also: 5 ways to improve TB control in the UK

We were also told, in no uncertain terms, that there would be no badger cull under the present Labour Welsh government, and debating that decision was pointless.

Unsurprisingly, the atmosphere in the room got heated.

Many of the farmers present have lived with bovine TB in their herds for well over a decade, under enormous amounts of emotional stress and financial disruption, and have put into place all possible precautions and barriers available to them against this disease, but are still suffering from repeated TB breakdowns.

I am sick and tired of government officials lecturing overworked and under-resourced livestock farmers about farming practices being responsible for the continued increase in bovine TB.

While cattle movements, of course, need to be restricted as much as possible, the continued refusal to implement a badger cull and target the reservoir of infection as part of the solution makes a mockery of the whole situation.

While countries that have previously had TB issues – such as New Zealand – made tough decisions and eradicated the disease, our own continues to prevaricate while the situation gets endlessly worse.

In the year to April 2019, a staggering 12,000 cattle were slaughtered in Wales – a 19% rise on the previous 12 months, and at a cost to the taxpayer in compensation to farmers of £14.5 million.

This is endemic long-term failure on the part of Welsh government.

We have been repeatedly told as an industry that a badger cull would be ineffective. An expensive waste of time. You farmers simply don’t understand the problem, they said.

Well, the cull is working in England. The results are there for all to see, and it’s being rolled out to further areas later this year.

Well done to Defra for acting decisively, even if it’s taken far too long to come about.

I would urge policy-makers in Wales to sit down with farmers who are affected and talk to them about the needless layers of bureaucracy they face as a result of a TB breakdown; the difficulty they encounter in getting the right answers about what they need to do next; and the shock and anguish of seeing their cattle shot dead on farm in front of them.

I like environment minister Leslie Griffiths enormously, and I firmly believe she has the best interests of farmers in Wales at heart, but on this issue, she and her party are getting it dreadfully wrong.

While a pledge of £47,000 this summer to support the excellent DPJ Foundation is to be hugely applauded, I would guess that a large number of mental health problems in the farming community here come at least in part from the pressure of coping with bovine TB.

Welsh farmers are doing everything they can, it’s time for government to do the same.

JOURNAL : Farmers Weekly

Choosing a date, lotting items and organising on-site facilities are all parts of the preparation process for a farm dispersal sale.

Farmers can get a huge amount of support, says Symonds & Sampson auctioneer and ***agricultural*** surveyor Greg Ridout, from first contact with an auctioneer through to the end of the sale day.

He advises contacting an auctioneer experienced in this type of sale as soon as possible, to allow a ***smoother***, less stressful experience.

See also: What puts land and property buyers off farms?

Typical peak months for these sales coincide with tenancy end dates, which are often in the autumn, as many sales involve farm tenants who are retiring or leaving the holding.

When selling a farm, the dispersal tends to take place when the farm has been sold or the sale agreed, and the Symonds & Sampson team has 10 farm dispersal sales scheduled in the next seven weeks.

How to prepare

The auctioneer will first need to visit the farm, take a look at the items for sale, get an approximate value, and set a commission rate.

Some auctioneers charge a flat rate for the sale, some will charge in bands (for example, 0-£10,000, £10,001-£20,000 etc), and some set a price depending on the value of the lot.

Once this has all been confirmed, they will reserve a date that doesn’t clash with other nearby sales, as well as contacting people they know who might be interested in bidding.

“Realistically the quickest things can be sorted is three weeks, but it’s best to have a couple of months so there’s more time to advertise,” said Mr Ridout.

“We need to outline what will be included in the sale and then we can expand on what you have got nearer the time.”

Catalogues are sent out two weeks beforehand.

Depending on the auctioneer, the farmer can expect help with all on-site preparations for the sale or for attendance just before and during the day of the sale.

For example, some auctioneers can assist the landowner with collecting the items, making them sale-ready and creating lots.

“The small things can take weeks to get out of the sheds, whereas the bigger things you can just drive out,” said Mr Ridout.

“We can help bring items out and clean them, and some farmers will get valeters in for tractors.

“The farmer will put them into lots and we can advise on changing that if necessary.”

What happens on the day?

A decent access route and suitable place for parking need to be available for those attending the sale. If this isn’t possible, there are ways around it, such as using a neighbour’s field for parking or a neighbour’s farm for the sale.

Check if the auctioneer can organise additional facilities, such as a catering unit and portable toilets, and whether these will incur extra costs.

The best way to have a sale is to put every item you have into it, says Mr Ridout, rather than taking certain items to specialist sales where they may lose their identity.

Gaining commission on the sales prices means the auctioneer has to balance getting the best amount for the vendor with maintaining the respect of the buyers.

Full payment is due on the day unless prearranged otherwise.

“Machinery is so expensive now that we’ll often have an interested buyer call and ask if we’re happy to communicate with a finance company, and it all gets agreed ahead of time,” said Mr Ridout.

Typically the seller will receive a payment on account by cheque within a couple of days of the sale, with all proceeds being paid out once all costs have been received (usually within three to four weeks).

Other things to consider

If the farm’s catalogue doesn’t warrant its own sale, multiple businesses looking to sell in the surrounding area can take part in the same auction.

Two years ago, Symonds & Sampson had one farmer bring their items to a neighbouring farm and two dispersal sales were conducted, one after the other.

This decision should be made not based on the number of lots but on the total value.

“We have seen total values range from about £10,000 to £500,000 but it will vary each year,” said Mr Ridout.

Top tips

Always go to a specialist experienced in farm dispersal sales. They will know what they’re doing, have the right contacts and have the facilities.

The longer the notice ***period*** you can give the auctioneer the better: it’s a lot less stressful, there are more opportunities for marketing, and there is a better chance of getting people to attend.

Speak to your accountant about any tax considerations before the sale, especially in regards to entrepreneurs’ relief if you are retiring.

Ahead of the sale, clean and service lot items but also clear up the farm to make it more presentable – because first impressions count.

A good time to hold sales is in the winter months when potential buyers are not as busy.

There are no excuses to not have a farm sale; any perceived issues can be worked around.

Source: Greg Ridout

JOURNAL : Farmers Weekly

ADM ***Agriculture***, the UK arm of global food conglomerate Archer Daniels Midland, saw a rise in profits as a result of the 2018 heatwave.

The business, formerly known as ADM Arkady, posted a post-tax profit of £11.4m in the year ending December 2018, according to its latest set of accounts.

The results compare favourably to the previous year, with the company suggesting the long winter followed by the summer drought led to record demand for livestock feed.

See also: Grain trader Gleadell and processor Dunns to be bought by ADM

The 2018 results are significantly higher than the £1.3m post-tax profit posted in 2017, when the business was still operating as ADM Arkady.

Sales volumes rose by 20% between 2017 and 2018, with gross profit after interest rising 317% from £4.2m to £17.6m.

ADM ***Agriculture*** is a major grain, seed, feed and fertiliser merchant, buying grain from farmers that is principally used as animal feed or as biomass in the energy industry.

As one of the largest processing facilities in the UK, ADM Erith processes approximately 1 million tonnes of rapeseed each year.

ADM also operates seven flour mills across England and Scotland, serving customers ranging from small craft bakers to large, multinational manufacturers.

Its site at Long Sutton in south Lincolnshire is also one of the largest pulse and ***agricultural*** seed processors in the UK.

Gleadell growth

On 1 April 2019, the business merged 100% of the business and net assets of grain trading business Gleadell ***Agriculture*** and its pulse and seed subsidiary Dunns into its operations.

Previously, ADM had jointly owned Gleadell with leading French ***agricultural*** co-operative InVivo, but decided to purchase the outstanding 50% to help grow its operations in the UK.

JOURNAL : Farmers Weekly

Red Tractor assurance is calling for potato growers to have their say on proposed changes to its Safe Haven Standards for seed.

The assurance body has released the revised standards under consultation and wants feedback from both the seed and ware sectors by 4 October.

See also: Red Tractor announces tougher dairy farm standards

Within the 24 standards, eight are new and these cover areas such as closer monitoring of water use and crop storage.

Proposed new standards

Farm maps must be available on-site showing all sites, including rented land

Systems must be in place that deliver seed and ware potato traceability through the unit

Water usage records must be kept

Documented risk assessments undertaken for all water use on the whole unit

Access to units must be limited to essential visitors and movement records kept

Storage areas must be cleaned annually

Red Tractor must be informed if ring rot, Dickeya, brown rot or Epitirix are found

Monitoring and recording of temperature and humidity in stores is recommended

About 60% of UK seed growers are certified by the standards, which were introduced after a ring rot outbreak, introduced in Dutch seed in 2003.

Dickeya monitoring was then included in a previous revision and the latest review will add brown rot and Epitrix to the list.

Red Tractor said the changes were part of a regular review to ensure grower protection was maintained.

It added that potential changes in trade increased the need to strengthen the scheme and enhance the reputation of British seed potatoes.

Red Tractor will consider all responses before finalising the standards ahead of implementation in spring 2020.

Have your say

Feedback is invited via an online form before noon on Friday 4 October

Red Tractor has produced a document detailing the changes to the Safe Haven Standards

JOURNAL : Farmers Weekly

Claims by cabinet minister Michael Gove that there will be no food shortages if the UK leaves the EU without a deal are categorically untrue, say retailers.

Speaking on the BBC's Andrew Marr Show about whether there would be any food shortages in the event of a no-deal Brexit, Mr Gove said: "Everyone will have the food they need."

He added: "No, there will be no shortages of fresh food."

See also: No-deal Brexit will disrupt trade, says government

Asked if food prices would increase, Mr Gove said a number of economic factors were in play.

"Some prices may go up. Other prices will come down," he told the show on Sunday (1 September).

But a spokesman for the British Retail Consortium said: “It is categorically untrue that the supply of fresh food will be unaffected under a no-deal Brexit.

“The retail industry has been crystal clear in its communications with government over the past 36 months that the availability of fresh foods will be impacted as a result of checks and delays at the border."

The government’s own assessments showed that the flow of goods through the Channel crossings could be reduced by 40-60% from day one, said the BRC spokesman.

Reduced availability

So too would the 'availability and choice' of some foods.

The BRC’s own analysis suggested soft fruits and vegetables, such as strawberries, tomatoes and lettuces, would face reduced availability as they are largely imported during the winter.

“While retailers continue to work with their suppliers to maintain stocks of non-perishable goods and plan ahead for any disruption caused by a no-deal Brexit, it is impossible to mitigate it fully as neither retailers nor consumers can stockpile fresh foods.

“The reality remains that a no-deal Brexit in October would present the worst of all worlds for our high streets and those who shop there.

“Retailers will be preparing for Christmas, stretching already limited warehousing capacity, and the UK will be importing the majority of its fresh food from the EU, magnifying the impact of border delays.”

JOURNAL : Farmers Weekly

Rural criminals are tying pieces of twine to gates and farm entrances to signpost sites they believe are easy targets, police have warned.

The unusual activity has been detected on a number of farms in Shropshire in recent weeks.

Farmers who find any pieces of baling twine or similar tied to their gates or fences are being urged to contact police.

See also: Video - Farm bunds fend off rural criminals

Graham Donaldson, rural and business crime officer for West Mercia Police, said: “Several instances have been reported to adjacent police forces regarding pieces of twine being tied to gates on entrances to farms and fields.

“This activity is believed to be a marker for criminals to identify that the location is seen as a ‘soft touch’.

“Should you see any of these markers please remove it and report the matter to your local police.”

You can report any suspicious activity or suspected marking incidents to West Mercia Police on 101, or Crimestoppers anonymously by calling 0800 555 111 or visiting their website.

JOURNAL : Farmers Weekly

One of Britain's biggest lamb exporters has warned against a no-deal Brexit – saying it threatens to devastate the UK’s sheep industry.

Tariffs on exports if the UK leaves the EU without an agreement could see the sector literally become the “sacrificial lamb” of a no-deal Brexit, said Mike Gooding, director of the farmer-owned meat processor and exporter Farmers First.

See also: Family farms will bear brunt of no-deal Brexit, says report

A suggested 40% tariff would render UK lamb exports uncompetitive, Mr Gooding said. This would be the sort of tariff imposed on exports if the UK reverted to trading under World Trade Organisation (WTO) rules following a no-deal Brexit.

“The implications of what we are talking about are very straightforward and entirely predictable,” he warned. “Essentially Brexit risks excluding UK produce from the EU marketplace. A no-deal Brexit would result in the same outcome – but with that risk greatly increased.”

Owned by 2,750 farmer shareholders, Farmers First has two abattoirs which can slaughter 30,000 sheep each week (see box). The business processes about 10% of the UK's lamb and exported about 1m sheep worth almost £100m last year, including to 12 EU countries.

Sizeable market

“It is a sizeable business entirely focused on the development of market opportunities and it sits right at the centre of export trading,” Mr Gooding said. “We are dealing with the realities on a day-to-day basis for our farmer-producing shareholders.”

To put a no-deal Brexit in context, Mr Gooding said a French customer was currently paying about £100 for a standard lamb carcass. If a 40% tariff was implemented, that would increase the cost of the same lamb to £140.

Farmers First numbers

2,750 farmer shareholders

2 abattoirs in England and Wales

30,000 weekly slaughter capacity

10% of the UK's weekly lamb kill

1m sheep exported last year.

“In a price-sensitive market, nobody is going to pay £140 for a lamb across the continent. In reality, a movement of very few euro cents per kilo is the difference between a French customer buying UK product – or a lamb from New Zealand or Australia or even Ireland.”

Mr Gooding acknowledged that sterling may devalue further in the event of a no-deal Brexit. But he said if it fell by 40% – sufficient to offset any tariff increase – the challenges of the UK sheep sector would be well down the list of government priorities.

“That isn't meant to be a flippant comment,” he said. “In the greater scheme of things, compared to other sectors there is a very real danger that UK farming and the sheep sector particularly may literally become the sacrificial lamb of Brexit negotiations.”

With about 35% of lamb production currently exported to the EU, a lot of sheep would be left looking for a market within the UK if British farmers and processors were priced out of the European market due to tariffs, putting downward pressure on prices.

Fewer farmers

“Basic economics shows that decreased demand and increased supply mean prices will fall,” said Mr Gooding. “That is exactly what will happen.”

Farmers First was pursuing opportunities in non-EU markets – including the Far East and the Middle East. But these markets would take time to develop and would not take the sort of volume currently exported to European destinations.

The UK breeding ewe flock reduced by about 30% in the 2017-18 season – in part as farmers reduced sheep numbers in response to an uncertain future.

“We would expect to see that sort of fall in breeding numbers continue,” Mr Gooding said.

There would be a substantial restructure in sheep farming, he added. The farmers most likely to survive would be the most efficient producers who understood their costings, had low inputs and maximised their use of forage.

“My own personal view is that there will be many fewer farmers managing what sheep there are in larger flocks – possibly running across multiple holdings. This will bring some people opportunities but it also means there will be casualties along the way.”

Defra says it will intervene to provide direct support for some farming sectors if needed under a no-deal Brexit. It says the government will ensure any disruption is minimised and has contingency plans in place to minimise any disruption to farmers.

Farmer-owned exporter celebrates 20th anniversary

Meat processor Farmers First – which trades as Farmers Fresh – was established 20 years ago to revitalise UK sheepmeat sales and secure better prices for UK lamb producers.

Founded by a group of five Welsh farmers, rather than focusing on domestic retail sales the business set out to develop new markets for sheepmeat and increase UK lamb exports – a principle which still applies.

“At the time, the European market was considerably cut off from the UK,” said Farmers First director Mike Gooding. “So there is a crystal clear parallel between then and now of what can happen when you can't access such a huge number of potential customers.”

Farmers First was successful because it had clear goals, Mr Gooding said. It tried to be “nimble on its feet” while focusing on meeting consumer demand for high-quality lamb in markets where UK sheep producers were competitive.

Some 2,750 farmers bought shares in the company to get its first abattoir up and running near Kenilworth, Warwickshire. In its second year of operation, it exported 1.1m lambs before the abattoir had to be mothballed during the 2001 foot-and-mouth outbreak.

After the crisis, the company was the first lamb exporter back into the European market. Last year, it bought its second abattoir near Wrexham. Shipments have now returned to pre-foot-and-mouth levels, with almost 1m carcasses exported annually.

‘Action needed’ to protect UK sheep industry

Leaving the EU without a deal must be avoided at all costs, says the National Sheep Association, which has called for urgent action to protect the UK sheep industry.

The EU is the destination for some 96% of UK sheepmeat exports. NSA chief executive Phil Stocker said: “Such a scenario would be disastrous for our industry at any time, but late October is when a huge peak of UK lamb will be reaching the market.”

A plan was needed to ensure that capacity and confidence was maintained if UK producers lost access to the EU market – even for a few months, Mr Stocker said. Doing so would ensure exporters could still operate once market access was restored.

“There are a number of steps that are immediately essential and cannot be put off until October,” he said. “In the event of an acrimonious no-deal, we could still be in a position where access to the EU is entirely closed. If not, then tariff relief is our preferred option to keep the market functioning.”

The NSA also believes steps must be taken to temporarily close the UK to sheepmeat imports if UK producers are unable to export – with a focus on getting all domestic production into the UK’s domestic markets. But it warns that this would be difficult.

Earlier this summer, Mr Stocker said: “If plans are put in place now to invest in cold storage capacity then, using public procurement markets such as the armed forces, schools and hospitals, we can make the most of what would otherwise be a catastrophe.

“What absolutely must not be allowed to happen is a mass cull of lambs with no attempt to get them into the food chain. This would be an obscene waste and would have future capacity impacts for our sector. It can be avoided if the right steps are taken now.”

Welsh farmers warn of oversupplied market

Britain will be oversupplied with lamb if UK producers lose access to overseas markets, the Farmers’ Union of Wales has warned.

FUW president Glyn Roberts said UK lamb was of the finest quality. But he added: “Producing a premium product is of no use if we have no market to sell it to and tariffs make it uneconomical to pursue such food production.”

Trade negotiations were one of the most complex issues faced by farmers, said Mr Roberts. “We know that if we don’t have an export market after 31 October, then we will have too much lamb for our own market – even if all imports were banned.”

Some 40% of UK sheepmeat is exported tariff-free to the EU. Mr Roberts said “more than a miracle” was needed in the event of a no-deal Brexit to ensure farmers could continue producing Welsh lamb as a premium product for generations to come.

“We rely on the fact that we can export cuts of meat that are less popular with our consumers, which balances our carcass sales out, but also we are just entering the UK lamb season. If we lost access to that market, Welsh ***agriculture*** is looking at some serious problems.”

“We are responsible for more than 20% of the UK production and the consequences of a no-deal Brexit would be catastrophic and potentially see the destruction of our sheep industry, disintegration of our rural communities and the end for our rural economy.”

JOURNAL : Farmers Weekly

Scottish farmers are set to benefit from an additional £160m of support after the government pledged to fulfil a Boris Johnson campaign pledge to return convergence ***funding***.

Scottish farmers and politicians were outraged in 2013 when EU money allocated to Scotland was retained by the Westminster government, and they have been campaigning ever since to see it returned.

The announcement came today (4 September) as part of Chancellor Sajid Javid’s first spending review in which he also allocated additional cash to Defra and pledged that no government department would see ***funds*** cut in the next financial year.

See also: Johnson promises Scots will receive £160m convergence ***funding***

The extra cash is widely seen as an attempt to blunt Labour accusations that the Tories are the party of austerity, ahead of an all-but-certain general election before the end of the year.

Changes in England include an additional £20m to support delivery of the ***Agriculture*** Bill and other replacements for the EU Common ***Agriculture*** Policy.

Livestock farmers are set to benefit from an additional £8m of ***funding*** to combat antimicrobial resistance and bovine TB, and there will be almost £5m extra for the Food Standards Agency to help maintain food safety and standards after Brexit.

There will also be additional ***funds*** for wider environmental improvements, including a £30m increase in ***funding*** for air quality and an additional increase to Defra’s general resource budget.

Country Land and Business Association president Tim Breitmeyer said: “Whilst we understand that this review focuses on the next financial year, we still believe that there are a raft of potential supportive measures which have been ignored.

“In the short term we argued [in a letter to the Chancellor last week] for contingency measures to support farming in the case of a no-deal Brexit.

“In the medium to long term, we stressed the need to guarantee the current £3.2bn ***funding*** through to the end of the transition ***period***, as well as extra ***funding*** for the development and piloting of public goods programmes.”

JOURNAL : Farmers Weekly

East Anglia-based Strutt & Parker (Farms) has been sold to Robigus, a private company incorporated on 1 June this year.

The business, which farms about 33,000 acres of its own, contract-farmed and tenanted land, was launched for sale in mid-September last year, with no guide price publicly issued, but the sellers were expected to be looking for about £200m.

The sale announcement states that Robigus is operated in conjunction with Belport, with finance provided by European investors.  No detail has been given on the sums involved in the transaction.

Belport is described as a UK-based investment and asset management company that specialises in the acquisition, development and strategic management of farms and estates.

See also: £200m Strutt & Parker Farms business up for sale

The Strutt & Parker (Farms) business is one of East Anglia’s oldest and best known diversified farming businesses, established more than 100 years ago.

While the core of the business has been sold to Robigus, two anaerobic digestion subsidiaries, Euston Biogas and S&P Biogas, were sold in a separate transaction to Foresight Group, an independent infrastructure and private equity investment manager.

“This is a company [Strutt & Parker (Farms)] that has been at the forefront of ***agriculture*** for more than 100 years and has evolved into a diverse farming and land-based business,” said Charles Buckley of Belport.

“The entrepreneurial vigour afforded to the business by two great families and a loyal and supportive workforce mirrors our vision for the future.”

Savills was the selling agent. Its director and head of national farm sales Alex Lawson said: “Given the political context, the interest in the portfolio and subsequent sale is recognition of the quality and provenance of this long-established company and its assets.  Such a substantial transaction also represents a significant vote of confidence in UK ***agriculture***.”

Strutt & Parker (Farms) includes about 13,000 acres of freehold land and about 20,000 acres of third-party owned farmland.

It has 121 freehold properties in prime arable farmland areas. The company diversified into commercial operations such as rural serviced office units, as well as renewable energy facilities.

The farms business is entirely separate to that of the property, farm and estate management firm Strutt & Parker.

JOURNAL : Farmers Weekly

Most supermarkets in Scotland are stocking more home-produced lamb but Asda still lags behind, according to monitoring by NFU Scotland (NFUS) members.

The covert shelfwatch initiative visited stores between 15-26 August to identify which retailers were supporting Scottish sheep farmers during peak season.

See also: Six ways to future-proof your sheep business

Farmers and NFUS staff visited 58 stores and counted 3,000 packs of lamb, making it the biggest shelfwatch to date. The secret shoppers found 51% of the lamb available was branded with the Scotch Lamb Protected Geographical Indication (PGI) – up from 45% on the same week last year.

An additional 42% was labelled as British, down two percentage points on 2018. About 7% of lamb came from New Zealand, with 217 of the total 220 imported packs found in Asda stores. Of the 634 packs examined in Asda, 417 (66%) were UK origin and none was labelled Scottish.

Although the supermarket did not explain why it was sourcing more New Zealand product than its competitors, a spokesman said the UK lamb on sale was produced in Scotland but processed in England.

"Unfortunately the labelling laws stipulate that to carry the Scotch lamb label it must also be processed within Scotland. But we can confirm the UK lamb was in fact Scottish," the spokesman said.

In contrast, 100% of lamb on sale in Aldi and Lidl stores was labelled with the Scotch Lamb PGI.

NFUS livestock committee chairman Jimmy Ireland said: “These shelfwatch results show that support for Scottish lamb producers is growing stronger, providing confidence to the sector at a time of great uncertainty.

“However, Asda, once again, is way off the mark compared to competitors with one-third of its stocks imported. NFU Scotland will raise this issue directly with Asda in the coming days.

“That is the one low point in a survey that showed rising support for Scottish lamb and the Scotch Lamb PGI – a trend that we will encourage all stores to continue," he said.

Mr Ireland also encouraged any shoppers looking to buy Scottish lamb to visit their local butchers, who were often strong supporters of the Scotch Lamb PGI.

“To build on this excellent platform, NFU Scotland is looking forward to the launch of Quality Meat Scotland’s new promotional campaign for Scotch Lamb PGI, Scotch Lamb Naturally, at the end of September – with Love Lamb Week running from 1-7 September,” said Mr Ireland.

“With Brexit on the horizon and the possibility of a ‘no deal’ threatening our exports of lamb to the European Union, these results are encouraging, as it is vitally important that we see Scottish shoppers and retailers supporting domestic food production,” he added.

Shelfwatch in numbers

58 supermarket stores visited

3,027 packs of fresh lamb counted

93% commitment to Scottish and UK lamb

51% Scottish PGI

42% other UK

7% New Zealand

JOURNAL : Farmers Weekly

Heavy soils, late harvested crops like soya and a yearly rainfall exceeding 1,000mm is the perfect combination for compaction, which is why southern Ontario farmers focus so much on soil health.

This corner of Canada has a unique climate, being surrounded by the Great Lakes. Rainfall is typically 800-1,000mm and summers tend to be humid, so they don’t suffer the droughts seen in the US mid-West.

See also: Potato grower increases worm numbers with cover crops

In fact, farmers don’t grow spring malting barley because of the risk of sprouting in the ear.

Spring and autumn are particularly wet, which is why tile drainage is so vital for winter wheat growing. But there are ***periods*** of drought, so soil water conservation is also important.

!function(e,t,s,i){var n="InfogramEmbeds",o=e.getElementsByTagName("script")[0],d=/^http:/.test(e.location)?"http:":"https:";if(/^\/{2}/.test(i)&&(i=d+i),window[n]&&window[n].initialized)window[n].process&&window[n].process();else if(!e.getElementById(s)){var r=e.createElement("script");r.async=1,r.id=s,r.src=i,o.parentNode.insertBefore(r,o)}}(document,0,"infogram-async","[*https://e.infogram.com/js/dist/embed-loader-min.js*](https://e.infogram.com/js/dist/embed-loader-min.js)");

Compaction is not the only challenge – some soils are prone to water erosion and some areas near the Lake Huron can also suffer wind erosion.

No-till

One way to improve soil health is to adopt no-till systems and Canadian farmers are ahead of their UK counterparts, with many farms turning to this technique in the 1980s.

Back in 1981, one-third of the cropped area in Ontario was deemed to be at high risk of soil loss. By 2017, the area had nearly halved (17%).

!function(e,t,s,i){var n="InfogramEmbeds",o=e.getElementsByTagName("script")[0],d=/^http:/.test(e.location)?"http:":"https:";if(/^\/{2}/.test(i)&&(i=d+i),window[n]&&window[n].initialized)window[n].process&&window[n].process();else if(!e.getElementById(s)){var r=e.createElement("script");r.async=1,r.id=s,r.src=i,o.parentNode.insertBefore(r,o)}}(document,0,"infogram-async","[*https://e.infogram.com/js/dist/embed-loader-min.js*](https://e.infogram.com/js/dist/embed-loader-min.js)");

We visited three Ontario farms to find out how they are improving their soil health.

Jim Denys, Parkhill

A combination of cover cropping and reduced cultivations has led to savings of £77.35/ha for one award-winning soil farmer.

Jim Denys manages 800ha of cropping across 30 farms growing non-GM soya, winter wheat (soft red and white), maize and some haricot beans.

Farm facts

Area: 800ha of cropping

Soils: Mostly clay loam soil

Cropping: Maize, soya and winter wheat

Average yields: 3.4t/ha for soya, 12t/ha maize and wheat up to 6.7t/ha

His rotation is maize, followed by soya and wheat, roughly equating to one-third of each. The beans tend to be grown in fields that have been drained, so they require more intensive cultivations to level the soil.

He farms mostly clay loam soil, with some heavy clay caps and strips of gravel running through.

Compaction is an issue – as well as erosion – so he has grass buffer strips along waterways to prevent soil from entering them.

Being about less than 15 miles from Lake Huron also means the farm experiences heavy winds. “We can get wind erosion, even on the heavier land.”

From May to harvest, the farm can get 8-10in (200-250mm) and autumn can be wet too. In contrast, there is little rain late July to the end of August.

“So you need resilient soils that are able to let rain flow through the profile,” says Mr Denys. Then in dry ***periods***, there is a need to retain moisture.

There is also a need to avoid compaction so that roots can get down to access moisture at depth.

Cover crops

Cover crops are a great way to hold moisture and is something that he has introduced to complement the no-till approach.

“Dad started no-till wheat in the late 1980s and then, in the early 1990s, we moved to no-till soya beans and strip-till maize.”

After harvesting wheat, he establishes a seven species cover crop mix consisting of oats, cereal rye, daikon radish, faba beans, kale, turnips and canola – giving a mix of rooting depths.

Mr Denys puts manure from his pig enterprise, finishing 7,000 pigs a year, onto the established cover crop which sucks up nutrients.

“The radish and turnips are great for sucking up nutrients that are then released the following spring to feed the maize crop.”

In the autumn, he returns to strip-till the area to create a seed-bed, apply phosphorus and potassium and the uncultivated areas are kept green throughout the winter.

“If it looks like it will turn bad, we will go early, but we try to leave as late as possible to let roots do their thing.”

The cultivated strip sits 7.6-10cm proud above the uncultivated strip, which prevents water erosion over the winter.

Being raised, the cultivated strips dry out quicker in spring and he can get on the ground a couple of days earlier than conventional.

“The combination of raised areas and green crop in between means we don’t see erosion in winter.”

Cover cropping has been deployed for seven years and he is now seeing soil benefits.

“Soil is looser and easier to work in the spring, and it’s a way to make better use of swine manure and minimise leaching.”

In spring, he sprays off the cover crop and runs through the strips again, using the ultra-precision offered by RTK Autosteer with the 12-row maize drill on 76cm rows.

He regularly tests soils and with no-till farming, he has halted the decline in organic matter.

Improving soil health

Cover cropping was the next step and he believes this is starting to add organic matter. In the next five years, he hopes to see levels rise, which are currently about 3%.

He believes crop residue breaks down more rapidly with cover crops by getting the soil biology working well.

Yields have also improved and he is above average for all crops achieving 12t/ha for maize, soya at 3.4t/ha and wheat at 6.7t/ha.

“Crops also seem not to be stressed like they were.”

But the big benefit for Mr Denys is the saving of £77.35/ha, through using less fuel and fewer man hours.

Previously, he used a disc ripper, which deep cultivated soil. Maize sometimes had two passes (autumn and then in spring) or one pass followed by a strip refresher (tickles the surface).

Looking ahead, his aim is to further raise wheat yields. “Our goal is to get an average [wheat yield] above 100 bushels an acre (6.7t/ha) for wheat.”

Jim Denys was awarded the Soil Champion award earlier this year by the Ontario Soil and Crop Improvement Association (OSCIA).

Jeff Barlow, Hamilton

Jeff Barlow is getting a 22-80kg/ha saving in nitrogen fertiliser use with his clover cover crop.

Farm facts

Area: 1,700ha of cropping

Soils: Heavy clay

Cropping: Maize, soya (half non-GM) and winter wheat

Average yields: 2.7t/ha for soya, 8.4-9.4t/ha corn, and wheat up to 6.8t/ha

Farming 1,700ha of cropping including winter wheat, maize, corn and soya, he spins clover seed into the bottom of his wheat crop in spring, when it is still low.

Come harvest, the clover is already there and grows in the stubble, then he ploughs it in October/November.

“This gives time for the clover to maximise its biomass and roots. The roots help open up soil,” says Mr Barlow.

It also helps provide nitrogen (N) for next year’s crop, which contributes to the savings on fertiliser applied to the following corn crop.

He finds that it releases N at the right time in the following spring for the following maize crop.

In fact, Mr Barlow believes he is still getting benefits in the soya crop after maize.

“We are seeing longer-term benefits of having wheat and a cover crop in the rotation.”

Sandi and Mark Brock, Staffa

Mark and Sandi Brock have seen a 20% yield increase through their focus on improving soil health by growing cover crops and applying liberal amounts of manure.

Farm facts

Area: 650ha

Soils: Mostly clay loam

Cropping: Maize, soya and winter wheat

Average yields: 3.4t/ha for soya, 12.6t/ha maize, and 6.7t/ha for wheat

The couple farm 650ha of arable cropping plus Mrs Brock runs a 600-ewe flock, producing lamb for the local market.

Mr Brock puts the yield increase down to their cropping system, which they have developed over the years.

The key change has been the introduction of winter wheat and cover crops in the rotation.

Soils are mainly clay loams with some areas of gravel.

Drainage is essential when growing wheat to cope with the wet ***periods*** in autumn and spring.

“Growing wheat on undrained farms can be tough as crops will not come through water well,” he says.

"But it’s not just excess water, there are very dry spells too, which means soils need to be resilient.

“We can get large changes in conditions from exceptional amounts of water to a deficit in just three weeks.”

No-till approach

The no-till journey started more than 30 years ago. “Dad was an innovator and he was one of the first in the area to buy a no-till drill in the late 1980s, as there were grants available to help farmers retain soil," explains Mr Brock.

“So we started no-tilling wheat and then decided to drill soya into corn stalks and a lot of neighbouring farmers wondered what we were doing.”

For maize, they moved from full-width cultivations to strip tillage, cultivating part of the area.

“It provides a warmer zone for corn plants to get established and helps manage residue,” he says.

The couple run a three crop rotation of maize followed by soya and winter wheat, with the cover crop after wheat.

Cover crop contains 12 species including buckwheat, oats and clovers. “We blow seed on and harrow in with a very shallow cultivator.”

Sheep manure from the 450-ewe sheep enterprise, plus poultry litter from another family farm, are applied to the established cover crop. “Buckwheat and oats are good for taking advantage of the nitrogen.”

Organic matter increase

Mr Brock has seen a 2% difference in soil organic matter in areas where he has adopted the combination of less tillage and having three crops plus cover crop.

“The organic matter level has increased from 3% to 5% since 2006.

“One benefit of the higher organic matter is that we are seeing soils loosen up and become more mellow.”

Microbial activity is picking up and maize stalks are breaking down more quickly, which is useful for the following soya crop.

“If you have a 230 bushel corn crop (14.4t/ha), there is a lot of biomass and then plant beans in the trash after maize,” he says.

Future

Looking ahead, his aim is to leave the farm in better shape than he inherited it. “Soil tests show that we are seeing improvements.”

However, he adds: “We are only halfway through the story and are still developing the system.”

One area he is looking to tweak is wheat fertiliser. His aim is to move from liquid to solid and adopt a more European approach, with multiple splits to drive wheat yields even higher.

Farmers Weekly would like to thank Grain Farmers of Ontario, for making the trip possible. The organisation is levy ***funded*** with the aim of marketing and promoting grains grown in the province. It also lobbies the regional and federal governments.

JOURNAL : Farmers Weekly

Farmers in England have just days left to apply for ***funding*** under Defra’s Countryside Productivity Small Grants scheme.

The scheme, which offers grants of £3,000 to £12,000 to invest in ***agricultural*** equipment, closes at midday on Tuesday 3 September.

Its aim is to improve technical efficiency, animal health and welfare, resource efficiency or nutrient management.

See also: £15m small grants scheme opens – what’s eligible and how to apply

More than 3,500 applications worth £23.5m received a grant when the scheme ran in 2018. According to Defra, farmers who successfully applied last year can apply again, but the total value of both applications must not exceed £12,000.

Grants cover up to 40% of the cost of equipment (50% in Cornwall and the Isles of Scilly) from a list of more than 80 specified items. This means the minimum value of kit purchased is £7,500 and the maximum is £30,000.

Examples of some of the eligible equipment include:

Nitrogen-measuring devices for calculating fertiliser application

GPS light bars

GPS auto steer

Cover crop rollers

Portable ammonia analysers

Vaccination guns

Robotic slurry pushers

Cameras for monitoring livestock

EID panel readers for sheep and cattle

All of the eligible items are set out in guidance notes with a standard cost – the maximum fixed price that Defra will pay out on. The standard cost means there is no need to provide quotes for pieces of equipment.

All applications are assessed by the Rural Payments Agency, with those scoring highly enough offered a ***funding*** agreement.The RPA aims to pay out within 30 days of receiving proof of a claim.

Application pointers

Grant recipients have 150 days from the date of their ***funding*** agreement to purchase, take delivery of and pay for the grant-***funded*** equipment and submit their claim.

Before applying, talk to the manufacturer about supply and delivery times.This is essential because the times for some pieces of livestock-handling kit can take more than 150 days.

Do not order or buy any of the items before accepting a ***funding*** agreement.

If a grant has been approved, items chosen cannot be changed and all items selected must be bought if you wish to proceed with the claim.

A claim can be submitted only after all the equipment has been bought and paid for.

Make sure that equipment meets the specification set out in the handbook. Speak to the supplier to check or email [*CPSGEnquiries@rpa.gov.uk*](mailto:CPSGEnquiries@rpa.gov.uk) with a link to the supplier’s website.

Attach copies of invoices for each item and bank statement copies proving the items have been paid for. The invoice must show each item claimed individually, with details of make and model.

Check that the money has left your bank account before submitting your claim.

If the invoice makes no reference to the specification of the machine, the RPA is likely to seek clarification.

Apply to the grant scheme through Defra's website

JOURNAL : Farmers Weekly

In this WIYS? we go behind the scenes at John Goodfellow’s 2,300ha Northumberland farming and contracting operation.

It includes a high-horsepower machinery fleet, a feed-mixing facility and some neat workshop inventions.

How did you get started?

My parents took a hill farm tenancy in 1969, which we still have, and this year marks our fiftieth year of trading.

The biggest development in that time was the move to Longwitton – our base now – which allowed us to grow arable crops.

My contracting career started when I was 19. I had an old rape swather and deserved every penny that I earned with the deafening, bone-rattling machine.

I then took over the running of the farm aged 24 when my father decided to focus his time on a hotel that he’d bought.

See also: Take a trip around the UK with our What's in Your Shed map

How brand loyal are you?

We really like Fendt tractors and have gradually moved away from John Deere since having our first 930 15 years ago – the technology in them is great and the machines are reliable.

The lads are also used to driving them, so they wouldn’t take too kindly to me switching to another brand.

That said, we like to try out alternatives whenever we’re due a replacement.

Farm facts

Goodfellow Farming, Longwitton Farm, Morpeth, Northumberland

Farm size: 2,300ha (1,300ha arable, 1,000 grassland)

Cropping: Wheat, oilseed rape, barley, maize, oats, beans

Soil type: Mainly medium loam

Stock: 250 suckler cows and followers, 2,800 Texel, Abervale, Mule and Blackie breeding ewes

Other: Grain drying and storage for up to 9,000t, feed-mixing plant

Staff: 14, including full-time gamekeeper and part-time secretary

Favourite dealer?

Carrs Billington, which is nine miles away in Morpeth. It’s a huge dealership in our area and supplies all of our tractors, as well as some of the other implements.

They also have a fuel division and, at some points in the year, I end up owing them an astronomical amount of money.

Alan York, the salesman we deal with, is knowledgeable and friendly, the workshop staff are good and they treat us very well, which we greatly appreciate.

Favourite and least favourite pieces of kit?

Favourite is probably the Horsch PT280 self-propelled sprayer with 36m booms and 8,000-litre tank, which we bought to replace a trailed Chafer.

It’s awesome but our new arable manager, Annabel Hamilton, rarely lets me drive it.

I actually almost chose the Fendt Rogator, but decided that not being able to fix the aluminium booms and plastic tank would be a real pain.

We brew our own liquid fertiliser at a slightly lower concentration than usual – around 20% nitrogen – so it and the Chafer Multidrive are kept busy during the growing season.

Least favourite is the oven in our shoot bothy. I host all the shoot days on the farm and cook breakfast for the teams – something I’m not a natural at.

Latest purchase?

A JCB 542-70 telehandler, which will be a yard machine for feed mixing and was ordered with industrial-type tyres.

It was an unplanned purchase after its predecessor – a two-year-old Manitou MLT 840 – randomly self-combusted and burnt to a wreck a few weeks ago in the yard.

It was a pain because we’d already spent a fair bit of time and money fixing it.

Oldest machine still at work?

We have a Massey Ferguson 2725 that runs our Keenan 140 mixer wagon for the feed-mixing plant. The whole lot is mounted on stilts.

It’s 33 years old and we’ve had it since new, though the hour clock stopped 25 years ago and still reads 9,075.

It’s missing windows and doors but starts first time, every time and is easily fixed if anything goes wrong.

I’ve also got a guillotine in my workshop that was built in 1944 and is still extremely useful.

How long do you keep your machines?

We have no set policy, but all the frontline tractors are usually gone by 7,000 hours.

Occasionally we get bolt-on warranties to extend the protection on more troublesome tractors, but Fendt provides exceptional support anyway.

The engine on our 939 went bang just outside of the warranty but we only ended up paying for the labour, which was brilliant.

Next on your wish list?

Our controlled traffic farming system is taking shape and 12m combine headers are the next step in the process.

I’m not sure when we’ll get around to buying them, but it’s handy to be over-capacity in Northumberland as the weather is so catchy.

Biggest machinery mistake?

Buying a Case Puma 150. It was bought as a cheap run-around for topping, bedding and general farm work but everyone hated it and it constantly broke down.

The young lads were fighting over driving a 10,000-hour Fendt 716 rather than the 200-hour Puma.

We traded it in for the Horsch sprayer after a year and we lost at least £17,000, plus all the downtime while it was being fixed.

Most expensive repair bill?

The incident that springs to mind was actually a write-off rather than a repair. We had a Claas 695 forager that was chopping grass on a steep hill near the Scottish border and, while going up the hill, it stalled.

The hydrostatic transmission stopped working and the brakes would not hold it, so it careered down the hill, jumped a wall and ended up in the bottom of a ravine.

Fortunately, the driver, Dek Bolton, read the situation and leapt off the top step.

Best invention?

The Poacher Block. It’s a concrete barrier that sits in field gateways, allowing tractors and sprayers to drive over but blocking the way for 4x4s and wagons, which will hopefully reduce instances of fly-tipping.

I’ve now patented it and we’re selling them for £250 each.

I’ve also built a bespoke scraper with a specially built 3m ram to push chicken muck from underneath shed conveyors – something that was previously done manually with a shovel.

I intend to get it galvanised and hire it out, as most people will only want it for one day a year.

On the farming side, I built our two one-pass oilseed rape drills 10 years ago that have allowed us to get good crops established for about £75/ha.

They’re both based on Gregoire Besson Discordons (one 3.2m and the other 6m) with a 2,000-litre front tank and 1,500-litres on top to supply liquid fertiliser. A Horstine Twin Air carries and distributes seed and slug pellets.

What couldn’t you live without in the workshop?

Definitely the MIG welder. I spend far too much time welding things back together that shouldn’t have broken in the first place. That said, I really enjoy my time in the workshop.

Favourite job and least favourite job?

It used to be spraying but, now that I’ve been made redundant from that job, it’s driving the combine. I do it full-time and think it’s important for me to be at the harvesting end of the system.

Least favourite is office work, but it’s a necessary evil.

What’s your everyday transport?

We’ve always had Toyota Hiluxs – my father first bought me one to try and tempt me back to the farm after university.

There are currently six on the fleet of varying ages, with the oldest MoT failure – a 53-plate on 140,000 miles – now fitted with big tyres and a slug pelleter.

Best tractor you’ve had?

My favourite is the Fendt 939, but I wish it was fitted with the VarioGrip system that we’ve got on the 828.

The Quadtrac is brilliant too, but it can be frustrating seeing so much money doing nothing for most of the year.

Worst tractor you’ve had?

The Case Puma.

Biggest machinery bargain?

A few years ago, I saw an advert in Farmers Weekly for an online bankruptcy sale. I ended up buying a Heath Bale Chaser unseen for £19,000 and I reckon I could still sell it for nearly £40,000.

I drove over to Penrith to pick it up with the 939 – I’d always wanted a bale chaser but never thought it was affordable. It’s made it a proper one-man job, although the driver needs to be skilled.

Kit list

Tractors: Fendt 939, 828, 724, 716 x3, Case Quadtrac 620, John Deere 6320, 6125M

Combine: Claas Lexion 760 TT x2 with 10.5m headers

Telehandler: JCB 542-70, 536-60, Manitou MLT 634-120

Forage equipment: Hired-in Claas Jaguar, John Deere ?model? front and rear mowers, Krone Swadro rake, Krone Big Pack 1290 baler

Cultivation kit: Gregoire Besson Discordon 3.2m, 4.2m and 6m, Horsch Joker 12m, Proforge twin-leg mole drainer, Kongskilde stone picker

Drills: Vaderstad Rapid 6m, Claydon V-Drill 6m, Lemken Solitair 3m combination, Samco 3m, home-built 3.2m and 6m oilseed rape drills based on Discordon

Sprayer: Horsch Leeb PT280 with 8,000-litre tank and 36m booms, Chafer Multidrive with 5,000-litre tank and 36m booms

Spreaders: Amazone ZA-TS 3200, Bunning Lowlander muckspreader x2

Trailers: Stewart 15t x2, tri-axle low-loader and 32ft stock trailer, home-converted blower wagon, converted Hiab trailer

Other: Scania 420 grain bulker and flatbed, fertiliser mixing tanks x3, tankers x3, Keenan mixer wagon x2, King bedder, Kuhn feeder/bedder

JOURNAL : Farmers Weekly

Farmers need to ask searching questions and be clear about the terms on which they are trading, warn lawyers.

The advice follows the administration of Cheshire auctioneer Wright Marshall, which has left farmers as unsecured creditors facing the loss of about 95% of what they are owed by the firm.

Many farmers caught by the Wright Marshall collapse have been surprised that their cash from livestock auctions was not ring-fenced in a separate client money account to protect it.

“Everyone I have spoken to who is affected by the administration did not understand how the auction worked in respect of the proceeds of sale,” says Joel Woolf, a partner in law firm Wright Hassall, based at Leamington Spa.

“Quite reasonably, they assumed that the auctioneer, acting as agent, sold their animals and then handed over the sale monies less any agreed commission.

“When the administration started, many were not worried, assuming that their money would be ring-fenced in a separate account.

“As it turned out, their money was not there and they are all now just in the general pool of creditors.”

This is because they did not understand that although the auctioneer acted as agent in the sale of an animal, it collected the auction price as principal, says Mr Woolf.

See also: Business clinic - danger of undocumented family loans

Rics – agent or principal?

Farmers Weekly asked the Royal Institution of Chartered Surveyors about its guidance for livestock auctioneers and whether the majority of auctioneers act as agent (in other words, required to protect vendors’ sale proceeds in a client account) or as principal (no requirement to protect client ***funds***).

On this point it did not respond, but sent the following statement: “We monitor those of our members who are acting as agents and ensure that clients’ money rules are adhered to.

“For those livestock auctioneers acting as principals in the financial transaction, the Rics guidance for firms who practise livestock auctioneering is unequivocally clear about the need to fully inform the vendor of the implications of this from a client's money perspective.“

The Livestock Auctioneers’ Association for England and Wales was asked the same question but it did not respond.

“By the contract between the auctioneer and the seller of the animal, the auctioneer promises to pay the sale price less any agreed commission to the seller within a set amount of time,” said Mr Woolf.

“The flow of title in the animal is straight from seller to buyer. However the cash goes from the buyer to the auctioneer and then to the seller (minus commission).

“There is a significant question to answer as to whether it is possible to take money as principal where a sale has been conducted as agent,” he said.

Rics guidance to livestock auctioneers

Where an auctioneer receives the payment as an agent, Rics rules require the auctioneer to run a segregated account called a client or auction sales account to hold that money.

The auctioneer must also make it clear to the vendor in the terms of business that this is how that money will be safeguarded from the auctioneer’s creditors, should the auctioneer become insolvent.

Where the auctioneer receives the purchase price as principal, the contracts require the auctioneer to pay the vendor, usually on a specified timetable, irrespective of whether the purchaser has yet paid the auctioneer, or pays at all.

In this situation, the vendor is insulated from any default by the purchaser.

In situations where the auctioneer is principal in receipt of the purchase price, the auctioneer need not hold it in a client money account, says the guidance.

Rics rules of conduct when acting as principal state that the auctioneer must make it clear in his terms of business with the vendor that the nature of the contract is not that of agent, but of principal in the financial transaction and that sale proceeds will not be paid into a client bank account.

They must also make it clear that consequently, the Rics Client Money Protection Scheme (CMPS) will not apply to protect the vendor against the auctioneer in the event of insolvency.

Rics rules also state that auctioneers’ terms of business and conditions of sale must be transparent and fair.

Contract advice

Sellers should ask probing questions about payment terms, whether the auctioneer receives the money as principal and not agent and what guarantees are in place in case the auctioneer cannot pay.

Understand properly what the auctioneers contract means and thus what the risks are – if in doubt, take separate advice

Joel Woolf, Wright Hassall

JOURNAL : Farmers Weekly

Wisbech-based combine dealer BP Combine Harvesters has taken on the import job for Honey Bee draper flex headers and tractor-mounted belt swathers.

The five-model swather range extends from 4.6m (15ft) to 10.9m (36ft) and could find itself in particularly high demand should glyphosate be banned in the UK.

The units can be mounted on the front or rear of the tractor and use a 1,000-speed pto drive to power an on-board hydraulic pump integrated into the subframe.

This runs the 107cm-deep rubberised polyester draper belt and double knife drive.

See also: How combine makers are improving residue-management tech

Belt speed can be adjusted through an in-cab control box up to a maximum of 175m/min and all models (bar the smallest centre-swath-only ST15) have moveable left, right and central delivery options.

Swath openings on all but the ST15 are 118cm in end-delivery configuration, or 146cm when laying windrows between the tractor's wheels.

Mounting to the tractor is via a regular three-point linkage, and four spools are required to power the reel and alter things such as its turning speed and fore/aft position.

The header's tilt adjustment is set on the tractor's hydraulic top link, and gauge wheels can be specced at either end to reduce instances of bulldozing on uneven ground.

However, these do reduce the size of the openings by roughly 15cm.

Honey Bee also suggests checking the tractor's limits to be sure it can handle the swather, including tyre size, lift capacity and whether any rear ballast is required.

As a guide, weights range from 1,600kg on the ST15 to 3,175kg on the ST36.

The on-farm price of the mid-range ST21, including a transport kit and Ziegler side knives, is £39,995.

JOURNAL : Farmers Weekly

Whether you're a prospective student longing to study at one of the world’s most esteemed universities for ***agriculture*** courses or simply looking for bragging rights – look no further than this independent top 10 list.

The annual rundown below is based on measures of academic reputation, graduate employability and citations of published research. It's independently compiled by media, events and software company QS Quacquarelli Symonds.

The world-renowned Wageningen University in the Netherlands holds on to the top spot for the fourth year running.

See also: 9 ways to get into farming

For the third year on the trot, Reading University is the only UK-based institute to rub shoulders with rest of the global top 10, but has slipped from sixth in the 2018 rankings to ninth this year.

After Reading you’ll have to scroll a long way down the full list on the QS website to find the next best UK-based establishments, which are the University of Nottingham, Aberystwyth University and Newcastle University.

Top 10 universities to study ***agriculture*** and forestry in 2019

Wageningen University, Wageningen, Netherlands

University of California, Davis, California, US

Swedish University of ***Agricultural*** Sciences, Uppsala, Sweden

AgroParis Tech, Paris, France

ETH Zurich – Swiss Federal Institute of Technology

Cornell University, Ithaca, New York State, US

University of California, Berkeley (UCB), California, US

University of Wisconsin-Madison, Wisconsin, US

University of Reading, Reading, UK

China ***Agricultural*** University

To find out where other British ***agricultural*** universities rank, visit the QS website.

JOURNAL : Farmers Weekly

A young sheep farmer is championing this year’s Love Lamb Week campaign, which urges consumers to eat more British lamb.

Charlie Beaty, 24, works at her family’s mixed tenant farm in Meriden, near Coventry, in the West Midlands.

The arable, beef and sheep enterprise has a flock of 300 breeding ewes, most of which are North Country Mules which are farmed to fit around the arable and cattle work.

See also: Destroying sheep post Brexit must be avoided, says NSA

The ewes and lambs Ms Beaty looks after are grazed over 80ha of permanent pasture, alongside 20-30 cows and 30-40 beef stores. The pasture receives minimal input and the majority of the lambs are finished on grass.

She said: “We produce our sheep on permanent pasture, which helps to absorb carbon from the atmosphere and produces quality feed to give our lamb its delicious flavour.

“I hope farmers across the country will get involved in Love Lamb Week and inspire more people to put it on their plates.

“Not only does it taste great, it’s also a nutritious meat which is naturally rich in protein and provides vitamins which are good for health and wellbeing.”

This year’s campaign, which has £1.4m marketing support from the ***Agriculture*** and Horticulture Development Board (AHDB), will run from 1 to 7 September, at a time when British lamb is in peak supply.

Producers, butchers, retailers and restaurants are all being urged to save the date and join the celebration.

The phrase “Lambs hits you in the chops” will be used in promotional videos, recipes and adverts to encourage more people to back British sheep farmers by buying more British lamb.

Industry support

Now in its fifth year, Love Lamb Week is supported by AHDB Beef & Lamb, the National Sheep Association (NSA), the NFU, Red Tractor, the Ulster Farmers’ Union.

It is also backed by red meat levy bodies, including Hybu Cig Cymru (Meat Promotion Wales), the Livestock & Meat Commission in Northern Ireland and Quality Meat Scotland (QMS).

NSA chief executive Phil Stocker said: “As well as being packed full of flavour, eating extensively reared grass-based lamb which is produced nationally, regionally, and locally is much better for the environment than any artificial supplements which are appearing on our supermarket shelves.”

For more information on Love Lamb Week visit ahdb.org.uk/lovelambweek. During the week, show your support and share posts on social media using the hashtags #LoveLamb and #LoveLambWeek

**Load-Date:** September 13, 2019

**End of Document**



[***Non-state nations: Structure, rescaling, and the role of territorial policy communities, illustrated by the cases of Wales and Sardinia***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BGY-HK51-JBMY-H3WX-00000-00&context=1516831)

Environment and Planning C: Politics and Space

September 2019

Copyright 2019 Sage Publications, Inc. All Rights Reserved



**Section:** Pg. 1024-1044; Vol.37; No.6; ISSN: 2399-6544, 2399-6552

**Length:** 10572 words

**Byline:** Nick Clifton

Alessia Usai

**Body**

**ABSTRACT**

This paper explores the role of non-state nations’ identity and agency with regard to relations with their host nation states. The particular focus here is on the means by which such regions might express their individuality. To this end, we employ a comparative case study analysis of two non-state nations with a range of differing yet in other ways similar qualities – namely Wales (UK) and Sardinia (Italy). We suggest that this is a valuable exercise, allowing as it does for the exploring of evidence ‘on the ground’ of the processes involved. The conceptual rationale for the paper is provided by new regionalism – regions as actors beyond the nation state. Following this, the idea of the ‘territorial policy community’ is presented as a point of departure, with the scope of the paper being to develop a diachronic framework for regional change. Given the focus on identity and interest articulation, the role of regional political parties is a particular subject of the empirical investigation, with non-state nations and nation states linked by opportunistic relationships based on political and electoral support. We then consider what this might mean with regard to the capacity of non-state nations to build on the past to successfully negotiate future policy-making agendas. Finally, we reflect on the limitations of the study, and consider the implications of its findings for further research agendas.

**FULL TEXT**

**Introduction**

The authors of this paper have spent perhaps more time than they might care to remember residing in, observing, studying and in some small ways participating in the economic and political lives of the two case study regions that are presented herein. To this end, we consider political, economic and structural change taking place within two European regions – Wales (UK) and Sardinia (Italy) which are in some ways similar and yet very different in others, a mix which it is hoped offers a degree of comparability on the one hand while providing for useful contrast on the other. The over-arching motivation here is thus an attempt to make sense of the ongoing changes taking place within our home regions in relation to a broader context in terms of both theory and geography, the ultimate aim being address the following research questions: how can we better understand what has happened in the past, what future developments might therefore be likely? Does this have any implications for policy at the regional level – and indeed the nation state level given the limited ability of regional actors, even within the most functional of regions, to effect such changes? Finally, although not intended to be generalisable in any scientific sense of the word, it is nonetheless a desired outcome that the findings shed some light beyond the two regions considered in this paper.

The broad context for this paper is that of the restructuring of the state (Hudson, 1998) which has occurred in parallel to the shift towards a globalised, knowledge-based economy which all developed nations have experienced (albeit unevenly) over the past three decades (Amin, 2002; Brenner, 1999; Cooke et al., 2001). These trends can be summarised as involving the increased mobility of physical products, of knowledge, and both financial and human forms of capital (Florida, 2002; Giddens, 2002). The spatial patterns of this new economy are revealing themselves to be evermore ‘spiky’ (Florida, 2005), urban-focused and self-reinforcing in terms of their agglomerations (Storper, 2013). Unsurprisingly, these developments have seen the further divergence of peripheral regions from their respective economic cores in terms of their relative performance (Martin, 2015); perhaps less anticipated has been the emergence of greater degrees of variation within states than between them (Pugh, 2017), clearly highlighting the potential value of comparisons at sub-state level in terms of relationships to the nation state. Put bluntly – such circumstances would appear to reveal the central state as either unwilling or unable to address these disparities. Simultaneously, by implication the regions in question are also lacking the capacity for remedial action, which may be due to internal inadequacies, the nature of its external relations with the nation state, or indeed beyond it. These are clearly questions worthy of consideration.

At the risk of over simplification, regional economic development policy within this climate has fallen into two broadly distinct strands – the attraction of mobile inward investment, and the upgrading of indigenous skills and entrepreneurial capacity (Brooksbank et al., 2001; Pugh, 2014). These are of course not mutually exclusive policy repertoires (Morgan, 2016) but the former generally precedes the latter, albeit along different timeframes in different regions. A relatively recent policy sub-theme has been the attraction of mobile knowledge workers (aka the ‘creative class’ of Florida, 2002) and to a lesser extent, related to this and depending on the region in question, the attraction of tourism and its related activities. While for former industrial regions (e.g. Wales), the focus of inward investment has typically been on the rapid replacement of jobs lost in these sectors, and more latterly the attraction (and retention) of occupations higher up the value chain (such as in finance and professional services), more rural regions (Sardinia being an example) have been required to address different challenges; while not having to overcome the deeply embedded legacies of prior regime of production, they typically possess few options to build on in transitioning to a more knowledge-based economy (Asheim et al., 2011). Conversely, regions faced with deindustrialisation face the conundrum of reconciling large-scale (likely unembedded) job replacement in the short run with longer term development goals. Operationalising these policies has in some cases been the job of dedicated regional executive bodies (the Welsh Development Agency (WDA) in Wales for example) or alternatively that of agencies of the national state acting on a basis of limited functional decentralisation.

At the European level, regional policy has generally reinforced the knowledge-based model of development, emphasising skills, and innovation and entrepreneurial capacity building, with varying degrees of success (Brooksbank et al., 2001; Cooke and Clifton, 2005), the latest incarnation enshrined in the agenda of ‘smart specialisation’ (Pugh, 2014). Significantly, there is evidence that the quality and appropriateness of local institutions is an important factor in the success of regional development policy (Rodríguez-Pose, 2013), a theme to which we return later in this paper. Ultimately, the over-arching theme of development programmes at the European level is towards cohesion via reducing regional disparities in economic performance rather than the promotion of any sub-state nationalism; that said an increased level of sub-state level subsidiarity may be required for successful policy implementation. Moreover, there is a spatial tension between the regional and nation state levels inherent within development models derived from this so-called ‘new economic geography’ (Krugman, 2011) approach – i.e. stressing increasing returns to scale from agglomeration. This is particularly acute within the UK which has seen over four decades of divergent sub-national performance (Martin, 2015).

There has been a contemporaneous breakdown of what can be termed spatial Keynesianism (Keating, 2017), i.e. the idea that regional inequalities were largely the result of weakness in demand for a region’s goods and services and therefore could be addressed by redistributive spending by the central state. Thus from the 1980s in the UK – typically later elsewhere within Europe – there was a shift towards the supply-side concerns (as noted above-skills, innovation) that more recent policies have sought to address. Consistent with these developments, we have seen the rise of what Keating (1998) termed the ‘new regionalism’, entailing regions as actors beyond nation state in their own right, and in direct competition with each other both within and outside their own nation state.

With the above in mind, employing a comparative study to investigate the role of structure in shaping expressions of, and responses to, sub-state nationhood offers the potential to be an interesting and hopefully valuable exercise, not least as it allows for the exploration of some evidence of processes at work ‘on the ground’. In particular, the focus on non-state nations should allow for the interaction between institutions and identity to be revealed. Thus, it is suggested that Wales and Sardinia are interesting and relevant examples, not least as they bring together distinct European cultures and varieties of capitalism as per Soskice and Hall (2001) (Northern European vs. Mediterranean, liberal market economy vs. coordinated market economy), but also quite different state structures and traditions – centralism in the UK (albeit asymmetrically devolved since the late 1990s), as opposed to federalism with strong municipalities in Italy. Moreover, we suggest that there is significant value in studying ‘ordinary regions’ rather than the, in fact, much rarer exemplars of unquestionable success and/or best practice (Hepburn, 2011; Hospers and Benneworth, 2005). At this point, we should add a note of caution against overestimating the capacity of regional institutions to influence outcomes at the regional level. For example, the UK Treasury calculates that total public spending in Wales is around £10,000 per head; approximately, half this figure is spending that the Welsh Government has discretion over (although not directly comparable, figures from Eurostat show that the Sardinian public sector spends around €17,000 per head). However, within this, the major proportion is allocated to health and education. Although there is a large indirect impact via these activities (salaries, purchasing and so on), there is relatively little resource available to pursue programmes of real discretion such as economic development policy. On this point, the recent launch of the Development Bank for Wales suggested an investment ***fund*** of £440m over a 10-year ***period***. This is not the only vehicle for economic development within the region but nonetheless indicates the relatively small scale of such activities.

Thus, the paper proceeds as follows; in the following Section ‘Rescaling interests: Restructuring the state and new regionalism’, we provide a review of the literature on new regionalism and the rescaling of the nation state. In brief, economic development policies are strongly influenced by what Keating et al. (2009) term ‘territorial policy communities’, i.e. the legacies of identity and locally inherited institutional frameworks, policy regimes, and regulatory practices. Thus, Keating's notion of the territorial policy community serves as a point of departure, with the scope of the paper being to elaborate the kind of diachronic framework called for by Atkinson and Coleman (1992), rather than to provide an empirical investigation of these communities per se. There then follows in the Section ‘Methodological approach: Analytical framework and case selection’, a more detailed explanation of the methodology adopted, including the rationale for the selection of case studies, and a summary of the analytical framework developed. Following on from this, the Section ‘Wales and Sardinia – Comparative cases in non-state nation restructuring’ presents a comparative analysis of Wales and Sardinia, with the ‘Discussion’ relating the comparative material back to the research questions outlined in ‘Methodological approach: Analytical framework and case selection’. Finally, in the Conclusions, we reflect on the findings and their implications for further research.

**Rescaling interests: Restructuring the state and new regionalism**

As described by Keating (1998) and developed in subsequent work (Keating, 2009; Keating and Wilson, 2014), markets, international institutions and trans-national corporations increasingly penetrate state borders; national economic management is thus complicated (or indeed confounded) by the increased mobility of all forms of capital. Keating argues however that this does not in itself imply the end of territory as an organising principle – rather it is reconfigured as ‘new regionalism’. The two key features of this new regionalism are first that regions are no longer confined within the borders of their nation state, thus becoming actors beyond it in their own right, and second that regions are increasingly in competition with each other as a result of which they may be transformed largely into systems of economic development. Lovering (1999) takes this idea a step further by suggesting that the active promotion of the region as the ‘imagined unit of competition’ at the expense of the imagined ‘national community’ by associated vested interests actually renders new regionalism itself as instrumental (unwittingly or otherwise) in the dismantling of redistributive structures at the national level. The extent to which ‘national community’ ever existed is of course debatable, as is the degree to which the (re)assertion of regional identity may now challenge such notions; answers to questions such as these will of course vary from case to case.

Tomaney (2000) has pointed out that although national coherence was indeed augmented in the immediate post-war ***period***, regions had been actively involved in shaping their host nation states; i.e. they were not just passively subsumed therein – their interests and political structures had to be accommodated to a greater or lesser degree by the enhanced nation states. By the 1960s, however, nation states were dealing with the need to modernise economic structures while simultaneously addressing geographical inequalities. Thus as Tomaney puts it, new regionalism came to the fore because ‘territorial relationships are no longer manageable by existing forms of accommodation and exchange’ (498). What is clear is that fundamental to the emergence of new regionalism is the breakdown of the post-war spatial Keynesianism model of territorial management (Keating, 2017), the fundamental aim of which was to integrate lagging regions within the nation state. Thus, policies were ‘depoliticized and integrative’ (Keating, 2017: 11) with largely technocratic justifications, operationalised by development agencies with centrally allocated resources. From the 1980s, however, increasing international flows meant that the internal (i.e. within nation sate) recycling logic of transfers from rich regions to poor ones began to break down. Put simplistically, increased spending in lagging regions was more likely to leak out of the nation state via imports than it was to be retained via increased demand and associated multiplier effects. This neo-liberalisation has implied a shift from publicly planned solutions to market-oriented ones or, at least, ones serving private companies and their customer groups (Bradbury, 2007; Sager, 2011). As Keating (2017) has noted, policy makers have sort to rebut such critiques by broadening their associated measures of regional ‘competitiveness’ to include other factors beyond those relating directly to production costs (e.g. social, environmental and cultural aspects as per Florida, 2002) – but, ultimately, these are all assumed to enhance regional productivity.

The idea has persisted though that interests deriving from class, sector and so on would ultimately trump those based on territory; meaning that even after regional governments had begun to arise they would be rather redundant ‘regions without regionalism’ (Pastori, 1980) as these supposedly dominant affiliations would continue to be manifested on the national scale. The outcomes however appear more complex, with these interests appearing not to displace territory, but rather being ‘refracted’ by it in new ways, influenced by the dual factors of regional government and the rescaling of functional (economic, social) systems (Keating, 2014a, 2017).

The key point regarding purely functional decentralisation is that in the end the regional is always outranked by the national. Keating (1998) has distinguished between different types of regional government with functional decentralisation at one end of a continuum (i.e. specific agencies for local tasks in combination with decentralised arms of national government) and federalism at the other. However, the lines between incorporating ‘strong’ regionalism vs. those of ‘weak’ regionalism have become somewhat blurred, which led him to the later conclusion that ‘…the degree of self-government desired is an empirical question to be examined in context, not a defining feature’ (Keating, 2017: 13). This in turn naturally raises the vexed question of identity, with regions as ‘sites of social identity formation, which can be integrative or autonomist’ (Keating, 2017). As noted above, the latter (i.e. autonomist tendencies) began to emerge in the 1970s, while the former (the integrative focus) was conceived historically as contingent to the broader ‘modernising project’ of government, such that territorial integration and functional differentiation were seen as normative manifestations of progress (cf. regionalism as the ‘revolt against modernity’ of Lipset, 1975). Further blurred lines distinguish regionalisms from minority nationalisms, with the latter typically concomitant with separatism, as traditionally the term ‘nation’ was used as an implicit shorthand for the right to self-determination. Thus, those seeking self-determination purposefully employed the term. Now, it is largely accepted that sovereignty is a more complex issue, which means that even in places with strong regional-nationalist movements, the majority of the populace have developed dual identities rather than mutually exclusive ones. In turn, all this means that identity is ‘…not a given… but another field by which regions can be constructed and given meaning’ (Guinjoan and Rodon, 2016: 14).

The nexus of identity and function produces then what we might term a variety of regions and of regionalism. Adopting the typology of Keating (1998, 2013, 2014b) produces three broad groupings; the historic ‘non-state nations’ such as the Basque Country, Galicia, Scotland, and Wales but also including a sub-group of regions with distinct linguistic or historical identity but without ‘national pretensions’ – the Italian special status regions (including Sardinia) featuring here; second, regions defined primarily by their possession of an effective set of internal institutions (the stronger of the German Lander being the most obvious example); and finally, a third group which are largely administrative only and thus not regions in any other sense (such as the bulk of the English regions). Moreover, attitudes to regionalism at the nation state level also play a role – for example, the Italian state as a relatively late construct comprising strong regions in contrast to the UK as a long-standing if asymmetric union; thus traditions and histories matter.

In summary, before the 1990s, regionalism was largely concerned with the accommodation of internal (i.e. nation state) inequalities and related functional pressures. Subsequently, ‘new’ regionalism has reflected a shifting focus towards international markets and the emerging European level, with regions themselves conceived therein as actors in their own right. This thinking has become more nuanced in recent years via the role of contextual and identity factors, such that both the dismissal of territory on the one hand and territorial determinism on the other are mitigated (Keating, 2017).

**The territorial policy community**

Turning attention directly to formation of policy, the term ‘policy community’ is employed to describe the actors, institutions and relationships that are at work here. Potentially, this includes all those with interests in shaping and delivering policy (representative bodies of industries, sectors and professions, trade unions, political parties and governmental bodies, as per Wilks and Wright, 1987). However, the term ‘community’ also implies a degree of consensus and coherence (Marsh and Rhodes, 1992), which in turn suggests that the policy community is not just a structural entity but also behavioural one.

The emergence of new regionalism, the reassertion of regional image and identity and the formation of a policy community that is regionally embedded represent interconnected aspects of the restructuring of relations between the region and the nation state. To this end, Keating et al. (2009) introduce the idea of the territorial policy community, emerging in response to the rescaling of government; there is no implication here that articulation via sector or territory need be mutually exclusive or indeed zero sum. The concept of a territorial policy community is consistent with thinking around new regionalism in that if these regions were indeed without regionalism we would expect to observe little change at this level, i.e. with interest articulation largely continuing at the national level. The counter assumption to this being from the purely functional perspective, such that any regional differences that reveal themselves in the politics of interest articulation would derive from the respective sectoral/class distributions therein rather than being related to any defining aspects of the territory per se. Such an observation makes the comparison of two regions which are in some ways similar but in others different a potentially fruitful exercise. A further possibility would be the opportunistic ‘venue shopping’ (Baumgartner and Jones, 1991) at different levels by actors seeking influence – as Keating et al. (2009) note, the new regionalism literature actually does not clearly specify the institutions and interactions that produce policy. The constituents of the policy subsystem at the regional level will be mediated by behavioural variables such as strategy, the degree of consensus, shared norms and the like. This in turn suggests that identity and notions of nationhood will temper manifestations of new regionalism, particularly for the group of non-state nations and their respective host nation states, which are effectively ‘caught’ between different scales of action as outlined above – in the words of Keating et al. (2009: 53) ‘…the regulation of different policy fields at different levels challenges the old social compromises of the state’. With this in mind, the study presented here has a particular focus on regional polities and (local) governing parties as key actors within territorial interest articulation, policy formation and delivery at the regional level. Relevant questions to consider here are how the nation state might respond to these sub-national challenges, and indeed what its capacity is to do so, given the embedded or indeed path-dependant courses of action available.

**Methodological approach: Analytical framework and case selection**

Having provided an overview of the literature relating to the concept of new regionalism in the previous section, and explored what implications this might have for regions which are simultaneously experiencing economic change and a shifting set of relations with their ‘host’ nation state, attention is now turned towards an analytical framework for investigating these processes in action, and the selection of suitable comparative settings within which to do so. As we saw in the section above, interest articulation can occur on a sector or a territorial basis, with these channels not mutually exclusive and indeed simultaneously available, and with venue-shopping possible in terms of the spatial level deemed most appropriate by the actors in question. Moreover, no normative progression from the territorial to the functional can be inferred, rather outcomes are mediated by regional identity which in turn may be autonomist or integrative. The fact that divergence within nation states is often greater than between them suggests inability, unwillingness or a combination of the two by actors at both the regional and national state levels to address these outcomes, while policy at the European level ostensibly promotes regional cohesion while itself relying on effective local institutions for delivery. Thus, we suggest that the analysis presented here is all the more pertinent.

To this end, a framework for analysis is outlined in Figure 1, relating to non-state nations, institutions, identity, and structure. At the centre of the framework is the non-state nation, representing a particular case of new regionalism – i.e. one in which the functional and structural aspects of rescaling are most subject to refraction, using the terminology of Keating (2017), via regional culture and identity. All non-state nations are not the same of course, hence the value of comparison. Given the two-way nature of the relationship between region and nation state, the context of the latter is important. As noted earlier, nation states will vary in their own internal structures, cultures, norms and indeed varieties of capitalism, linked to the nature of their restructuring. Similarly, regarding the context within which economic development is taking place, again as outlined earlier old industrial regions (for example) have different priorities to those transitioning from a more rural economy, strategies focused on inward investment and job replacement are likely to imply a differing set of institutions, relationships, and interest articulation than those more focused on bottom-up capacity development.

**Figure 1.**

Non-state nations, institutions and identity: a conceptual framework.

**Wales and Sardinia as illustrative cases**

As noted in the ‘Introduction’, the authors have a long-standing interest and a degree of embedded knowledge in the two regions we seek to compare here – Wales and Sardinia. Although useful, and important as a motivating factor this is of course not a sufficient rationale for the selection of these two case studies; to this end, we offer some further justification here. To briefly sketch out the comparative economic contexts of the two regions, Wales has a population of 3.1 m (5% of the UK) while for Sardinia the corresponding figures are 1.6 m and 3%, respectively, their geographical areas being similar; GDP in Wales is approximately €24,000 per head, just over €20,000 for Sardinia.

The UK is a centrist nation state, which has undergone limited and asymmetric restructuring (devolution – including Wales) during the past two decades; conversely, Italy maintains a federalist structure albeit with partially developed devolution – there are five ‘special’ regions, one of which is Sardinia. The UK operates a liberal market economy emphasising flexibility and financialisation while the Italian model is more coordinated (corporatist and negotiated). Within these, both Wales and Sardinia both meet the criteria of non-state nations albeit with some significant differences with reference to Keating’s (1998) typology of regions, Wales being a historic or ‘type 1’ non-state nation along with Scotland, Catalonia and the Basque Country, while Sardinia is ‘type 2’, i.e. also possessing distinct language and regional identity but essentially lacking in widely articulated separatist tendencies. This is represented graphically in Figure 2.

**Figure 2.**

Rationale and case study selection.

While Wales is a peripheral former industrial region (at least in the south, the north and the west being more rural), Sardinia is an island in the Mediterranean which has undergone a more recent nation state-led industrial shift. There are also some parallels with regard to infrastructure particularly in relation to transport; while in Sardinia this has historically been neglected, Wales has good links on an east-west basis – connecting with the regional economies of south west and north west England – while travelling between north and south within Wales is problematic by road and rail. This hints at differential aspects of the previous spatial Keynesian consensus; within Sardinia as an island the upgrading of transport infrastructure was of little benefit to the wider nation state, while for Wales it offered greater scope for spillovers. Conversely, the imagined national community of Italy was manifested in its most extreme sense with the fascist autocracy, although the north/south divide remained the main schism in the post-war ***period*** (Keating, 1998).

**Research questions and analytical approach**

From the sections above, we can distil the following research questions, the addressing of which in a comparative approach is intended to shed light upon the role of structure in both shaping expressions of, and responses to, sub-state nationhood. What are the consequences of functional and economic rescaling at the regional level and how can we better understand both past events and possible future trajectories?How are territorial policy communities rescaling and what might this mean for policy at the regional level?More generally what does this mean with regard to the capacity of devolved regions to successfully negotiate future policy-making agendas, given the limited ability of regional actors, even within the most functional of regions, to effect such changes?Finally, although not intended to be generalisable in any scientific sense of the word, it is nonetheless a desired outcome that the findings shed some light beyond the two regions considered in this paper.

We seek to address these questions by exploring evidence of processes ‘on the ground’ in the two regions, via the authors’ own contextualised knowledge, the review of policy documents and of the specific academic literature on the two regions. This evidence is then reviewed comparatively in relation to the framework set out in Figure 1. The approach we take here is consistent with conceiving the relationship between endogenous choice and exogenous process as not being one of mutual exclusivity. In other words, in relation to changes within prevailing economic models and the associated institutions thereof, these are not viewed as two distinct evolutionary routes, rather they are necessarily inter-linked, as per Mokyr (2016). Thus, the shift towards a knowledge-based economy does not imply an inevitable process within which domestic development agencies are essentially redundant, conversely nor does it imply a prescribed set of ideological choices with a consequent suite of institutional outcomes. Mokyr’s concept of choice-based evolution builds on Jones’ (2006) work on culture and economics which views culture (broadly defined) as neither a fixed exogenous environment constraining behaviour, nor one that is perfectly malleable to economic needs. Such a model of evolutionary change also implies complementary but also competing mechanisms for the transmission of new ideas; vertical transmission is largely based upon socialisation (i.e. from one generation to the next) while horizontal transmission is driven more by peer to peer learning – which although it involves choice is itself subject to a (spatially and temporally non-uniform) degree of constraint. Thus, Mokyr’s analogy here is choice but from a ‘pre-existing menu’ (2016: 35). Having outlined the methodological approach, selection of cases, variables to be considered and key research questions arising, attention is now turned to the two regions in question, namely Wales and Sardinia.

**Wales and Sardinia – Comparative cases in non-state nation restructuring**

**Brief overview of restructuring and development context**

With regard to economic history, there are parallels but also chronological shifts between the two regions; these are shown in summary in Table 1. While in Wales mining dominated in the late 19th-century with a transition to heavy industry in the 1930s, in Sardinia, these two steps took place respectively in the 1930s (with the fascist autocracy) and in the post-war ***period*** with the Rebirth Plan. The relative failure of this plan being apparent during the 1990s, at which point Wales was well into the cycle of FDI replacing now declining heavy industries.

**Table 1.**

Wales and Sardinia: summary of state restructuring and economic development context.

| **Time *period*** | **Wales** | **Sardinia** |
| --- | --- | --- |
| 1930s | • Shift from mining to related heavy industries • Initial nationalist party support (Plaid Cymru) | • Mining industry dominates, also traditional crafts, ***agriculture***• Initial nationalist party support (Sardinian Party of Action/Partito Sardo d’Azione) |
| 1940s | • Hierarchical planning models established | • Hierarchical planning models established• Becomes Autonomous Region (1947) |
| 1960s | • Establishment of Development Districts | • Rebirth Plan – top-down transition to heavy industries |
| 1970s | • Closure of Regional Economic Councils• Two tier administrative system in the UK• First devolution referendum (1979) | • Regional Policy in a ‘steady state’• Suppression of customs, language |
| 1970s/80s | • Increased central control | • EU and subsidiarity – associated with transfer of power and responsibilities• Increased pressure for autonomy |
| 1990s | • Increased pressure for autonomy• Creation of Unitary Authorities• Pressure for autonomy – 2nd devolution referendum (1997)• ‘Asymmetric’ devolution in the UK-Establishment of Welsh Assembly Govt (1999) | • Relative failure of industries promoted via Rebirth Plan• Electoral reform• Official recognition of the Sardinian language (1999)• Additionality – EU programs considered by regional governments as additional interventions |
| 2000s | • Objective 1 ***funding*** comes on-stream• Quangos abolished (WDA, WTB) | • Phasing out of Objective 1• Rise of ‘Progetto Sardegna’ (Sardinian project) |
| 2010s | • Silk Commission on increased devolved powers | • Stalling of identity-based politics |

From the institutional perspective, the chronology is reversed as Sardinia became an Autonomous Region in 1947 while the Welsh Assembly was not formulated until 1999 – only since then has regional development policy been self-determined. The Welsh Government became responsible for regional policy and the establishment of structures for this function, albeit limited to the expenditure of the UK government block grant, and facing a difficult transition from policy delivery to policy formulation responsibilities, as per Cooke and Clifton (2005). In contrast, in Sardinia, the adoption of a more radical stance by the independence movement and their alliance-building in order to counter nation-state industrial policy led to an early electoral success1 followed by a progressive marginalisation of these movements and their policy proposals (on issues such as bilingualism and the establishing of a free-trade zone) (Demuro et al., 2013; Pala, 2012; Roux, 2006).

It should be noted that the UK ‘union state’ was highly centralised in the post-war ***period***, with the Scottish and Welsh offices as functional arms of the Westminster government – charged with the implementation of policy rather than its formation. The more developed territorial policy community in Scotland arose from distinct legal and financial institutions predating formal devolution, which allowed the pursuing of a more ‘visionary’ approach to policy-making under devolution as opposed to the more ‘precautionary’ one in Wales (Cooke and Clifton, 2005), which was largely around the mitigation of continuing large-scale job losses in traditional industries. The expressly anti-federalist intent of the devolution settlement suggests the continuance of a unitary state model based on Westminster sovereignty albeit only modified asymmetrically by devolution (Cooke and Clifton, 2005; Hogwood, 2003).

Despite this, in Welsh and Sardinian policy certain similarities can be seen. First, an industrial past with subsequent national government intervention through programs for disadvantaged areas, sometimes ‘top-down’ and without buy-in from local authorities, enough to raise fears of 'internal colonisation' by the State (Davies, 1987; Palloni, 1979). Second, the influence of autonomist movements and EU programs on devolution processes, in terms of the recognition of regional self-determination and strategic approaches to policy planning. Finally, the adoption of spatial policies in the face of globalisation, especially with iconic regeneration projects in the regional capital (although in Sardinia this process has been inhibited by the economic crisis in the late 2000s).

Turning to more cultural and political aspects, during the 1970s Sardinia saw the active suppression of customs and language; this occurred much earlier in Wales from the 19th-century into the early 20th, although more passively so through until the 1970s. The rise of ‘Progetto Sardegna’ (Sardinian project) in the 2000s saw the revival of language, crafts and traditions for economic ends including tourism. There are some parallels here with the cultural resurgence seen in Wales during the mid-2000s (Clifton, 2011); although this was less overtly political in Wales. Finally, the nationalist political parties have experienced mixed fortunes, with Plaid Cymru (Wales) reaching a steady state after gains in the early days of devolution (21% of the vote and 12 seats of 60 in the present National Assembly), which is to be contrasted with the Sardinian Party of Action (Partito Sardo d’Azione, Psd'Az) which after strong beginnings is now very much a minority party polling at around 5%. By way of comparison, the Scottish National Party achieved 47% of the vote and just under half the seats in the most recent Scottish Parliament elections. It is also the largest party in Scotland in the most recent Westminster elections (UK level).

**Functional rescaling**

Following a ***period*** of ineffective national economic programs, during the 1970s and 1980s, both UK and Italian governments considered increased regional subsidiarity. In Italy, reforms were essentially progressive as powers and responsibilities were transferred to Provinces and Municipalities (although not always accompanied by adequate resources). In the UK, conversely, administrative reforms were largely conservative and focused on enhancing central state control over local authorities’ policy making, in particular in urban recovery and renewal.

During the late 1990s, both UK and Italian governments attempted to redress the deficiencies of their respective administrative frameworks. In the former case with the introduction of Unitary Authorities (1996) and in the latter via electoral reform (1999) and further constitutional reform (2001). The asymmetric devolution process in the UK was also brought to fruition during this ***period*** (1999).

In the immediate post-war ***period***, both Italy and the UK possessed hierarchical administrative systems in which local authorities/municipalities were the central players while regions were still linked to manifestations of national planning, such as the Development Districts2 in Sardinia and Regional Economic Councils (1965–1969) in Wales. The former were spatial units which joined urban and economic planning on the basis of local territory functions while Regional Economic Councils were regional bodies charged by the Department of Economic Affairs (DEA) in Westminster to draft regional planning policies implementing the National Development Plan (Fried, 1968; Gilg, 2005).

Thus, since the late 1990s both Sardinian and Welsh non-state nation governments had significant control on the spending and administration of a central government budget at regional level. However, during this ***period***, they encountered a new challenge – coordinating EU ***funding*** programs (most significantly Objective 1) and initiatives to be delivered at local authority level. For this purpose, Welsh Government (WG) adopted a precautionary economic policy largely confined to the reorganisation of administrative apparatus. In 2005, for example, WG abolished three economic development quangos, the WDA, the Training Agency (ELWa) and the Wales Tourist Board (WTB) with their functions re-absorbed centrally due to concerns over their performance (Cooke and Clifton, 2005; Gilg, 2005, Morgan, 2013). Conversely, in Italy, regional governments typically employed EU structural ***funds*** as ‘additional measures’ in ***continuity*** with national intervention in the South. While this decentralised some responsibilities (within rules, however, rigidly codified), it did give central government the power to assess the adequacy of the programs drawn up by the Southern Regions compared to EU guidelines, leading to some political friction (Giannola, 2000; Tabellini, 2005).

In 2003, WG was charged with designing mechanisms to spend £1.2 billion of Objective 1 EU Structural ***Funds*** (plus national match-***funding***). An extremely complex system of committees was set up for each programme area, involving WG and other actors, with approvals given by the external Welsh European ***Funding*** Office (Gilg, 2005). Similarly, in Sardinia, there was a significant attempt to harmonise national and regional actions directing them towards the practice of economic policy agreements and contractual implementation tools. Despite some significant progress, non-state nation governments still face difficulties in constraining local authorities (Keating, 2014b; Morgan, 2013). In Wales, for example, WG struggles to connect the ‘business climate’ and ‘people climate’ aspects of neo-liberal spatial policies (Cooke and Clifton, 2005; Shipton, 2011). In the same way, the Sardinian regional government has also faced difficulties creating a coherent and attractive image for foreign investments, although neo-liberal spatial policies are not yet as common as in the UK due to the later onset of economic transition. Largely due to 1999 electoral reform the direct election of a regional President and new contractual planning processes, the stability of the Sardinian political framework has allowed a better control on localism and market pressures than in Wales3 (Hospers, 2003, 2005; Hospers and Benneworth, 2005; Mundula and Bona, 2012; Onnis et al., 2009; RAS, 2008).

**Regional polities and interest articulation**

The birth and evolution of Welsh and Sardinian territorial policy communities are linked to regional political movements which, since the early 1990s, have pressed for the recognition of distinctiveness of identity, cultural and linguistic bases according to principles of political pluralism and subsidiarity. Both in Sardinia and Wales, these can be seen as rooted in socialist movements in defence of the working classes. In Wales, the first decades of the 20th-century were characterised by an economic and population boom which reduced the relative importance of the Welsh language and changed the political framework: after the First World War, the Labour Party replaced the Liberals as the dominant party in Wales, particularly in the industrial valleys of South Wales and in 1925 the national Party of Wales – Plaid Cymru – was formed, starting its slow growth (Cooke and Clifton, 2005; Davies, 1987, 2000). At the same time, in Sardinia, Emilio Lussu and other Sardinian veterans of the First World War founded the national party Psd'Az promoting popular sovereignty, administrative autonomy and freedom of trade. In the 1930s, the party won support from a large stratum of the population, especially former soldiers, peasants and miners (Hepburn, 2011). In the early part of the 20th-century, Sardinian politics often adopted an unfavourable position on autonomy, viewing it in terms consistent with Lipset (1975) as noted earlier. Plaid Cymru formally adopted a policy of independence for Wales within Europe in the early 2000s. Although ostensibly social democratic/centre left Plaid still struggles to transfer a message beyond Welsh Nationalism/advocacy of the Welsh language. As Hepburn (2011) notes, Sardinian parties – most notably the Psd'Az – are hampered by their ideological opportunism or ‘flakiness’.

After this initial electoral success, Welsh and Sardinian political movements for independence faced a ***transitional*** phase characterised by subsequent alliances with national parties to obtain regional representatives in National Parliaments – and in the Regional Assembly for Sardinia. In some respects, this strategy brought positive results to both territories; in the 1970s, for example, when the Labour government lost its two-seat majority, Prime Minister James Callaghan was forced to negotiate with regional parties (including Wales) and grant referendums on devolution (Conroy, 2006; Davies, 2000). Similarly, during the 1980s, the Sardinian territorial policy community adapted in response to change led by the EU, Italian Provinces and Municipalities; new ideas were introduced at the local level on strategic planning, principles of subsidiarity and administrative decentralisation (loosening of hierarchical and sector ties). The latter, in particular, encouraged the re-emergence of independence movements, identified as *neo-sardismo* (Demuro et al., 2013; Hepburn, 2011; Pala, 2012; Roux, 2006). These political successes were however followed by different paths for Sardinia and Wales. The former saw a progressive marginalisation of independence movements and their policy proposals (on bilingualism and free-trade zones – both unpopular among national parties, Demuro et al., 2013; Pala, 2012; Roux, 2006). Much the same occurred at a European level where Sardinia, sharing its electoral constituency with Sicily, lacked representation at the European Parliament.4 In following years, the trend continued due to a complex set of factors. First, due to the compromises of regional independence movements as they sought support from national parties. Second, the adoption of an essentially two-party system at the national level which led to the vote-seeking regionalisation of the national parties as well as facilitating a polarisation of autonomist movements within left and right national coalitions. As Hepburn (2011, 2013) notes, the inability of the Sardinian territorial policy community to adapt to multi-level politics, developing coherent strategies at Sardinian, Italian and European level, is thus evident.

The situation in Wales was rather different where alliance with the Labour party, at the core of national political opposition during the Thatcherite phase of the 1980s, led to a series of interventions in support of devolved institutions in Scotland and Wales and ultimately to a referendum for devolution with a positive vote (Davies, 1987; Thomas, 1992). The devolution process is still ongoing with increased primary legislative powers and taxation power proposed by the Silk Commission which reported in 2012.5 The 2011 referendum on the granting of further powers saw a vote of over 64% in favour, evidence of an increased public confidence in the Welsh Government; however, assessments of the impact of WG in its first phase have been critical with regard to its ability to both develop and administer effective regional policies (Morgan, 2016; Shipton, 2011). With regard to other sectoral interests, Keating et al. (2009) have shown that business interests in Wales tend to focus on the UK level, opposing policy divergence. In reality, the limited nature of the devolution settlement means that the majority of legislation impacting on business occurs in Whitehall. Welsh Trade unions support devolution but also derive benefits from UK level bargaining and regulations. The Wales Social Partners Unit (WSPU) acts as a conduit between government and the interest of all stakeholders, underpinning a genuine sense of pragmatism, albeit as a somewhat unwieldy vehicle for interaction. Broadly speaking, within Sardinia the much less formal structures of the Progetto Sardegna have fulfilled some of these functions, although in a rather limited fashion.

**Discussion**

Attention is now turned to a discussion of the material presented in the previous section in relation to the research questions posed within the ‘Introduction’ and developed in the Section ‘Methodological approach: Analytical framework and case selection’. These were intended to shed light upon the role of structure in both shaping expressions of, and responses to, sub-state nationhood, and by way of a reminder are summarised below: What are the consequences of functional and economic rescaling at the regional level and how can we better understand both past events and possible future developments?How are territorial policy communities rescaling and what might this mean for policy (the capacity for both development and delivery) at the regional level?Finally, though not intended to be generalisable per se, can the findings shed some light beyond the two regions considered in this paper?

The top-down industrial policies of the 1960/1970s represented an attempt to modernise the industrial structure of Sardinia. However, as Hospers (2003) and Hospers and Benneworth (2005) note, the lack of prior industrialisation (which can be contrasted to the situation in Wales) was actually problematic in this context as the new structures imposed by the central state failed to take into account the existing structural, economic and cultural realities on the ground. Thus, the new plants became largely ‘cathedrals in the desert’ – unembedded both in terms of supply chains but more significantly with regard to the social and cultural fabric of the island. More generally, the impact here can also be interpreted as a variant – directly imposed by the state – of the ‘Upas Tree’ effect posited by Checkland (1976) in which large-scale industries suppress smaller local enterprises. Wales has seen similar effects, although less instrumentally so.

Thus, a more radical interpretation of the Rebirth plans sees them as a deliberate attempt by the central state to ‘Italianise’ the problematic region of Sardinia (Onnis et al., 2009), to normalise a region seen as too distinct by ruling political classes. In this view, the suppression of customs, language and so on is not an accidental by-product of top-down nation state intervention. There are parallels with Wales, although there these processes were earlier and less explicitly state-led. However, it is suggested that for many Welsh people these historical and political processes have culminated in the notion that the Welsh are ‘second class citizens… [and] that status creates a very real feeling of inferiority’ (Thomas, 1992: 10). Thus, Davies (1987: 60) has described Wales as a classic example of an ‘internal colony', for which the union with England marked the beginning of a sustained campaign of cultural homogenisation by the central state ‘… Welsh was banned for administrative and legal purposes, children were punished for speaking Welsh in schools’.

As noted, the Sardinian language was formerly recognised as late as 1999 (as were other traditions via UNESCO). Such nation-state intervention can in fact be traced over a significantly longer ***period***, with Sardinians being excluded (for example) from the civil service during the 18th-century. Onnis et al. (2009) thus argue that the structure of relations with the nation state and the institutions thereof continues to inhibit the lack of real local decision making at the regional level.

Notwithstanding this view, it is certainly the case that this industrial restructuring saw regional institutions replaced by functional ones of the national state, disregarding (for example) local ***agriculture*** and the associated local mutual societies. On this subject, Hospers and Benneworth (2005) report low levels of trust and a lack of participation in civic society in Sardinia. We can think of this as social capital – with reference to Wales, Cooke et al. (2005) report higher levels, but it is typically local in nature and accompanied with low levels of trust.

There is a broader point here around cultural and political factors and their limitation of constitutional autonomy; Onnis et al. (2009) put this bluntly, stating that ‘…imposition of top-down approaches to decision-making and the consequent dismantling of the traditional social and cultural structures has lead Sardinia’s population and the political elites to expect solutions to their problems from the high hierarchies in the central state’ (1330). The danger here of interest articulation at the national level via local elites using these links to serve their own interest is thus clear, with the risk that significant parts of the population will view regional autonomy largely as a mechanism to promote demands for resources (or other assistance) from the central state, rather than a means by which bottom-up capacity might be developed. In contrast, the approach in Wales is much more towards one of partnership working for the benefit of ‘Wales plc’; that said there are some parallels to Sardinia with certain political rhetoric around achieving a better ‘deal’ for Wales from Westminster (i.e. UK central government). In other words, venue-shopping still occurs in Wales, but less so than for interest articulation in Sardina.

With specific regard to identity, as Hospers (2003) describes, a bottom-up emphasis on the ‘real’ Sardinia, reinforcing local culture, has seen some success albeit on a relatively small scale. During the mid to late 2000s, ‘Progetto Sardegna’ (Sardinian Project) led by Renato Soru promoted high-quality tourism, giving more attention to community entrepreneurship and the preservation of Sardinian identity. In recent years, the Project has stalled somewhat in the absence of extensive linkage with other sectors both within and outside the region which might facilitate more innovative approaches; this can be interpreted as the lack of an effective policy community. With some remarkable similarities, Clifton (2011, 2017) shows that Wales has also began to use its culture and identity instrumentally as a resource in branding (both via products and the region itself), ironically stymied to a degree by some of the Welsh Government’s own activities in the external projection of regional image.

In particular, from this analysis, we can identify some common trends, summarised here according to the key components of the conceptual framework developed in the Section ‘Methodological approach: Analytical framework and case selection’. With regard to *territorial policy communities,* within non-state nations these are rescaling, embracing a multi-level policy concept. The success of development policy depends upon the confidence of sub-national government with these bodies, especially in (a) establishing alliances with European and national parties so as to obtain regional representatives supporting devolution in the legislative bodies, and (b) coordinating local authorities in order to mediate excessive localism. In relation to *institutional rescaling*, non-state nations have two key new tasks: to coordinate relationships between nation states and local authorities, and to integrate European programs within ‘ordinary’ regional development policy. Often this requires administrative reforms whose success is mainly linked to (a) the acquisition of primary legislative powers and taxation powers – see latest referendum in Wales in relation to the outcomes of the Silk Commission, and the free-zone (enterprise zone) proposals in Sardinia; and (b) a clear definition of the ‘administrative space’ thus avoiding the overlapping of competences and giving a precise limit to private intervention (reference is made here to the two-tier administrative systems in the UK which are potentially open to capture from public–private urban development bodies, and the speculative urbanism which followed the abolition of the Provinces in Sardinia). Ultimately, it was though the Maastricht Treaty of 1992 which forced both nation states to move on this centralism. Turning to *functional rescaling*, the transition towards a knowledge-based economy has had a strong influence upon non-state nations in terms of their functions and operational tools. Becoming central to economic development policy after the failure of national interventions for disadvantaged areas, sub-nation level governments have essentially renounced their own development role to become intermediaries between nation state and local authorities in the implementation of European programmes (in Wales adopting a precautionary economic policy, in Sardinia using structural ***funds*** as ‘extra’ resources to strengthen ongoing intervention).

**Conclusions and implications for further research**

This paper has sought to employ a comparative study to investigate the role of structure in shaping expressions of, and responses to, sub-state nationhood. The role of non-state nations’ identity and agency regarding their relations to existing territorial states has been explored, with a particular focus on the means by which such regions might express their individuality. The idea of the territorial policy community was applied as a lens through which to make cross-national comparisons in the broader context of state rescaling and changing regimes of economic development policy, within the broader theoretical framework derived from the concept of new regionalism. The authors suggest that this is an interesting and indeed valuable exercise, allowing as it does for the exploration of evidence ‘on the ground’ of the processes involved. We are convinced that the two non-state nations that we employ as case studies – Wales and Sardinia – provide an interesting and relevant contribution to debates around the spaces for political exchange and interest articulation, not least as they bring together different state structures and traditions, cultures, and policies. However, they also provide sufficient commonality as variants of the non-state nation typology that meaningful comparisons can be made and insightful parallels drawn.

There are examples from the Sardinian case of the detrimental effects of top-down industrial policies on the already weakened indigenous capacities and local identity of a region, albeit later (partially at least) reasserted via the instrumental use of regional culture and identity. Wales has seen some similar developments albeit less overtly political. Devolution in Wales is (for the moment) partial and asymmetric; despite this, the venue-shopping approach to interest articulation has largely given way to an increasingly coherent territorial policy community – more so than in Sardinia. The experience of territorial policy communities in Wales and Sardinia shows how autonomist movements, although growing, are able to obtain a significant political outcome only when their needs are aligned with those of national governments – or even to those of the opposition in the national parliament. Both parties, non-state nations and national state, are then linked by opportunistic relationships based on political and electoral support. In both examples, the legacy of past norms and structures is evident, which to a degree has constituted a rather weak foundation for real autonomy – more so for Sardinia as ‘type 2’ none-state nation, but also an issue for Wales. Moreover, we should ultimately keep in mind the constraints on regional governments given the resources and levers available to effect significant change on outcomes, even if the ‘correct’ course of action can be identified. For sub-national governments more generally, it may be that the following are necessary but not sufficient in seeking to do so; the acquisition of primary legislative and tax-raising powers, establishing alliances at both the European and national levels, and recalling Hepburn (2011, 2013) – becoming adept at multilevel policy formation and delivery. For the use of local traditions, skills, and so on to be most effective for ‘ordinary regions’ (the beginnings of which we have seen in both case study regions), the continued devolution of policymaking and its inherently centralised institutions and associated policy levers (not just governments per se, but also banks, bodies concerned with innovation, the law and so on) from the central state to the local level may be strongly needed.

The study presented here has of course limitations and constraints; we have for example briefly attempted to quantify the scope of sub-national governments to effect genuine change here, but a much more comprehensive and sophisticated attempt to investigate this – again cross-nationally – might represent a fruitful area for further research. We have employed a rather broad-brush approach when considering the comparative policy formation and the institutions therein, so again further research could seek to investigate the subtleties of these relationships at a much deeper level in an approach analogous to the one of ‘innovation biographies’, i.e. tracing a policy development from genesis to implementation incorporating a holistic mapping of all actors, institutions, and processes involved. On these points, there is a growing body of literature (some of it touched on herein) around how the quality of institutions impacts upon regional outcomes. If it is indeed the case that as per Rodríguez-Pose (2013), we should fit the local policy to the institutions available rather than vice versa, the investigation of what these might actually mean in practice should be a useful exercise.

The development of a different level of analysis may also be interesting; within this paper, the role of institutions has been the focus of analysis; less so variations in the operation of the politicos that seek to guide them. Perhaps a further development of the role of cultural transmission in these processes as outlined by Mokyr (2016) may shed light; similarly, Wales has seen relatively stable internal politics since the inception of devolution – this could reasonably lead to expectations of policy persistence and institutional stability but this has not been the case. Three potentially useful areas to investigate suggest themselves here, one being the region – nation angle in that the Welsh Labour Party is ultimately a branch of a UK level party – unlike other regional or nationalist parties (obviously caveats exist in that there can be quite significant differences between branches of a single party while conversely separatist parties may have similar agendas to unconnected parties at the nation state level). The second area to investigate could be the lack of a mature specialist departmental structure within regional governments which has the capacity to enact and ensure persistence, thus mitigating against cronyism and the promotion of ‘pet’ projects. Third, an empirical investigation of the territorial policy community as a whole (mapping actors, institutions and linkages) would be a potentially valuable contribution. Finally, at the time of writing, the elephant in the room is of course Brexit and the form that this will ultimately take – what powers for example risk being re-captured by the nation state from devolved administrations within the UK. These are all issues to address if, in the words of Adam Price6 (2015), devolution is to be more than merely a ‘dented shield’ against the worst excesses of the nation state.

**Notes**

1The election in 1982 and 1984 of Mario Melis, as yet the only President of the Sardinia Region from the nationalist party *Partito Sardo d’Azione.*; 2Italian: *Comprensori dello Sviluppo.*; 3Political stability has favoured a new season for regional enterprises incentives, accompanied by technical support, training opportunities and an institutional ‘MICE-oriented’ territorial marketing strategy (i.e. a strategy oriented to Meetings, Incentives, Congresses and Exhibitions – MICE).; 4Only in May 2014 did Sardinia gain a representative, with Renato Soru (a former Sardinian President) of the (centre-left) Democratic Party winning support in both islands.; 5[*http://webarchive.nationalarchives.gov.uk/20140605075122*](http://webarchive.nationalarchives.gov.uk/20140605075122)/ and [*http://commissionondevolutioninwales.independent.gov.uk*](http://commissionondevolutioninwales.independent.gov.uk)/; 6The Member of the Welsh Assembly for Carmarthen East and Dinefwr.

**Bibliography**

**REFERENCES**

Amin A, (2002) Spatialities of globalisation. Environment and Planning A 34(3): 385–399.

Asheim BT, Boschma R, Cooke P, (2011) Constructing regional advantage: Platform policies based on related variety and differentiated knowledge bases. Regional Studies 45(7): 893–904.

Atkinson ME, Coleman WD, (1992) Policy networks, policy communities and the problems of governance. Governance: An International Journal of Policy and Administration 5(2): 154–180.

Baumgartner FR, Jones BD, (1991) Agenda dynamics and policy subsystems. The Journal of Politics 53(4): 1044–1074.

Bradbury J, (ed) (2007) Devolution, Regionalism and Regional Development: The UK Experience. London: Routledge.

Brenner N, (1999) Globalisation as reterritorialisation: The re-scaling of urban governance in the European Union. Urban Studies 36(3): 431–451.

Brooksbank DJ, C. Clifton N, Jones-Evans D, , et al. (2001) The end of the beginning? Welsh regional policy and objective one. European Planning Studies 9(2): 255–274.

Checkland SG, (1976) The Upas Tree: Glasgow 1875–1975: A Study in Growth and Contraction. Glasgow: University of Glasgow Press.

Clifton N, (2011) Regional culture in the market place: Place branding and product branding as cultural exchange. European Planning Studies 19(11): 1973–1994.

Clifton N, (2017) Country of origin effects: The interaction of place and product? In: Bayraktar A and Uslay C (eds) Strategic Place Branding Methodologies and Theory for Tourist Attraction. IGI Global, pp.283–307.

Conroy H, (2006) James Callaghan. London: Haus.

Cooke P, Clifton N, (2005) Visionary, precautionary and constrained ‘varieties of devolution’ in the economic governance of the devolved UK territories. Regional Studies 39(4): 437–451.

Cooke P, Clifton N, Huggins R, (2001) Competitiveness and the Knowledge Economy: The UK in Global, Regional and Local Context. Cardiff: Centre for Advanced Studies, Cardiff University.

Cooke P, Clifton N and Oleaga M (2005) Social capital, firm embeddedness and regional development. Regional Studies 39(8): 1065–1077.

Davies CA, (1987) Welsh Nationalism in the Twentieth Century: The Ethnic Option and the Modern State. New York: Praeger.

Davies J, (2000) Plaid Cymru’s first seventy-five years. Lecture to commemorate the 75th anniversary of Plaid Cymru – The party of Wales, delivered on 9th August 2000 at the National Eisteddfod, Llanelli. Available at: [*www.hanesplaidcymru.org*](http://www.hanesplaidcymru.org)/?wpfb\_dl=49 (accessed 21 July 2016).

Demuro G, Mola F, Ruggiu I, (2013) Identità e autonomia in Sardegna e Scozia. Santarcangelo di Romagna: Maggioli Editore.

Florida R, (2002) The Rise of the Creative Class and How It’s Transforming Work, Leisure, Community and Everyday Life. New York: Basic Books.

Florida R, (2005) The world is spiky. Atlantic Monthly, October, 48–51.

Fried R, (1968) Administrative pluralism and Italian regional planning. Public Administration 46(4): 375–392.

Giannola A, (2000) La nuova programmazione. Evoluzione e restaurazione. Rivista Economica Del Mezzogiorno 3(2000): 747–768.

Giddens A, (2002) Runaway World: How Globalisation is Reshaping Our Lives. London: Profile Books.

Gilg AW, (2005) Planning in Britain: Understanding and Evaluating the Post-War System. London: Sage.

Guinjoan M, Rodon T, (2016) Catalonia at the crossroads: Analysis of the increasing support for secession. In: Morató X C (ed) Catalonia, A New Independent State in Europe. London: Routledge, pp.20–61.

Hepburn E, (2011) Explaining failure: The highs and lows of Sardinia Nationalism. In: Hepburn E, (ed) New Challenges for Stateless Nationalist and Regionalist Parties. London: Routledge, pp.114–137.

Hepburn E, (2013) Democracy in Sardinia and Scotland. In: Demuro G, Mola F and Ruggiu I (eds) Identità e autonomia in Sardegna e Scozia. Santarcangelo di Romagna: Maggioli Editore, pp.133–150.

Hogwood P (2003) Devolution in the UK: A Step Towards Federalisation? Devolution and European Policy Series Paper No. 8. Department of Government, University of Manchester.

Hospers GJ, (2003) Localization in Europe’s periphery: Tourism development in Sardinia. European Planning Studies 11(6): 629–645.

Hospers GJ, (2005) Devolution and development: The Sardinian experience. Town and Country Planning 74(9): 276–278.

Hospers GJ, Benneworth P, (2005) What type of regional policy for Europe? Theoretical reflections and policy lessons from Sardinia. Intereconomics: Review of European Economic Policy 40(5): 336–343.

Hudson R, (1998) Restructuring region and state: The case of north east England. Tijdschrift Voor Economische en Sociale Geografie 89(1): 15–30.

Jones EL (2006) Cultures Merging: A Historical and Economic Critique of Culture. New Jersey: Princeton University Press.

Keating M, (1998) The New Regionalism in Western Europe: Territorial Restructuring and Political Change. Cheltenham, UK: E. Elgar.

Keating M, (2009) Rescaling Europe. Perspectives on European Politics and Society 10(1): 34–50.

Keating M, (2013) Rescaling the European State: The Making of Territory and the Rise of the Meso. Oxford: Oxford University Press.

Keating M, (2014a) Class, sector and nation. Support for minority nationalism among peak interest groups in four western European countries. Territory Politics Governance 2(3): 322–337.

Keating M, (2014b) Introduction ‘Rescaling interest’. Territory Politics Governance 2(3): 239–248.

Keating M, (2017) Contesting European regions. Regional Studies 51(1): 9–18.

Keating M, Wilson A, (2014) Regions with regionalism? The rescaling of interest representation in six European States. European Journal of Political Research 53(4): 840–857.

Keating M, Cairney PA, Hepburn E, (2009) Territorial policy communities and devolution in the UK. Cambridge Journal of Regions, Economy and Society 2(1): 51–66.

Krugman P, (2011) The new economic geography, now middle aged. Regional Studies 45(1): 1–7.

Lipset SM, (1975) Social structure and social change. In: Blau PM, (ed) Approaches to the Study of Social Structure. New York: Free Press, pp.121–156.

Lovering J, (1999) Theory led by policy: The inadequacies of the ‘new regionalism’ (illustrated from the case of Wales). International Journal of Urban and Regional Research 23(2): 379–395.

Marsh D, Rhodes RAW, (1992) Policy Networks in British Government. Oxford: Clarendon Press.

Martin R, (2015) Rebalancing the spatial economy: The challenge for regional theory. Territory, Politics, Governance 3(3): 235–272.

Mokyr J, (2016) A Culture of Growth: The Origins of the Modern Economy. Princeton and Oxford: Princeton University Press.

Morgan K, (2013) The regional state in the era of Smart Specialisation. Ekonomiaz 83(2): 102–125.

Morgan K, (2016) Nurturing novelty: Regional innovation policy in the age of smart specialization. Environment and Planning C 35(4): 569–583.

Mundula L, Bona L, (2012) Sviluppo socio-economico della Sardegna: Federalismo, libertà repubblicana e reddito minimo garantito. In: Atti XXXIII Conferenza scientifica annuale AISRe “Istituzioni, Reti Territoriali e Sistema Paese: la governance delle relazioni locali – nazionali”, Roma, 13–15 Settembre 2012.

Onnis O, Perra O, Sedda F, , et al. (2009) Localization in Sardinia and its obstacles: A reply to Hospers’ “Localization in Europe’s Periphery: Tourism Development in Sardinia”. European Planning Studies 17(9): 1323–1333.

Pala C, (2012) La Sardegna. Dalla “vertenza entrate”al federalismo fiscale? Istituzioni Del Federalismo 1/ 2012(243): 213.

Palloni A, (1979) Internal colonialism or clientelistic politics? The case of southern Italy. Ethnic and Racial Studies 2(3): 360–377.

Pastori G (1980) Le regioni senza regionalismo. Il Mulino 268: 204–226.

Price A, (2015) The One-And-A-Half-Party state. Cardiff: Institute of Welsh Affairs.

Pugh R, (2017) Questioning the implementation of smart specialisation: Regional innovation policy and semi-autonomous regions. EPC: Politics and Space 36(3): 530–547.

Pugh RE, (2014) ‘Old wine in new bottles’? Smart specialisation in Wales. Regional Studies, Regional Science 1(1): 152–157.

RAS – Regione Autonoma della Sardegna (2008) PIANO DI MARKETING 2008–2009. Available at: [*www.regione.sardegna.it/documenti/1\_124\_20080117115540.pdf*](http://www.regione.sardegna.it/documenti/1_124_20080117115540.pdf) (accessed 17 July 2016).

Rodríguez-Pose A, (2013) Do institutions matter for regional development? Regional Studies 47(7): 1034–1047.

Roux C, (2006) The Partito Sardo D´azione: Regionalist mobilization in Southern Italy. In: De Winter L, Gomez-Reino M, Lynch P, (eds) Autonomist Parties in Europe and the Revival of the Territorial Cleavage. Barcelona: Institut de Ciències Polítiques i Socials, pp.101–122.

Sager T (2011) Neo-liberal Urban Planning Policies: A Literature Survey 1990-2010. Progress in Planning 76(4): 147–199.

Shipton M, (2011) Poor Man's Parliament: 10 Years of the Welsh Assembly. Bridgend: Seren.

Soskice DW, Hall PA, (2001) Varieties of Capitalism: The Institutional Foundations of Comparative Advantage. Oxford: Oxford University Press.

Storper M, (2013) Keys to the City: How Economics, Institutions, Social Interaction, and Politics Shape Development. Princeton, New Jersey: Princeton University Press.

Tabellini G, (2005) Culture and institutions: Economic development in the regions of Europe. CESIFO Working Papers, Paper n.1492/2005. Germany: CESifo Group, Munich.

Thomas RS, (1992) Cymru or Wales? Llandysul: Gomer Press.

Tomaney J, (2000) Review of Keating, Michael – The new regionalism in western Europe: Territorial restructuring and political change. International Journal of Urban and Regional Research 24(2): 498–498.

Wilks S, Wright M, (1987) Conclusion: Comparing government-industry relations: States, sectors, and networks. In: Wilks S, Wright M, (eds) Comparative Government-Industry Relations. Oxford: Oxford University Press.

**Load-Date:** March 29, 2024

**End of Document**



[***Federal Register: TRICARE; Reserve and Guard Family Member Benefits; Early Eligibility TRICARE and Transitional Assistance Management Program for Certain Reserve Component Members; Extended TRICARE Program Coverage for Certain National Guard Members Pages 50805 - 50809 [FR DOC #2019-20621]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5X4V-9Y41-F0YC-N0FC-00000-00&context=1516831)

Impact News Service

September 26, 2019 Thursday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 4468 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

DEPARTMENT OF DEFENSE Office of the Secretary 32 CFR Part 199 [Docket ID: DOD-2019-HA-0090] RIN 0720-AB76 TRICARE; Reserve and Guard Family Member Benefits; Early Eligibility TRICARE and ***Transitional*** Assistance Management Program for Certain Reserve Component Members; Extended TRICARE Program Coverage for Certain National Guard Members ACTION: Proposed rule. ----------------------------------------------------------------------- SUMMARY: This rulemaking proposes changes to implement provisions of the National Defense Authorization Act for Fiscal Year 2017 (NDAA-17) to continue TRICARE program coverage for certain members of the National Guard and their dependents during certain disaster response duty. This applies discretionary authority broadened by NDAA-17 to propose expansion of the TRICARE Reserve and Guard Family Benefits program to all families of Reserve Component (RC) members on active duty for more than 30 days, except for the families of RC members performing active Guard and Reserve (AGR) duty for a ***period*** of 180 consecutive days or more. This rulemaking also proposes to expand both early eligibility TRICARE coverage and ***Transitional*** Assistance Management Program (TAMP) coverage to RC members on active duty for some pre-planned missions. DATES: Written comments received at the address indicated in the ADDRESSES section by November 25, 2019 will be accepted. ADDRESSES: You may submit comments, identified by docket number and/or Regulation Identifier Number (RIN) number and title, by any of the following methods: Federal eRulemaking Portal: [*http://www.regulations.gov*](http://www.regulations.gov) Follow the instructions for submitting comments. Mail: Department of Defense, Office of the Chief Management Officer, Directorate for Oversight and Compliance, 4800 Mark Center Drive, Mailbox #24, Suite 08D09, Alexandria, VA 22350-1700. Instructions: All submissions received must include the agency name and docket number or RIN for this Federal Register document. The general policy for comments and other submissions from members of the public is to make these submissions available for public viewing at   [*http://www.regulations.gov*](http://www.regulations.gov) as they are received without change, including any personal identifiers or contact information. FOR FURTHER INFORMATION CONTACT: Brian Smith, Defense Health Agency, TRICARE Health Plan, telephone (303) 676-3729. SUPPLEMENTARY INFORMATION: I. Introduction and Background Guardsmen on full-time National Guard duty under Sec. 502(f) of 32 U.S.C 502(f) who were called to state active duty (SAD) for disaster response duty, lost their premium-free TRICARE coverage. This rule implements authority under 10 U.S.C 1076f (added by Sec. 711 of NDAA- 17 (Pub. L. 114-328)) and proposes to continue TRICARE coverage to these members of the National Guard (NG) and their eligible family members, upon request of the state/territory on a fully reimbursable basis. The TRICARE Guard and Reserve Family Benefits (TRGFB) program has successfully eased the transition for RC families to and from TRICARE since its inception under demonstration authority in September 2001. Section 748(b) of NDAA-17 extends TRGFB to eligible family members of any RC member who is on active duty for more than 30 days, amending prior legislation that required the active duty be in support of a contingency operation. Transition has also been eased by early [[Page 50806]] eligibility TRICARE coverage that started in 2004, which is also when the long-standing TAMP program had its ***period*** of coverage extended to 180 days. Section 511 of NDAA-18 expands eligibility for these programs to more RC members and their families under recently amended statutes. II. Continued TRICARE Program Coverage (Sec. 199.3) Prior to Sec. 711 of NDAA-17, premium-free TRICARE coverage terminated for members of the NG on full-time NG duty (FTNGD) under 502(f) of title 32, when they commenced state active duty (SAD) including response to certain disasters upon a call to duty by the state/territory. There is no federal statutory entitlement to premium- free health care at Department of Defense (DoD) expense during SAD since it is a state responsibility and not federal responsibility. However, performing SAD does not disqualify them from TRICARE Reserve Select 10 U.S.C 1076f. Section 711 of NDAA-17 authorizes the state/ territory request TRICARE coverage to continue when NG members transfer from FTNGD to SAD in response to certain disasters and reimburse the DoD for all health care received by NG and their family members in military treatment facilities or purchased from civilian providers. III. Expansion of TRICARE Reserve and Guard Family Benefits Program (Sec. 199.14) Prior to Sec. 748(b) of NDAA-17, discretionary authority to pay non-network, TRICARE authorized providers up to 115% of the CHAMPUS Maximum Allowable Charge (CMAC) contained in 10 U.S.C 1079(h)(4)(C)(ii) applied only to families of RC sponsors who had been activated for more than 30 days in support of a contingency operation as defined in 10 U.S.C 101(a)(13). In contrast, prior discretionary authority to waive the TRICARE deductible (10 U.S.C 1095d(a) added by Sec. 714 of NDAA-99 (Pub. L. 106-65)) never contained the limitation that the RC sponsor's activation to be ``in support of a contingency operation.'' For consistency, during the demonstration and continuing in the permanent program to the present, the Department aligned these provisions by offering both features only to families of RC sponsors who had been activated for more than 30 days in support of a contingency operation. Together, these two features comprise the TRICARE Reserve and Guard Family Benefits program that help ensure timely access to healthcare and maintain clinically appropriate ***continuity*** of healthcare to family members of activated RC members, appropriately limit the out-of-pocket expenses for those family members, and remove potential barriers to healthcare access by families in order to improve the morale and retention of RC members. This proposed rule applies discretionary authority broadened by Sec. 748(b) of NDAA-17 to expand both the increased payment to providers feature and the waiver of deductible feature to all families of RC members on active duty for more than 30 days, except for the families of RC members performing AGR duty for a ***period*** of 180 consecutive days or more (as defined in 10 U.S.C 101(d)(6)); including full-time support (FTS) members of the U.S Navy Reserve and U.S Marine Corps Reserve. While AGR members are in the Selected Reserve, their current and future and medical benefits as well as their retirement benefits compare to the full-time Active Components. Adding these features to their current medical benefits would make their medical benefit better than their Active Component colleagues. Additionally, the career path of an AGR member has the potential for twenty years of cumulative active service leading to a regular retirement (10 U.S.C chapter 367 [Army], chapter 571 [Navy and Marine Corps], and chapter 867 [Air Force]) with medical eligibility immediately upon retirement, rather the non-regular retirement common to RC members (10 U.S.C subtitle E, part II) that delays medical eligibility until the RC sponsor reaches age 60. Because AGR members, and their eligible family members, have benefits comparable to members on active duty, and their eligible family members, the Department sees the authority of Sec. 748(b) of NDAA-17 as inapplicable to their circumstances. A. Waiver of deductible (Sec. 199.4(f)(2)(i)(H)). Eligible family members of RC sponsors called or ordered to active duty for more than 30 days and who are enrolled in TRICARE Select would not be responsible for paying the annual deductible under TRICARE Select associated with their sponsor's qualifying active duty. Considering that many may have already paid annual deductibles under their health plan prior to enrolling in TRICARE Select, waiving this annual deductible appropriately limits out-of-pocket expenses for many RC family households. B. Increased payment to providers (Sec. 199.14(j)(1)(i)(E)). This feature increases TRICARE payments up to 115 percent of the CMAC, for TRICARE covered outpatient care received from a TRICARE authorized provider who does not participate (accept assignment) under TRICARE. This helps make it possible for RC family members to continue seeing civilian providers with whom they might have established relationships (i.e access) while promoting clinically appropriate ***continuity*** of care. Section 748(b) of NDAA-17 expanded the discretionary authority for increased TRICARE payments to providers by removing the limitation from the statute (10 U.S.C 1079(h)(4)(C)(ii)) that had required the RC sponsor's activation be ``in support of a contingency operation.'' IV. Expansion of Early Eligibility TRICARE and TAMP to Certain RC Members Section 511 of NDAA-18 amended 10 U.S.C 1074(d)(2) to expand both early eligibility TRICARE and TAMP coverage to RC members called or ordered to active duty for pre-planned missions under 10 U.S.C 12304b. Previously, law provided these benefits to RC members (and their eligible family members) only in conjunction with a call or order to active duty for more than 30 days in support of a contingency operation (10 U.S.C 101(a)(13)(B)). Until enactment of Sec. 511, duty for pre- planned missions had not been included in the discretionary authority for early eligibility TRICARE and TAMP benefits. The definition for contingency operation includes military duty under 10 U.S.C 101(a)(13)(A) and (B), but Sec. 511 amendment specifies duty under subparagraph (B) in particular for both early eligibility TRICARE and TAMP. In addition to a contingency operation under subparagraph (B), this rule proposes to offer these benefits for duty described under subparagraph (A) as well: Military duty designated by the Secretary of Defense as an operation in which members of the armed forces are or may become involved in military actions, operations, or hostilities against an enemy of the United States or against an opposing military force. A. Early Eligibility TRICARE (Sec. 199.3(b)(5)(i)). Certain RC members who are issued delayed-effective-date orders for active duty of more than 30 days for a preplanned mission or in support of a contingency operation, would receive up to 180 days of early eligibility TRICARE coverage for themselves and their eligible family members beginning on the later of the date of the issuance of such order or 180 days before the date on which the ***period*** of active duty is to commence under such order. In addition to member readiness, this early eligibility TRICARE contributes to family [[Page 50807]] readiness by providing a ***period*** of time for the family to adjust in advance to TRICARE coverage before the RC member's reporting date for activation. B. ***Transitional*** Assistance Management Program (Sec. 199.3(e)(ii)). TAMP extends TRICARE eligibility for 180 days after separation from active duty so individuals have a generous amount of time to make arrangements for other health coverage for themselves and their families. In addition to RC members activated for more than 30 days in support of a contingency operation, RC members separating from active duty for a preplanned mission under 10 U.S.C 12304b would gain TAMP coverage for themselves and their eligible family members. V. Regulatory Analysis We developed this rule after considering numerous statutes and Executive Orders (E.O.s) related to rulemaking. Below we summarize our analyses based on these statutes or E.O.s A. Regulatory Planning and Review Executive Orders 12866 (Regulatory Planning and Review) and 13563 (Improving Regulation and Regulatory Review) direct agencies to assess the costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This rule has been designated as a ``not significant'' regulatory action, and not economically significant, under section 3(f) of Executive Order 12866. Accordingly, the rule has not been reviewed by the Office of Management and Budget (OMB) under the requirements of these Executive Orders. Executive Order 13771 (Reducing Regulation and Controlling Regulatory Costs) directs agencies to reduce regulation and control regulatory costs and provides that ``for every one new regulation issued, at least two prior regulations be identified for elimination, and that the cost of planned regulations be prudently managed and controlled through a budgeting process.'' This proposed rule is not expected to be subject to the requirements of this Executive Order because it is not significant under Executive Order 12866. 1. Costs By removing the requirement that the disaster response duty be federal in order for Guardsmen to be eligible for TRICARE coverage, the States may see an increase of costs to be reimbursed to DoD. These additional costs, however, are expected to be de minimis because this expansion of eligibility to State disaster response duty will only impact a very small portion of the Guard population. These minimal additional costs are incurred at the request of the State for TRICARE coverage of Guardsmen, and upon the agreement that those costs be reimbursed to DoD. For this reason, States allocate health care ***funding*** and programs for Guardsmen and their families during State disaster response duty. Because States would fully reimburse the DoD for the cost of TRICARE coverage under Sec. 711 of NDAA-17, there is an assumption of zero net cost impact to DoD. Estimated costs to the Department with providing early eligibility TRICARE and TAMP coverage, as well as extending the existing deductible waiver and balance billing protection for all families of reservists utilizing TRICARE Select coverage to the entitled populations identified, is a total of $146 million from calendar years 2019 through 2023 (an average of $29.2 million a year); $73.3 million associated with Sec. 748(b) of NDAA-17 and $72.7 million associated with Sec. 511 of NDAA-18. We anticipate costs to the Government for administrative start-up fees from the managed care support contractors to be $230,290. These start-up costs will be incorporated in contracts and absorbed by DoD. This estimate was based on the contract modifications regarding impact assessment and requirements developments ($47,880), Information Technology systems updates ($26,085), and administrative services the Managed Care Support Contractors ($156,325) would need to conduct to support these enhanced benefits. The calculations are below. Under the third generation of TRICARE contracts (T3) for the TRICARE Overseas Program Managed Care Support Contractor (MCSC), the estimated cost regarding assessment and requirements development for the subcontractor were derived from an hourly rate of $56 at the level of effort (LOE) of 80 hours equals $4,480 ($56 hourly wage \*80 hours), and for the primary MCSC, an hourly rate of $124 at 80 hours equals $9,920 ($124 hourly wage \* 80 hours). Additionally for the subcontractor, estimated costs with adjusted administrative services were LOE of 270 hours at $124 an hour equals $33,480 ($124 hourly wage \* 270 hours), and for IT start-up to support the additional benefit and population, the estimate was allocated at 50% of 235 hours at $111 an hour equals $26,085 ($111 hourly wage \* 235 hours). Under the fourth generation of TRICARE Contracts (T17) for MCSCs, the estimated cost regarding assessment and requirements development for the subcontractor in each of the East and West Regions were derived from an hourly rate of $56 at the LOE of 80 hours and for the primary MCSCs, an hourly rate of $74 at 80 hours equals $5,920 ($124 hourly wage \* 80 hours) for the East Region and an hourly rate of $124 at 80 hours equals $9,920 ($124 hourly wage \* 80 hours) for the West Region. Additionally for the subcontractors, estimated costs with adjusted administrative services were at a LOE of 270 hours at $56 an hour equals $15,120 ($56 hourly wage \* 270 hours) for the East Region and 270 hours at $124 an hour equals $33,480 ($124 hourly wage \* 270 hours) for the West Region. For IT start-up to support the additional benefit and population in each Region, the estimate was allocated at 50% of 470 hours at $111 an hour equals $26,085 [($111 hourly wage \* 470 hours)/2] for the East Region and allocated at 100% of 470 hours at $140 an hour equals $65,800 ($140 hourly wage \* 470 hours) for the West Region. 2. Benefits This rule proposes revisions to the requirements and procedures for all eligible family members of Reserve Component (RC) members activated more than 30 days who utilize the TRICARE Select program, proposes to expand Early TRICARE eligibility and TAMP to those RC members, and their eligible family members, who receive delay-effective-date active duty orders for more than 30 days in support of a contingency operation or a preplanned mission, and proposes to provide TRICARE program benefits to those Guardsmen, and their eligible family members, who were on Title 32, 502f Active Guard/Reserve orders and receive state active duty orders in support of a natural disaster. 3. Alternatives In proposing this rule, we have considered two alternatives: a. Alternative 1: No Action. Failure to implement this rule will mean that TRICARE regulations are not in compliance with the changes mandated by TRICARE statutory provisions. [[Page 50808]] b. Alternative 2: Next Best Action. The next best alternative is to waive the annual deductible within the first CY of an activation only, for family members of RC members activated more than 30 days while in a continuous ***period*** of active duty who utilize TRICARE Select coverage, and not waive the annual deductible for subsequent CY years; per activation lasting more than 12 months or less than 12 months that carries into a second calendar year. While this would provide an estimated cost savings to the Department of $6.6 million from the proposed costing, the potential of exposing this beneficiary population to other annual deductibles under similar coverage with private insurance is likely. This course of action is not preferred. B. Congressional Review Act (5 U.S.C 801, et seq.) Under the Congressional Review Act, a major rule may not take effect until at least 60 days after submission to Congress of a report regarding the rule. A major rule is one that would have an annual effect on the economy of $100 million or more or have certain other impacts. This rule is not a major rule under the Congressional Review Act. C. Impact on Small Entities The Regulatory Flexibility Act of 1980, 5 U.S.C 601-612, as amended, requires Federal agencies to consider the potential impact of regulations on small entities during rulemaking. The term ``small entities'' comprises small businesses, not-for-profit organizations that are independently owned and operated and are not dominant in their fields, and governmental jurisdictions with populations of less than 50,000. This rule will not impose any impacts on any small entities. This means that there will be no economic impacts on any small entities. Therefore, the Department of Defense under 5 U.S.C 601-612 certifies that this rule will not have a significant economic impact on a substantial number of small entities. D. Assistance for Small Entities Under section 213(a) of the Small Business Regulatory Enforcement Fairness Act of 1996, Public Law 104-121, we want to assist small entities in understanding this rule so that they can better evaluate its effects on them and participate in the rulemaking. If the rule would affect your small business, organization, or governmental jurisdiction and you have questions concerning its provisions or options for compliance, please contact the person in the FOR FURTHER INFORMATION CONTACT section of this rule. Small businesses may send comments on the actions of Federal employees who enforce, or otherwise determine compliance with, Federal regulations to the Small Business and ***Agriculture*** Regulatory Enforcement Ombudsman and the Regional Small Business Regulatory Fairness Boards. The Ombudsman evaluates these actions annually and rates each agency's responsiveness to small business. E. Unfunded Mandates Reform Act The Unfunded Mandates Reform Act of 1995, 2 U.S.C 1531-1538, requires Federal agencies to assess the effects of their discretionary regulatory actions. In particular, the Act addresses actions that may result in the expenditure by a State, local, or tribal government, in the aggregate, or by the private sector of $100 million in 1995 (adjusted for inflation) or more in any 1 year. Although this rule will not result in such an expenditure, we do discuss the effects of this rule elsewhere in this preamble. F. Collection of Information The Paperwork Reduction Act (PRA) (44 U.S.C 3501-3520) applies to collections of information using identical questions posed to, or reporting or recordkeeping requirements imposed on, ten or more members of the public. This rule does not impose requirements under the PRA. G. Federalism Executive Order 13132 establishes certain requirements that an agency must meet when it promulgates a proposed rule (and subsequent final rule) that imposes substantial direct requirement costs on State and local governments, preempts State law, or otherwise has Federalism implications. This proposed rule does not have federalism implications that warrant the preparation of a federalism assessment in accordance with Executive Order 13132. List of Subjects in 32 CFR Part 199 Claims, Dental health, Health care, Health insurance, Individuals with disabilities, Military personnel. Accordingly, 32 CFR part 199 is proposed to be amended as follows: PART 199--[AMENDED] 0 1. The authority citation for part 199 continues to read as follows: Authority: 5 U.S.C 301; 10 U.S.C chapter 55. 0 2. Amend Sec. 199.2(b) by adding the definition of ``Disaster response duty'' in alphabetical order to read as follows: Sec. 199.2 Definitions. \* \* \* \* \* (b) \* \* \* Disaster response duty. Duty performed by a member of the National Guard in State status pursuant to an emergency declaration by the Governor of the State (or, with respect to the District of Columbia, the mayor of the District of Columbia) in response to a disaster or in preparation for an imminent disaster. \* \* \* \* \* 0 3. Amend Sec. 199.3 by: 0 a. Revising paragraphs (b)(5)(i) and (b)(5)(iii)(A) introductory text; 0 b. Adding paragraph (b)(6); and 0 c. Revising paragraph (e)(1)(ii). The revisions and additions read as follows: Sec. 199.3 Eligibility. \* \* \* \* \* (b) \* \* \* (5) \* \* \* (i) Member. A member who is issued a delayed-effective-date active- duty order for a ***period*** of more than 30 consecutive days that provides for active-duty service to begin under such order on a date after the date of the issuance of the order who is either: (A) A member of a Reserve Component of the armed forces who is ordered to active duty in support of a contingency operation under 10 U.S.C 101(a)(13); or (B) A member of the Selected Reserve who is ordered to active duty for a preplanned mission under 10 U.S.C 12304b. \* \* \* \* \* (iii) \* \* \* (A) The eligibility established by paragraphs (b)(5)(i)(A) of this section shall begin on or after November 6, 2003 and the eligibility established by paragraphs (b)(5)(i)(B) of this section shall begin on or after December 12, 2017, and shall be effective on the later of the date that is: \* \* \* \* \* (6) Certain members of the National Guard during certain disaster response duty. (i) Member. A member of the National Guard performing disaster response duty immediately following a ***period*** in which the member served on full-time National Guard duty under 32 U.S.C 502(f). (ii) Dependents. CHAMPUS eligible dependents under this paragraph (b)(6) are those identified in paragraphs (b)(2)(i) (except former spouses) and (b)(2)(ii) of this section. (iii) Effective date. The authority established by paragraphs (b)(6)(i) and (ii) of this section shall begin on or after December 23, 2016. [[Page 50809]] (iv) Termination date. The eligibility established by paragraphs (b)(6)(i) and (ii) of this section terminates upon the date the state active duty for disaster response duty terminates, or any date prior, as determined by the State. (v) In this part, the term ``disaster response duty'' is defined in Sec. 199.2(b). \* \* \* \* \* (e) \* \* \* (1) \* \* \* (ii) A member of a Reserve Component who is separated from active duty served more than 30 consecutive days to which called or ordered either in support of a contingency operation under 10 U.S.C 101(a)(13) or for a preplanned mission under 10 U.S.C 10304b. \* \* \* \* \* 0 4. Amend Sec. 199.4 by revising paragraph (f)(2)(i)(H) to read as follows: Sec. 199.4 Basic program benefits. \* \* \* \* \* (f) \* \* \* (2) \* \* \* (i) \* \* \* (H) The Director, Defense Health Agency, may waive the annual individual or family calendar year deductible for dependents of a Reserve Component member who is called or ordered to active duty for a ***period*** of more than 30 days, except for a Reserve Component member who is called or ordered to active Guard and Reserve duty for a ***period*** of more than 180 days as defined by 10 U.S.C 101(d)(6). \* \* \* \* \* 0 5. Amend Sec. 199.14 by revising paragraph (j)(1)(i)(E) to read as follows: Sec. 199.14 Provider reimbursement methods. \* \* \* \* \* (j) \* \* \* (1) \* \* \* (i) \* \* \* (E) Special rule for certain TRICARE Select enrollees. In the case of TRICARE Select enrolled-dependent spouse or child, as defined in Sec. 199.3(b)(2)(ii)(A) through (F) and (b)(2)(ii)(H)(1), (2), and (4), of a Reserve Component member serving on active duty pursuant to a call or order to active duty for a ***period*** of more than 30 days, except for a RC member who is called or ordered to active Guard and Reserve duty for a ***period*** of more than 180 days under 10 U.S.C 101(d)(6), the Director, Defense Health Agency, may authorize non participating providers the allowable charge to be the CMAC level as established in paragraph (j)(l)(i)(B) of this section plus any balance billing amount up to the balance billing limit as referred to in paragraph (j)(l)(i)(C) of this section. \* \* \* \* \* Dated: September 19, 2019. Shelly E. Finke, Alternate OSD Federal Register Liaison Officer, Department of Defense. [FR Doc. 2019-20621 Filed 9-25-19; 8:45 am] BILLING CODE 5001-06-P

**Load-Date:** September 27, 2019

**End of Document**



[***What happens to UK citizens in Estonia post-Brexit? Essential FAQs answered (1)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5VHC-68S1-F0YC-N3B7-00000-00&context=1516831)

Impact News Service

February 25, 2019 Monday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 5143 words

**Body**

Tallinn: Government of Estonia has issued the following media release:

Given the level of concern amongst UK citizens living, working and studying in Estonia on the possible effects of Brexit, we thought it useful to put together some FAQs on what will and won't change, from the perspective of the relevant government ministries and other authorities. Please note this is an article which first appeared on 20 December 2018, updated to reflect developments surrouding Brexit since then, principally in questions 3), 5), 10) and 11).

This is not so much a case of ''so you don't have to'', however. UK citizens living here are responsible for keeping on top of their own admin on what has turned out to be a somewhat erratically-moving target. Nevertheless, to iron out any half-truths and hearsay, we contacted a wide range of specialists from nearly all the government ministries, the police, the state electoral office and other authorities, and they were kind enough to respond to our questions.

At the time of writing, after UK Prime Minister Theresa May's draft Agreement on the Withdrawal of the United Kingdom from the European Union was rejected at the House of Commons on 15 January, by 432 to 202 votes, a ''no-deal'' scenario is considerably more likely than it was earlier, although at present a final vote on the deal is proposed, as late as just over two weeks before the deadline for UK withdrawal on 29 March.

If a deal were to be finalised, most EU laws and rights should apply to UK citizens, during the ***transitional*** ***period*** referred to below and to last to 2021. Since we still cannot be sure of how things will pan out, the information following is as understood at present and may be subject to further change.\*

Readers should therefore also regularly check the essential information from the UK Government here and here, as well as the British Embassy in Tallinn site, and the Estonian interior ministry site here.

Furthermore, the Estonian Government's stance on the issue, which looking at the answers received is overwhelmingly one of ***continuity*** and cooperation so far as UK citizens living in Estonia are concerned, also needs to be aligned with the rest of the EU27. Small states' influence grows through cooperation, Mikser says to Riigikogu

Underscoring this is the fact that one of the last acts of the XIII Riigikogu ahead of the 3 March general election in Estonia (naturally, other countries in the EU and beyond have their own affairs to work out as well, not just the UK, and are having to fit things around developments in the UK withdrawal) was to pass an act safeguarding the rights of all UK citizens, well over a thousand of them nowadays, resident in Estonia.

''UK citizen'' refers to any persons holding citizenship of the United Kingdom of Great Britain and Northern Ireland, plus citizens of the British Overseas Territory of Gibraltar. Those with other British nationality status (such as ''British Subjects'' and those from other British Overseas Territories, were often not EU citizens in the first place, and would need to check their status accordingly).

Each answer lists inline the sources from the relevant ministry or other authority; the questions run from the more general to the more specific.

1) What is your overall stance on the situation regarding UK nationals resident in Estonia after March 2019 and after year end 2020?

''Estonia's intention is that UK withdrawal goes ***smoothly*** for those UK citizens and their family members residing in Estonia today, so that they can continue their everyday life without any notable additional bureaucracy. The Ministry of the Interior is in charge of issues concerning citizens of the UK and their family members who wish to settle in Estonia, as well as their personal identification documents in Estonia''. Police authorities oppose residency exemption for third country clergy

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

''Estonia's main goal is that Brexit has as little negative impact for our citizens and businesses as possible. Currently, the status of Estonian and other EU citizens remains the same as it was before the referendum of 23 June 2016. The UK will leave the EU on 29 March 2019 and until this date, the UK remains an EU Member State with all the rights and obligations associated with membership (including the EU law on the free movement of persons). The Brexit agreement guarantees that EU citizens and businesses can live and operate on the same basis as before in the UK until the end of the transition ***period***. The status of Estonian citizens studying in the UK will remain the same''.

(Ministry of Foreign Affairs, Media Adviser Liisa Toots).

2) What, if anything, should a UK citizen resident and working in Estonia, who has residency permission and an ID card, do in the immediate term?

''According to the United Kingdom withdrawal agreement, after the UK leaves the EU on 29 March 2019, the transition ***period*** will start. The transition ***period*** will last until 31 December 2020. Until the end of the transition ***period*** the law of the EU will generally remain applicable to citizens of the UK and their family members. UK citizens residing in Estonia don't need to take any additional steps so far.  We would like to remind to the UK citizens that their place of residence in the registries should be up to date. It is also important to renew their ID card if it expires''. Opinion: Unravelling the Brexit conundrum

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

''Starting in April 2021, the Aliens Act will apply to citizens of the UK arriving in Estonia, and they will have to apply with the Police and Border Guard Board for a residence permit similarly to other third-country nationals. In the future, the United Kingdom will be treated in the same way as the United States and Japan, with no immigration quota applicable to the citizens of these countries in Estonia''.

(Ministry of the Interior website).

3) What will change for those who came with a UK or non-EU spouse and/or children, to Estonia? What about other family members? Will having a spouse and/or children who are Estonian citizens have any bearing on the situation of a UK citizen living here?

At the time this article was originally penned, the The Act on Amendments to the Citizen of the European Union Act and Other Acts (Withdrawal of the United Kingdom from the European Union), which passed at the Riigikogu on 21 February, was at draft stage. Details on that act are here.

In addition and in connection with the above question:

''An alien residing in Estonia on the basis of a residence permit can invite his or her spouse and children to reside in Estonia. The prerequisites to family members settling in Estonia are that the family is stable, the alien has a permanent legal income, or the joint legal income of the spouses ensures the maintenance of both the person himself or herself and his or her family members in Estonia. The family should also have a place of residence in Estonia''.   UK-based Estonians talk about how Brexit affects them

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

4) Will UK citizens need to apply for a new ID card once the nature of the UK's withdrawal from the EU is known entirely?

''As UK nationals will become third-country nationals, they need to change their Estonian ID card for a residence permit. According to the Draft Bill, all ID cards are valid until the end of their validity date and thus UK citizens do not need to hurry to change their ID cards. An ID card can be exchanged for a residence permit card from 1 January 2020. We will inform UK citizens directly in the future about this''.

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

5) UK citizens who have been living here for five years automatically qualify for permanent residence; is this likely to change?

''We are not planning any limitations for the UK citizens compared with the current system. A citizen of the UK will have the right to such status after five years, just as before''.

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

 (See also 10) below).

6) Will anything change regarding UK citizens who additionally also hold the citizenship of a third (ie. non-EU) state?

''No it won't''.

(Ministry of Foreign Affairs, Media Adviser Liisa Toots).

7) Will UK citizens still qualify for the use of a European Health Insurance Card (EHIC) after 2020? Riigikogu foreign affairs head proposes extension to UK EU withdrawal date

''According to the draft withdrawal agreement, UK citizens still qualify to use their EHIC if medical expenses incur after the end of the transition ***period*** [ie. After 31 December 2020-ed.] only in cases where a person travelled to Estonia before the end of the transition ***period***. The corresponding reimbursement procedures shall also apply even after the stay or treatment ends''.

(Ministry of Social Affairs, Head of Communications Karin Volmer).

8) Will those hoping to claim state and other pensions have to do anything, after (or before) 2020?

''According to the draft withdrawal agreement those hoping to claim pension still have a right to do that as the acquired insurance ***periods*** before the end of the transition ***period*** are aggregated. For instance, insurance ***periods*** while working in UK and Estonia are both taken into account. ***Periods*** acquired after the transition ***period*** shall be a matter of the future agreement. As also the information exchange system will continue to be applied, people themselves do not have to do anything extra compared to current claiming system''.

(Ministry of Social Affairs, Head of Communications Karin Volmer).

9) Will there be any changes to existing taxation treaties and agreements? Will there be any excise duty changes or allowances?

''If the Brexit withdrawal agreement enters into force, nothing will actually change for people regarding customs regulations for the duration of the transition ***period*** (and also after the transition ***period*** in case a similar agreement is concluded at a later stage as planned now)''. Estonian ministers comment on UK House of Commons Brexit vote

''However, if the withdrawal agreement does not apply, then as of midnight of March 30, 2019, the UK will become a 'third country' to which full customs control and customs duties will apply''.

''The website of the European Commission on taxation and customs union is here and on external trade here; these provide general information on the rules as they apply currently to the importation and exportation of goods. The relevant pages will be updated with further information, whenever available''.

''It is important to note that all of the above concerns British citizens in all member states of the European Union, there are no exceptions regarding UK residents in Estonia''.

(Ministry of Finance, Head of Communications Ivi Heldna).

10) How, where, and how often should people keep up to date with the details and changes, especially in the event of a no-deal if the EU27 agreement is rejected?

''We will inform UK citizens directly in case additional action is needed. In the case of a no-deal, we need to keep in mind that UK will be a third country according to EU legislation and therefore relevant EU law for third-country nationals will be applied. We are sure that in case of a no-deal scenario, we will not limit UK citizens and their family members residence in Estonia and we will try to do everything so that UK citizens and their family members residing in Estonia can continue their everyday life here without major obstacles''. Riigikogu committee to submit bill protecting UK citizen rights in Estonia

''Documents issued to the citizens of the United Kingdom in Estonia are valid internally until the end of their validity term and UK citizens and their family members are not obligated to immediately replace their documents''.

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

11) Will anything change regarding travel to Estonia's immediate EU neighbours, Finland and Latvia; should a UK citizen take his or her passport when travelling to those states, by any means of transport?

''If the agreement is ratified by the UK Parliament, then until the end of the transition ***period*** (ie. until 31 December 2020), EU legislation applies and UK citizens can travel between Member States according to the same rules that have been valid so far''.

''In case of a no-deal or after the end of transition ***period***, the EU rules for third-country nationals will apply. UK citizens need to carry their travel document (passport) and document which proves their right of residence (eg. residence permit) in case of travel between Members States. The Estonian ID card for the UK citizens proves the right of residence in Estonia and is not a travel document inside the EU. Therefore we recommend carrying the UK national passport together with the Estonian ID card while travelling between EU Member States''.

''If you wish to travel from Estonia to other EU Member States, an ID card is sufficient until 1 April 2020. On 1 April 2020 at the latest, the documents must be replaced with a residence card.'' Mikser: Estonian government endorses EU, UK withdrawal agreement

''If a UK citizen is staying in a foreign country at the moment of the UK leaving the EU, he or she can return to Estonia on the basis of a valid travel document (passport) and a document that certifies the right of residence (ID card). He or she can also apply for an extension of the document that certifies his or her right of residence at Estonia's foreign missions''.

Staying in other EU Member States on the basis of Estonian residency permit:

''Upon the change of status from an EU citizen to a third-country national, you should keep in mind that you are allowed to stay in the Schengen Member States on the basis of a travel document (passport) and a visa of a Member States or visa-freedom for up to three months from your first entry into an EU Member State. Over a ***period*** of six months, you can stay in the EU Member States for up to three months on the basis of a residence permit of a Member State and a travel document. It is important to keep in mind that when working in the Schengen Member States, you have to comply with the law of that respective Member State, as legal acts may differ in individual Member States''.

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

12) The next European elections are in May 2019 – will this be the final European election UK citizens can vote in, or will they already be ineligible? Will this also apply to local elections? Ahead of Brexit, Transferwise applying for licence in Brussels

''After withdrawal (March 30 2019) UK will become a third country in relation to the EU. After that, the UK will no longer be participating in the work of the European Parliament – it will not be organising or participating in elections to the European Parliament. In short, UK citizens cannot run for office or vote in the European Parliamentary elections in May [held over two phases 23-26 May-ed.]''.

''As for local elections in Estonia, UK citizens will still be able to vote – a citizen of a non-EU Member State or a stateless person residing in Estonia may vote at the local government council elections if he/she resides in Estonia on the basis of a long-term residence permit or the right of permanent residence''.

(State Electoral Office, adviser Kristi Kirsberg).

13) Will companies/people who employ UK citizens in Estonia have to make any major changes? Conversely will UK nationals who employ people here, either Estonian citizens or others, need to change any of their procedures?

''After the transition ***period***, all regulation for the third-country nationals will apply to the new UK citizens, who will arrive after the transition ***period***. As negotiations of the exact details under the future relationship will start after Brexit, there may be some changes in the near future''.

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

14) Will Brexit, particularly a no-deal situation, imply any changes for the children of UK nationals going to school in Estonia, or UK nationals who are students studying, researching or otherwise working at the higher education institutes (also teaching in secondary schools)? Estonians spend most on alcohol per household in EU (1)

''Our main goal is that Brexit would have as little negative impact for citizens as possible. It must be stressed that students and people working in (higher) education are above all citizens of some country. Therefore, whichever agreement is achieved on living abroad between the UK and the EU, all students, researchers and other working in education must follow these. It cannot be said that the outcome of Brexit will change something specific for students, researchers or employees – as long they are eligible to live in Estonia they are very welcome to do so; all study- or work-related matters or disputes are settled in their contract with their school or employer''.

(Ministry of Education and Research, Consultant at the Department of Communications Sten Otsmaa).

15) Will anything change regarding UK citizens bringing pets from the UK/outside Estonia?

''If the prepared withdrawal agreement is approved, then the movement of pets during the ***transitional*** ***period*** will continue under current procedures. Provisions of EU law shall apply to live animals and germinal products transported from a Member State to the UK or vice versa, presuming that the starting date for the transportation was before the end of the ***transitional*** ***period***''.

''The corresponding EU law is derived from Chapter II of Regulation (EU) No 576/2013 of the European Parliament and of the Council of 12 June 2013 on the non-commercial movement of pet animals and repealing Regulation (EC) No 998/2003, which lays down the conditions for the non-commercial movement of pet animals between Member States''. No EU migrant plan refugees arrive in Estonia in 2018

''If no agreement is reached, then the UK will be considered a third country starting from the moment of withdrawal and provisions from Chapter III will apply''.

''A more precise overview of the current regulations is available at the webpages of the Estonian Veterinary and Food Board here (in Estonian) and the Estonian Tax and Customs Board (MTA) here''.

(Ministry of Rural Affairs, Deputy Head of Food Safety Department Pille Tammemägi).

16) Will any of the changes affect UK military and ancillary personnel at Tapa and other bases/installations?

''Estonia and the United Kingdom share a special defence relationship and Brexit has no impact on UK's NATO and enhanced forward presence (eFP) commitment in Estonia''.

(Ministry of Defence, Deputy Director of Strategic Communications Department Andres Sang).

17) Will there be any changes regarding ownership of land, in other words would UK citizens not be able to make purchases (including forest) that they previously could have?

''The only law that restricts the acquisition of land for foreign nationals in Estonia is the Law on the Limitation of the Acquisition of Immovables (Sections 5 and 10). Section 4 (1) of this Act provides that:

    'A citizen of Estonia or another country which is a contracting party to the EEA Agreement or a member state of the Organisation for Economic Cooperation and Development (hereinafter Contracting State) has the right to acquire an immovable which contains ***agricultural*** or forest land without restrictions'.

Therefore, if the UK continues to be 'contracting state', then nothing will change for UK citizens in this area''.

(Ministry of the Environment, Silver Jakobson, Head of the State Assets Department of the Ministry of the Environment).

18) Will there be any changes for UK citizens in hunting rights in Estonia?

''Hunting in Estonia is regulated by law and is permitted to those who possess a permit. There are no differentiations between a foreign citizen and a citizen of the EU when hunting, so nothing will change for UK citizens after Brexit''.

(Ministry of the Environment, Hunting Adviser Tõnu Traks).

19) Are there any differences in carbon emissions for UK citizens running a company in Estonia?

''The ETS (the EU's greenhouse gas emission trading scheme), is a Europe-wide market-based measure that regulates emissions from energetic and industrial sectors. Therefore, there is no difference, from which country the company is – if it acts in our legal area, the rules of our country and also of the EU apply to it''.

''For example, if a British company produces electricity in Estonia, then it will receive all corresponding permits from the state of Estonia, not from the UK. And if it exceeds the limit values of the membership of ETS, it is a systemic responsibility irrespective of which state owns the company. A good example of this is Kunda Nordic Cement (a cement producer) which belongs to the Heidelberg Group or, Fortum Estonia, and which produces heat''.

(Ministry of the Environment, Head of Climate Department Getlyn Denks).

20) At least one UK citizen was working at Danske bank during the ***period*** of illicit ***funds*** allegedly being transferred via the Tallinn branch. Whilst he was not implicated, he claims he blew the whistle on activities to management. Will criminal activities be harder to detect or apprehend after the UK's withdrawal? Will anything change regarding sharing information between police jurisdictions in the UK and Estonia, in both directions?

''In case of a no-deal Brexit, cooperation between Estonian and UK authorities could only be based on either international instruments, such as appropriate Council of Europe conventions, or on bilateral treaties concluded for specific purposes. Since the EU legislation provides for a framework to ensure ***smoother*** and faster information exchange between law enforcement and judicial authorities, a no-deal Brexit could impact the way the information is shared, especially in the case of personal data. However, as noted before, the EU legislation provides for possibilities to exchange personal data, including for law enforcement purposes, with third countries and therefore while the rules would certainly be different, it is difficult to predict at the moment how big exactly this difference would be. In the case of non-personal data the rules of the parties, ie. Estonia and the UK would apply, therefore it would depend on the type of information to be shared, its sensitivity etc.''.

(Ministry of Justice, Criminal Policy Department adviser Julia Antonova).

''Brexit can cause some negative impact on information exchange. Many matters depend on the agreements that will be made in the future, for example with Europol (SIENA). Possible effects are still being analysed, however, and there are several alternatives when it comes to exchanging information, for example INTERPOL''.

(Ivo Kolk of the Central Criminal Police (PPA) and head of Interpol National Central Bureau).

21) Will anything change regarding UK nationals apprehended in or suspected of committing a crime in Estonia? What about any UK nationals incarcerated in Estonian prisons if that were to happen/has happened?

''In the case of a hard Brexit, judicial cooperation in criminal matters would be governed by the international agreements and conventions on mutual legal assistance and judicial cooperation, such as Council of Europe conventions. Estonia applies the same rules of criminal procedure and trial for both EU and non-EU citizens, so there would not be any differences for the UK nationals in the way a trial is conducted. However, since in case of the conventions a country can decide itself when to sign and ratify a convention, certain constraints might come from the fact that not all the Conventions are ratified and enforced by Estonia or the UK. Additionally, cooperation on the basis of the conventions tends to be slower, so there would certainly be an impact on the efficiency of judicial cooperation''.

''In cases of a UK national being sentenced to imprisonment in Estonia after a 'hard Brexit', the Council of Europe convention on transfer of sentenced persons could be used. Both the UK and Estonia have ratified the convention. The convention has been in place since 1983, therefore the regime of this convention, similarly to other Council of Europe conventions, is more burdensome and slower that in case of direct cooperation currently established on the basis of the EU law. There are also certain possibility for declarations and reservations to be made in respect to the convention. Therefore, in the case of a hard Brexit, the Council of Europe conventions would be the way to go for judicial cooperation, taking into account specific regimes laid down in the conventions, ratification of the convention by the parties, declarations and reservations made etc.''.

(Ministry of Justice, Criminal Policy Department adviser Julia Antonova).

''The situation for UK nationals arrested in Estonia will not change, as it is national law, that affects this. The courts and The Ministry of Justice can comment on possible changes in extradition processes. The status of ay UK Nationals incarcerated in Estonia also depends on national law. However, we do suggest you also seek clarification from Estonian prisons on the issue''.

(Ivo Kolk of the Central Criminal Police (PPA) and head of Interpol National Central Bureau).

22) How can we know that the status quo will not change dramatically in future, particularly in the event of a no-deal withdrawal?

''The EU Commission together with Member States is only commencing to prepare for the no-deal situation and therefore the overall EU Member States approach is not clear yet''.

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

23) With at least two political parties recently stating their opposition to the UN Global Compact on Migration, in (arguably) an atmosphere broadly opposed to immigration, in some quarters and from some regions of the world, how can we know that a change in the make-up of the Estonian government after the March 2019 general won't alter the situation negatively for UK citizens living here?

''The agreement is directly applicable, ie. the agreement prevails over the law of a Member State, and only contradiction of the law of a Member State to the agreement can be considered, not its interpretation. It is important to emphasise that any persons whose rights are covered by the Agreement can rely on the Agreement directly, if they feel that their rights have been violated''.

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

24) Is the UK's withdrawal likely to affect the status of English as the second foreign language (after Russian) provided in state and public-sector institutions, services, notices etc.?

''English is overwhelmingly the most popular first foreign language that students choose in schools and we do not expect this to change. Public services are always provided in Estonian as per the Language Act [of 2013-ed.], but additional languages are optional and often welcomed in the public sphere. Brexit is not going to affect these nor any other parts of Estonia's language policy''.

(Ministry of Education and Research Consultant at the Department of Communications Sten Otsmaa).

25) Will there be any changes to the type of electronic and other data, and the way in which it is collected or stored, on UK citizens?

''In case of no-deal scenario, the UK would become a third country in terms of EU legislation on data protection. This means that the transfers of personal data between the EU and UK would be governed by the rules on international transfers similarly to other third countries. EU legislation on data protection provides for a comprehensive set of rules on international transfers. The first option is the adequacy decision by the Commission, confirming that the UK´s data protection regime is fully compliant with the EU rules. However, negotiations on adequacy decisions are usually lengthy and therefore this option could not be used as of the end of March in case of no-deal scenario. Alternatively, the EU legislation foresees a number of other possibilities to transfer personal data between the EU and a third country. Since the UK has as of now fully implemented the EU data protection framework, the possible grounds for transfers could be based on the appropriate safeguards or, if applicable, a derogatory rules for specific situations could be used, depending on the particular case at hands''.

''Estonia is subject to the EU rules on data protection and we do not distinguish the rules based on the citizenship. Therefore, if the data of the UK citizens has been transmitted to Estonia lawfully, the EU data protection regime is applicable to such data and would remain applicable after Brexit''.

(Ministry of Justice, Criminal Policy Department adviser Julia Antonova).

All information correct at time of writing, 21 December 2018.

Hopefully the aforementioned provides more than enough information on a wide range of concerns. If and when significant updates or changes occur, we will cover them on ERR News.

Please note we were unable to find satisfactory answers to the status of a UK driver's licence in Estonia after Brexit, as well as the question of any changes to the use and storage of personal data after the UK withdrawal. Information on the current status of a UK driver's licence on Estonian roads is here.

The foreign ministry's Brexit page is here and the interior ministry's is here.

ERR News would like to thank the following for their invaluable help in compiling this piece:

Harry Kattai and Merje Klopets (Ministry of the Interior), Liisa Toots and Britta Tarvis (Ministry of Foreign Affairs), Karin Volmer and Enneli Mikko (Ministry of Social Affairs), Ivi Heldna (Ministry of Finance), Sten Otsmaa and Tarmu Kurm (Ministry of Education and Research), Silver Jakobson, Tõnu Traks, Getlyn Denks and Agnes Aaslaid (Ministry of the Environment), Pille Tammemägi and Angelika Lebedev (Ministry of Rural Affairs), Kai-Ines Nelson (Ministry of Culture), Andres Sang (Ministry of Defence), Juia Antonova and Kristin Rammus (Ministry of Justice), Kristi Kirsberg (State Electoral Office), Ivo Kolk and Barbara Lichtfeld (Police and Border Guard Board), Maj. Arvo Jõesalu (Estonian Defence Forces), Viivika Siplane (Harju County Court).

--

\* Please note information from the Ministry of Justice added to the answers to questions 20) and 21), and provided the answer to question 25) in its entirety, subsequent to the original publication of this piece.

**Load-Date:** February 26, 2019

**End of Document**



[***NATURAL RESOURCES MANAGEMENT ACT--MOTION TO PROCEED; Congressional Record Vol. 165, No. 20 (Senate - January 31, 2019)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5T58-DM41-JDG9-Y081-00000-00&context=1516831)

Impact News Service

February 1, 2019 Friday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 23661 words

**Body**

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

Mr. McCONNELL. I move to proceed to Calendar No. 7, S. 47. The PRESIDING OFFICER. The clerk will report the motion to proceed. The senior assistant legislative clerk read as follows: Motion to proceed to Calendar No. 7, S. 47, a bill to provide for the management of the natural resources of the United States, and for other purposes. Cloture Motion Mr. McCONNELL. Madam President, I send a cloture motion to the desk on the motion to proceed. The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion. The senior assistant legislative 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 move to bring to a close debate on the motion to proceed to Calendar No. 7, S. 47, a bill to provide for the management of the natural resources of the United States, and for other purposes. Mitch McConnell, Pat Roberts, Shelley Moore Capito, Mitt Romney, Richard Burr, John Cornyn, Rick Scott, Mike Crapo, Cindy Hyde-Smith, Michael B. Enzi, Kevin Cramer, Mike Braun, John Boozman, Steve Daines, James M. Inhofe, Thom Tillis, Joni Ernst. Mr. McCONNELL. Madam President, I ask unanimous consent that the mandatory quorum calls be waived. The PRESIDING OFFICER. Without objection, it is so ordered. Mr. McCONNELL. 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. Madam President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. S. 1 Mr. THUNE. Madam President, I am pleased the Senate is finally debating S. 1 after three inexplicable Democratic attempts to filibuster the bill. This package of Middle East policy bills, all of which have bipartisan support, addresses a number of key issues. For starters, this legislation will further strengthen our relationship with our closest ally in the Middle East, Israel. It authorizes 10 years of military support ***funding*** to Israel. It reaffirms the U.S commitment to ensuring that Israel has better weapons and equipment than its enemies. It will also foster increased technical cooperation between Israel and the United States to support the security of both of our countries. The legislation also strengthens our relationship with another close ally of ours in the Middle East, the Kingdom of Jordan. The Senate Intelligence Committee hearing on Tuesday was a timely reminder of the importance of investing in our alliances. Senior intelligence officials testified that China and Russia are becoming increasingly aggressive in seeking to increase their influence, not just in their own regions but in other parts of the world. Russia's support in the Syrian regime is a prime example. Now, more than ever, it is vital that we maintain close relationships with our allies. The legislation before us also contains the Caesar Syria Civilian Protection Act. This legislation will help hold accountable individuals who have supported the atrocities of the Assad regime. It directs the Treasury Department to investigate whether the Central Bank of Syria launders money for the Syrian Government. The conflict in Syria has claimed hundreds of thousands of lives and driven literally millions of Syrians from their country. While the United States cannot solve every conflict around the world, it is vital that we make it very clear the United States will not tolerate those who have contributed to the brutality of Bashar al-Assad's government. Finally, the legislation we are considering today will protect the right of State and local governments to decline to do business with entities that have chosen to boycott Israel. As I said, all of the bills in the legislation before us today have bipartisan support, and I hope the Senate will pass this legislation with a strong bipartisan majority. Amendment No. 65 Madam President, I also would like to take a few moments to talk about an amendment the leader has proposed. As I noted, this week, our intelligence community leaders gave a frank assessment of the threats we face to our national security and to our interests, from ISIS and al-Qaida to the danger posed by a growing alignment between Russia and China, to Iran's destabilizing activities in the Middle East. As intelligence officials made clear, the U.S faces numerous persistent threats, and we should be wary of letting our guard down or becoming complacent about our strength. For that reason, I would like to state my support for Leader McConnell's amendment to express the sense of the Senate that we should be cautious about any premature withdrawal of our troops from Syria and Afghanistan. We don't have to look back very far for a reminder that prematurely withdrawing our troops can create a power vacuum that terrorists and others will step in to fill. Our too-hasty withdrawal from Iraq, on a timeline we announced to our enemies, created the circumstances that allowed for the rise of ISIS. We need to be wary about allowing something like that to happen again. Terrorist groups are not the only entities we have to worry about. Adversaries like Russia and Iran are already trying to flex their power in the Middle East and would be more than happy to take advantage of an early U.S withdrawal to strengthen their foothold in the region. While I understand and respect President Trump's desire to bring our troops home and to end these protracted wars, we must do so in a way that ensures enduring stability and protects our interests and those of our allies. The leader's amendment is an important reminder of the need for caution and reflection as we consider troop withdrawals and would reassure our allies that the United States does not intend to abruptly leave them in the midst of the battle. I hope all my colleagues will support the leader's amendment when we vote on it later this afternoon. USS ``South Dakota'' Madam President, before I close, I would like to mention the commission of the Navy's newest Virginia-class attack submarine, the USS South Dakota, which will occur this Saturday, February 2, 2019, in Groton, CT. Designated SSN 790, the USS South Dakota will be the 17th submarine of her class, pushing the envelope of U.S maritime technology and undersea dominance. We are proud the State of South Dakota will once again be represented in the fleet by this engineering marvel, which will project America's strength and protect our national interests throughout the maritime domain and beyond. In March 2012, I led the South Dakota delegation, which then included Senator Tim Johnson and Congresswoman Kristi Noem, in writing Secretary of the Navy Mabus to request that the Navy name its next attack submarine the USS South Dakota. I join them and all South Dakotans in saying we are excited to see this honor come to fruition. The South Dakota will build off the legacy of her forebears, a Pennsylvania-class armored cruiser that served as a troop escort in World War I and a battleship that was one of the most decorated battleships in World War II. The battleship South Dakota was a proud representative of the 68,000 South Dakotans who answered their country's call to serving the war, earning 13 battle stars in the Pacific theater. The South Dakota led with her nine 16-inch guns in the battles of the Santa Cruz Islands and Guadalcanal, which earned her a reputation as a fighting machine by defending U.S aircraft carriers and disabling the enemy's. [[Page S778]] In her second Pacific tour, the South Dakota supported marine landings on the Marshall Islands with shore bombardments before joining the Battle of the Philippine Sea and fighting through a bomb hit in order to defend our fast carriers. As information on U.S military action was limited at the time, she was often referred to as ``Battleship X'' and ``Old Nameless.'' The submarine South Dakota will continue this distinguished tradition of service, and as is the nature of the submarine force, the accomplishments of this new boat and her crew may be even more secretive than those of her battleship predecessor's. In fact, it could be decades until we fully appreciate all the South Dakota might do in her 30-plus-year service life. We may very well read about her exploits in a sequel to ``Blind Man's Bluff''--the daring account of early U.S submarine espionage and power projection. Because of the nature of their work, the so-called Silent Service is often an undersung hero of the U.S military's. I have certainly never seen a submarine at an airshow or coming down Main Street in a parade. The nature of the sub force's mission is as secretive as it is high stakes, but at any given moment, the U.S submarine force is patrolling the depths of the ocean and is monitoring littoral waters for threats against our Nation and our allies. The South Dakota will project power at sea and ashore with her payload of torpedoes and Tomahawk cruise missiles, which can be delivered without warning. Undetected, she will carry out the seven core competencies of the submarine force--anti-submarine warfare, anti- surface warfare, the delivery of special operations forces, strike warfare, irregular warfare, intelligence, surveillance and reconnaissance, and mine warfare--all while keeping adversaries on their toes. While Saturday will be a time for our Navy and the country to celebrate this milestone, the South Dakota won't just be talked about here at home; around the world, our adversaries are taking note as this submarine will further strengthen our global presence and ability to protect the interests of the U.S and our allies. Our adversaries are already undertaking significant efforts to challenge U.S military capabilities and international order. While they can try to copy our designs, mimic our operational concepts, or even try to replicate the way we train, one thing they will never be able to do is to imitate our people. The commissioning crew has proven its aptitude and professionalism in the months leading up to this point. The men and women of our submarine force, like those who serve in the ranks across the Department of Defense, are the root of America's military strength. As Americans, we are grateful for all who have answered the call to serve and the families who support them, especially those who endure spending months apart during long deployments. The lives of submariners are not easy, and they are not easy for their loved ones. We thank them for their sacrifice. The South Dakota's complement of 135 talented officers and sailors will put its population in line with those of South Dakota towns like Isabel, Pierpont, and Java. Like South Dakota's rural towns, the USS South Dakota will be a tight-knit community of its own, albeit one that is uniquely confined to a submersed vessel just over a football field long and with a nuclear reactor. The indigenous inhabitants and early pioneer settlers of the State of South Dakota instilled a resourceful and resilient ethic in the culture of our State that continues to this day. This was driven by the remote, austere, and often unforgiving conditions on the Great Plains. I am confident that such hardiness will be replicated in all officers and crew members of the South Dakota as they live up to the boat's motto, which means ``Under the sea, we rule.'' As boat sponsor Deanie Dempsey brings the boat to life on Saturday, we thank the officers and crew of the South Dakota for their dedicated service to our country. May God bless the USS South Dakota and keep watch over her as she patrols the seas. 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. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER (Mr. Scott of Florida). Without objection, it is so ordered. S. 1 Mr. KENNEDY. Mr. President, I want to continue talking about a subject that I talked about yesterday, and that is our situation in the Middle East--specifically, but not exclusively, with respect to Syria. To focus my thoughts, I want to begin talking about S. 1, which we are considering and will be considering shortly. We have been considering the procedural matters. S. 1 is the Strengthening America's Security in the Middle East Act. Its sponsor is the senior Senator from the Presiding Officer's State, Senator Rubio. He has done an extraordinary job with this bill. We both know Senator Rubio. He is whip-smart, as I said yesterday. Speaking for me, he has forgotten more foreign policy than I will ever know. This is a good bill. I will just mention a couple of things. Senator Risch has worked very hard on it as well. He is, of course, the chairman of our Foreign Relations Committee. There is a lot to like in S. 1. I just made a list walking over here. No. 1, S. 1 is going to reaffirm our commitment to protecting Israel. Israel is easily our most important ally in the Middle East and is easily our most important friend in the Middle East. On some days, I think they are easily our only friend in the world, and we should support our friends. Let me say that again. We have to support our friends, and Israel is a friend. This bill will support Israel, and I like that. So I am going to vote for the bill. No. 2, Senator Rubio's bill strengthens our bond with Jordan, another key ally. Jordan is a key ally in fighting terrorism and the humanitarian catastrophe caused by Assad's butchering of his own people in Syria, along with the help of Vladimir Putin in Russia. No. 3, Senator Rubio's bill will combat a radical economic welfare campaign against Israel. That is very important. You either support Israel or you don't. It is time for everybody to stand up and be counted. I do. Finally, Senator Rubio's bill creates new sanctions on the Government of Syria. I am not sure they are going to be enough, but it is a start. It targets those who have been laundering money to help the Assad regime. I support all of these things. I support S. 1, sponsored by Senator Rubio. I thank him, Senator Risch, and everybody who has worked so hard on S. 1. There is a way to make S. 1 better, and I have an amendment pending that will do that. I have heard some of my colleagues correctly say that S. 1 is about standing with our allies, and that is important. Certainly, America's foreign policy is centered, in part, around interests but not exclusively around interests. Values are important too. If you have a foreign policy just based on your nation's interests, all you do is go from deal to deal to deal, and everything becomes expendable, depending on what day it is. America's foreign policy has never been based exclusively on interests. I am not saying interests aren't involved, but it has been based on values. One of our values in America is that we stand with our allies. That is what S. 1 does. It stands with our friend Israel. It stands against our enemy Assad. It stands with Jordan. I will tell you who it doesn't stand with--the Syrian Kurds. The Kurdish people are one of the largest--if not the largest--minorities in the world that is stateless. There are Kurds in Iraq, Iran, Turkey, and Syria. They don't have a caliphate. They don't have a country. They are occupying northeast Syria right now, and I believe they want peace. I believe--some of my colleagues disagree with me--that they believe in democracy, and that they, in large part, embrace Western values. I understand that is debatable, but I will tell you one thing that is not debatable. We would not have defeated ISIS without the help of the Syrian Kurds. That is just an actual fact. You can write that one down and take it home to Mama. Before somebody starts saying, well, we haven't defeated ISIS, I say: You [[Page S779]] never defeat the terrorist group. They will just change their names. Has every jihadist in the world been eliminated in the Middle East? No. Duh. We will never eliminate all of them, but that doesn't mean the President was wrong to say a couple of years ago, when he became President: I don't know how many jihadists are calling themselves members of ISIS. There were 100,000. There sure aren't 100,000 today. I know they had a capital in Raqqa. I know they had a caliphate in the Middle East. I know there were at least 100,000 of them, but there aren't 100,000 of them now. We wouldn't have beaten back ISIS without the help of the Syrian Kurds. The President has announced that he is going to pull American troops out of Syria, and he is talking about pulling American troops out of Afghanistan. I know there is a lot of debate about that. To be truthful, I don't know who is right and who is wrong. Senator McConnell has a vote on his amendment to S. 1 today. I am not sure I am going to vote for it. It is not because I think he is wrong, but it is because I am not sure he is right. I am not sure who is right. The President says one thing, his intelligence community says another, and Members of the Senate say a multitude of things, as we always do. We have to get this one right. There is a lot of talk, not by Senators, but I have seen the opinions in the press. They say that this is all just a bunch of cynical politics, that the whole purpose of S.1--and I don't believe it, but I have heard people say it, and I guess I can see their point--is about making somebody take a tough vote; that is all it is about. Well, I don't care about tough votes or easy votes or the politics of this. I think what the American people are looking at is that we have been in Syria, and we have been in Afghanistan and Iraq, and we have spent trillions of dollars. Why are we there? Have we accomplished why we are there? And if not, when are we going to accomplish it? And, by the way, how much more will it cost? I think the President makes a very valid point about nation-building and about mission creep. I have listened to this debate, and I honestly don't know, and I don't think the American people know. I know the intelligence community may be split, but we in the Senate, all of us--I have met every Member of the Senate--all have brains above a single cell organism. We can have experts come over here and brief us and tell us the pros and the cons. We haven't done that, and that really bothers me. I am not here to criticize Turkey or President Erdogan. I am not saying I agree with everything President Erdogan does or everything Turkey does, but Turkey is a NATO ally, and that means a lot to us. Turkey is supposed to be a friend. I wish we could have better relationships with Turkey. I would like to have a trade deal with Turkey, but I also want to protect our friends the Syrian Kurds. It is no secret and it is no understatement to say that President Erdogan, his administration, and Turkey have had some pretty harsh things to say about the Syrian Kurds and about some of the things that Turkey might do if we pull out and the Syrian Kurds are left exposed. I know that puts us in a very difficult situation. It puts the Senate in a very difficult situation. It puts the President in a very difficult situation. Well, that is why we are here. The purpose of this amendment, which I hope the Senate will support-- I hope I will be allowed to bring it up--is not to make anybody take a tough vote or an easy vote. It is not about the 2020 elections. It is not about trying to get back at the House. It is about trying to allow us to focus and, hopefully, resolve a problem coming down the pike, like thunder on a summer night, that we are going to have to face: What are we going to do if we pull out or minimize our presence in Syria, and our friends the Turks attack our friends the Syrian Kurds? What are we going to do? I don't want to see us wait until that happens and have us all running around like a bunch of sprayed roaches trying to figure it out. We need to deal with it now. We don't need to deal with it on the politics, and we don't need to deal with it in terms of who we are trying to make take a tough vote. I would like to see the Senate have a briefing. I would like to bring experts over to talk to us--those who believe we ought to remain in Syria, those who believe we ought to leave. While we are at it, let's do the same thing about Afghanistan. Then let's talk to the American people straight up: Here is what we have decided, and here is why. Here is the game plan. Here is when it is going to be completed, and here is what it is going to cost. I am going to go back to where I started. I am not naive, nor is the Presiding Officer. A country's foreign policy always has involved with it interests--your own interests--but it is not interests alone. There has to be a moral component to a nation's foreign policy, and our moral principle is that we stand by our friends. I am glad we are standing by Israel. I am going to vote for the bill. I am not sure I am going to vote for the amendment this afternoon, but I am going to vote for the bill. I just wish we would stand by our friends the Syrian Kurds. Thank you. I yield to the chairman of the Foreign Relations Committee. The PRESIDING OFFICER. I recognize the Senator from Idaho. Mr. RISCH. Thank you, Mr. President. First, let me thank Senator Kennedy. I think he has articulated a number of things that are important to us, and it is important that we do debate these things. When the Founding Fathers put the Constitution together, they were very clear on article I rights, legislative rights, and some on the executive branch rights. On foreign policy, I think that was a work still in progress with them, and they left it with both branches to have a role in both crafting the foreign policy of this country and also in execution of the foreign policy of this country. In essence, that is what we are doing with S. 1. S. 1 is a work that has been going on for a considerable ***period*** of time, and it addresses the relationships we have with a number of our friends in the Middle East. I think I heard the Senator say he did agree with S. 1 and the things that are in there, trying to help our friends the Israelis, trying to help our friends the Jordanians, and also trying to help what friends we have in Syria to help them shed the yoke of Bashar al-Assad, which is the Caeser bill, which is included in this. This is a conglomeration of about four different bills. It is bipartisan, not something that is common around here these days, but it is bipartisan in almost all respects, and it does do a lot of the things we want it to do. So I appreciate hearing his support for S. 1. I want to talk for just a minute about a couple of issues he raised. No. 1, talking about the debate that has been going on within the executive branch on certain issues. This is the way it is supposed to work. Most of the time, this is done in the Intelligence Committee and in the Foreign Relations Committee in closed hearings. Occasionally, it bubbles over, as it has recently, where there were some statements made by the intelligence community that the President didn't necessarily subscribe to, but the intelligence community was doing its job. There are 17 committed intelligence Agencies of the United States. Every day, they gather a massive amount of information which they try to boil down and understand where we are headed. Their job is to gather that and to submit it to policymakers--this body, to the Foreign Relations Committee, to the Intelligence Committee, this entire body, and, most importantly, to the President of the United States and all policymakers throughout government. They do that, and they do a good job doing it. Not everyone agrees. The intelligence communities--I think I can say without breaching confidences--from time to time have a different level of confidence as to a conclusion they reach regarding a certain situation. Sometimes we debate these things publicly. The vast majority of times, we don't. As policymakers, we do have to make decisions. The President of the United States has recently talked about the military activities we are doing both in Syria and in Afghanistan, and it has properly spawned a debate as to what we are [[Page S780]] doing there, as the Senator suggested, what we have accomplished there, and what our continuing work there should be. I think that is a work in progress today. I think everyone agrees that no matter what, the nation-building we did after World War II in Germany and Japan and after the Korean war in South Korea was incredibly successful. We spent a lot of money there, we imported American values there, and we did a great job. Over the last few decades, we have tried to use the same model in the Middle East, and it has been very unsuccessful. Before you can be successful, people have to want what you are giving them. That has not been unanimously accepted in the Middle East, and I think the President is right that we need to examine the nation-building and, for that matter, standing up our fighting forces that again have not been particularly competent in the Middle East. In any event, it is a good debate to have. We are in the middle of that debate right now. I think everyone agrees that, no matter what, we have to maintain a sufficient military presence in the Middle East in various places. I think the military people are better making that decision than we are, but we have to have a military presence in certain places so that when we get a threat to America, we can respond, and we will respond. I don't think there is anything the President has said that backs us away from our commitment to respond, when necessary, to threats to the United States by terrorists. We are going to continue to respond. I think he has rightly identified that we should reexamine our nation-building efforts and expenditures in some areas, and I think he is right there. I want to touch on, for just a minute, what the Senator said about the situation between the Turks and the Kurds, and then yield to my friend from Texas. You are absolutely right. The Kurds have been a great friend of ours for a long time. They have stood by our side. They have helped us in Syria and in other places when we have been fighting over the recent decades in the Middle East. They are good people. I met with them yesterday, and as I always do, I thanked them for their commitment to us and the sacrifices they have made. I realize they are there in their homeland and protecting their homeland. They have been magnificent fighters, and they are great people to have alongside us. Some elements of the Kurdish people have had issues with Turkey. Turkey has been a long ally of the United States. We have a significant military presence there and a significant base there. This has been going on for a long time. They are a member of NATO. They are an official NATO ally of ours, which gives us certain responsibilities and gives them certain responsibilities. The fact that the Kurds and the Turks are having issues with each other should very much concern us. No matter what happens, as the Senator mentioned, we have American values, and both the Turks and the Kurds have to understand that they need to respect human rights, they need to respect the rule of law, and we have to stand by and watch that this occurs. There have been conversations going on--I don't think it is a secret to anyone--about how this is going to play out and what role the United States plays in this regard, but it is a difficult situation, as the Senator referred to. At this time, I am going to oppose the amendment the Senator has proposed. I do so reluctantly because I think he is trying to speak to the fact that we need to stand by our friends, and we do need to stand by our friends. Our relationship with the Turks, I don't think it is a secret to anyone that it has hit a rough patch, but simply because we are in a rough patch doesn't mean we throw the baby out with the bathwater. We are going to have to continue to keep our commitments. We are going to have to, as the Senator suggested, see that we stand by our friends. It is going to be difficult. It is difficult in the situation we are in, but we can do this, we are committed to do this, and we are going to continue to work at it. I yield the floor. The PRESIDING OFFICER. The Senator from Texas. Prescription Drug Pricing Mr. CORNYN. Mr. President, on Tuesday of this week, the Senate Finance Committee had a very important hearing on the skyrocketing costs of prescription drugs, something the Presiding Officer knows a lot about. In 2017, a study found that more than half of Americans regularly take some form of prescription medication. Modern medicine has made living with chronic health conditions that would have once been debilitating or fatal--like diabetes, high blood pressure, or asthma-- modern medicine has made living with those conditions manageable. That is a blessing for which we are all grateful. I know, at the same time, many of my constituents and many Americans struggle to buy prescription drugs to treat common health problems, not because they aren't widely available but because they simply are unaffordable. For many higher cost, brand-named drugs, generic alternatives are available at a lower price. For example, I happened to take a drug called Lipitor, which previously was covered by a patent. As a result of that patent, the cost of the drug was higher because the producer of the drug had a monopoly. We grant that monopoly for a ***period*** of time--I believe it is 12 years--in order for them to recoup their research and investment dollars. Unfortunately, many of these efforts to come up with lifesaving drugs are unsuccessful. So in order to encourage innovation and lifesaving discoveries, we have to find a way to allow drug companies to recover their sunk costs and make a profit. Generic drugs have really been a lifesaver for many people. That same Lipitor that I take now is off of patent and is available for a few dollars for a 30-day supply. That is just one example. One study found that 93 percent of generic prescriptions are filled at $20 or less, with the average cost being just more than a little over $6, but for many drugs, there are no low-cost alternatives, and people are increasingly struggling to cover the rising costs of their medication. One witness from Indiana, Kathy Sego, I think, speaks for a lot of parents who have children suffering from diabetes needing insulin, and I think her story was emblematic of that problem across the country. In her case, she is a wife, a mother of two, and a choir teacher. Her son Hunter is one of the more than 30 million Americans who suffer from diabetes, and he relies on insulin to manage his blood sugar. Kathy told us that when her son Hunter started college, he started to go to the pharmacy to pick up his insulin prescription himself. That is when he discovered that it cost $1,700 a month, even with health insurance. The copay--the part they were responsible for and had been paying for Hunter, unbeknownst to him--is $1,700 a month. Kathy assured him that, unfortunately, that cost was correct; $1,700 only covers a 1- month supply. Over the next few weeks, their family began to notice a change in their son Hunter. He was losing weight, falling behind in school, and was depressed--a far cry from what she said was his normally positive and energetic self. Unbeknownst to his parents, Hunter had only purchased one vial of insulin when he needed four, and he began rationing his supply of the drug. To try to counterbalance that, he began skipping meals--which is dangerous for a diabetic to do, let alone an incredibly active college football player like him. Fortunately, in time, his family realized what had happened, and they intervened, avoiding what could have been fatal consequences, but her family still battles with the expense of this insulin. Kathy says she worries about what happens when Hunter graduates from college, noting that his life choices are contingent upon his ability to pay for the medicine he needs to keep him alive. She wondered at our hearing: Can he afford an apartment, utility bills, and repay his student loans? Hunter, she said, needs insulin to live, but should that need for insulin keep him from living? About 1.5 million Americans have type 1 diabetes like Hunter, where their body produces no insulin to deal with the blood sugar, but as I mentioned earlier, 30 million Americans, according to the Centers for Disease Control, have diabetes, and about 3 million of those 30 million are in my State of Texas. Three million Texans have diabetes for which insulin is a required treatment. [[Page S781]] While we know it is common to see higher drug prices for new drugs that have recently completed the costly research-and-development phase, that is not the case for insulin, which has been around for nearly a century and is a type of biologic drug which is generally more expensive to produce. I hope Kathy and Hunter's story--which could be told millions of times by other families across the country--impels us to investigate the causes for these unreasonable costs for some of these prescription drugs. I hope we find a solution--and I am confident we will if we try hard enough--that will allow families like Kathy's to live without the burden of wondering how to pay for their healthcare costs, particularly when it comes to prescription drugs. At Tuesday's hearing, I also questioned our witnesses about a phenomenon known as rebates and the way pharmacy benefit managers deal with pharmaceutical companies. I noted that, ordinarily, it was a crime to kick back money to a provider. For some reason that nobody could justify, there was an exclusion for these rebates by pharmacy benefit managers to pharmaceutical companies. In the case of prescription drug pricing, rebates and discounts provided by manufacturers could mean the difference between a drug being covered by your insurance plan or not, and, certainly, whatever the net price is after the rebate is not transparent to anybody, much less to the consumer, or returned directly to the consumer. Not only does this drive up the list price and out-of-pocket cost of lifesaving drugs, but it makes it impossible for Congress or anybody to determine where each dollar goes. I find this lack of transparency alarming. It shouldn't take an advanced degree to figure out where your money is going when you buy prescription drugs or how to shop for the most effective drug at the right price. When it comes to prescription drugs, we need to promote transparency first and foremost, and we need to streamline and eliminate regulations and laws that allow the middlemen to unnecessarily drive up prices. We know we have the opportunity to do that in the coming months. We shouldn't require people suffering from chronic diseases to subsidize the healthcare costs of healthy people. There is something strangely wrong about this picture. I am glad we had the opportunity to listen to witnesses on this topic, and I thank them for taking the time to share their insights. I look forward to continuing to work with all of our colleagues on the Finance Committee and generally to identify ways to make prescription drugs more affordable and accessible to the American people. As the Presiding Officer knows, given his background in healthcare, I am confident he can be an important part of that solution, as well. Tribute to Susan Pamerleau Mr. President, switching gears just a bit, I want to share a quick good-news story of two outstanding Texans who blazed the trail for women in public service. While I was in San Antonio, my hometown, a couple of weeks ago, I had the chance to congratulate our new U.S marshal for the Western District of Texas, Susan Pamerleau. Over the years, she has held many impressive titles--general in the Air Force and sheriff--and now she is a U.S Marshal. In addition to each of those, I have always been proud to know her under a different title--as a friend. At Susan's ceremonial swearing-in, Chief Judge Orlando Garcia opened by noting the historical significance of her being the first female marshal ever in the Western District of Texas, which was established in 1857. Susan's long and impressive career began at Lackland Air Force Base in Texas, where my dad happened to have been stationed at one time, where she received her commission through officer training school. Over the course of her 32-year career in the Air Force, she rose through the ranks and retired, ultimately, as an Air Force major general in the year 2000. When she returned to Texas, Susan joined USAA as a vice president and later became senior vice president. It wasn't until 10 years later that her career in law enforcement began when she was elected sheriff of Bexar County, TX, which is the 11th largest sheriff's office in the Nation. Susan was the first woman to hold that role as well, but she said: It was not about being the first woman. It was really about redefining the role of what the Bexar County sheriff does. Over the years, I have had the opportunity to work with her on a number of issues impacting my constituents and our constituents, including mental health and law enforcement reforms. I think she has made an enormous contribution to both of those areas. Needless to say, I was thrilled when the President nominated Susan to be the new U.S marshal for the Western District of Texas and when she was confirmed last fall. Her integrity, leadership, and management skills are critical to the Western District of Texas, which comprises 68 counties and more than 6 million people. I wish, once again, to congratulate my dear friend Susan Pamerleau on becoming the U.S marshal, and I look forward to continuing to work with her as we serve together the people of Texas Remembering Mary Lou Robinson Mr. President, finally, when you talk about women opening doors in Texas, you can't leave out Mary Lou Robinson, who sadly passed away last weekend at the age of 92. Her long and distinguished legal career began at the University of Texas School of Law, where she met her husband, A.J After law school, they returned to Amarillo, TX, where they opened up the firm appropriately named Robinson & Robinson. In 1955, she left the private practice of law when Potter County commissioners appointed her judge of the Potter County Court at Law, making her the first in a series of firsts for this remarkable woman. Judge Robinson found her passion, and she was hooked. In the coming decades, she became an advocate for women's rights, and she helped to promote the passage of the Texas Equal Rights Amendment, a constitutional amendment voted on by the people in 1972. Over the course of her remarkable 63-year judicial career, Judge Robinson served as the 108th District Court judge, followed by associate and then chief justice of the 7th Court of Appeals, located in Amarillo. In 1979, she was appointed by President Jimmy Carter to be a judge of the U.S District Court for Northern District of Texas, where she served for nearly 40 years. Her career is impressive, not only for its length but for its quality. One attorney practicing before Judge Robinson noted: ``Lawyers may disagree on a lot of things, but almost all agree that she treats everyone equally and fairly.'' That is high praise for a district judge. Judge Robinson will be remembered as an inspiring and devoted judge, an early advocate for women's rights, and a beloved member of her community. Last summer, Senator Cruz and I introduced a bill to rename the Federal building and courthouse in Amarillo the J. Marvin Jones Federal Building and the Mary Lou Robinson United States Courthouse. This lasting testament to her judicial career will live on for generations, and I am proud that Senator Cruz and I were able to cement this legacy for this legal pioneer. While our family sends our prayers to the family of Mary Lou Robinson, we can all be proud of her distinguished career of service, not only to her beloved community in Amarillo but to the State of Texas and to the Nation as a whole. I yield the floor. The PRESIDING OFFICER. I recognize the Senator from North Carolina. Combustible Cigarettes Mr. BURR. Mr. President, I was not next in the queue. Senator Gardner was, but since I don't see him, I am going to jump in, in great Senate fashion. I rise today to educate my colleagues and the American people on actions that are currently being taken by the Food and Drug Administration. It deals with one specific thing that is familiar to all of us: combustible cigarettes. It revolves around a decision the FDA has just announced earlier this year: their plan to ban menthol combustible products. Their rationale for doing this is that menthol is the doorway for youth usage of tobacco products. [[Page S782]] Let me start and end at the same point. I am going to start with this chart. This chart displays, from 2011 to 2017, the CDC's annual study of youth usage of tobacco products. Specifically, this one addresses the use of menthol cigarettes, where we have seen a reduction of 5.8 percent to 2.5 percent. Somehow, as this chart displays, we have had a significant reduction in the use of menthol products for youth in this country. With this trend line, we are now making the case, as the Federal Government, that we have to ban this product because it is what is fueling an increase in youth usage. Over the same ***period***, youth usage of combustible cigarettes has dropped by 12.5 percent. By any standard we would look at, we would say that we have an education program in America that is actually having the right impact here. Between what we educate, parental guidance, and school pressures, the usage of our youth is going down. This would be something that typically we would praise, but, no, an administration that came in primarily saying that we are here to reduce the regulation of the Federal Government, has picked one area that not only is it not reducing, but it is disregarding the trends that we see, and it is coming out with new regulations that, at the end of the day, are going to impact adults for whom we haven't either provided the tools to stop using combustible cigarettes or who have made a conscious choice that they want to use a legal product they know up front is harmful to their health. To successfully talk about this, I have to hit rewind and go back 10 years, because it was 10 years ago, in 2009, that the Congress of the United States took up the Tobacco Control Act. I will say that it was a controversial debate. I spent hours on this floor. Here are some of the points I made in 2009--that H.R 1256, which was the Tobacco Control Act, did not provide a pathway to market for new tobacco products. New tobacco products were products that technologically we could create that provided a level of satisfaction for its users but didn't have the harmful effects of the combustion of tobacco. Innovative products--we see them in the market place today. They are there not because of the guidance of the Food and Drug Administration, with over 10 years of total control over the tobacco industry. They are there because the marketplace demanded it. Consumers said: Give me a tool to switch. We have gone from gum to patches, to now electronic cigarettes. It was believed, at the time, that because we centralized tobacco regulation within an Agency that understands how to use scientific information to make decisions, they would look at trend lines like this and would make decisions that were consistent with it--that as technology became more available, we could determine how to put a heart valve in with it being less invasive through the use of technology. Over 10 years, we haven't figured out how to write a foundational rule to tell companies how they need to apply to get an e-cigarette approved. When we went into this 10 years ago, HHS claimed that the Department would need $100 million to establish an Agency solely focused on tobacco products. We did them one better. We imposed user fees on the tobacco industry. For every piece of tobacco product that is sold, they paid to the FDA a user fee on that product. It is that user fee that has ***funded*** the FDA effort. In 2019, the FDA received $712 million in user fees from the industry. Let me put that in perspective. Everybody who buys a tobacco product is paying a higher price today so that this money can go to the FDA so the FDA, hopefully, will create a foundational pathway that will allow them to approve and receive applications for reduced-harm products. It is very consistent with this trend line of money we pumped into education to reduce youth usage and to encourage adults to switch, but until it is illegal in the United States, adults ought to have the freedom to choose the products they want. Unfortunately, 10 years later, we are in no better position than we were 10 years ago, where the choices are combustible products or products that have yet to even have an established pathway by the FDA. Those who are venturing out today offering e-cigarettes and alternatives are doing it with the understanding that tomorrow the FDA could walk in and say: We are going to pull this product off the marketplace because it hasn't been approved. Yet the FDA has never created the pathway and shown an individual or a company the application process to get a product like this approved. Ten years ago, before TCA was signed into law, there were 14 Agencies that regulated tobacco in the United States. It was the Treasury Department, the Transportation Department, Commerce, Justice, the Executive Office of the President, HHS, Education, Labor, and the General Services Administration. It is now consolidated into one. You would think that we would do a much better job of doing it. I am going to share with you the conclusion, and I will come back to this a couple of times. There is an age restriction on the purchase of tobacco today. It is 18. We can have a debate as to whether it should be 21. We can have a debate about moving the age. But when an agency that has the sole control of tobacco cannot enforce the age requirement for it to be purchased, you have to ask yourself, by taking away options that adults have, does that in any way, shape, or form affect youth usage when the youth are illegally accessing the product today? You see, back when 14 agencies controlled it--and being a former Governor, the Presiding Officer may remember some of this--States actually enforced because the Federal mandate was to enforce the age requirements. They do it on alcohol today, and in some places, they do it on tobacco. But when we centralized all of the authority at the FDA, the FDA apparently gave up on the age requirement, and they only focused on things like this, where they can manipulate through government regulation, through onerous actions on the consumers, what they want to accomplish, which I would suggest to my colleagues and to the American people is not driven by facts or science; it is driven by politics. It is driven by those who want to see this product eliminated. I will say what I said 10 years ago: I am ready for the debate. Let's bring it to the floor, and we can talk about it and debate it. This is eerily similar to Canada a few years ago when they banned menthol products. How did they follow that up? This year, they legalized cannabis. Maybe that is the route we are on. We can have that debate at any point, but right now, that is illegal in the United States, and we put up with it with States that have legalized it. I am not sure it is a good move for adults, and I am not sure it is a good move for our youth. It certainly has the same combustible concerns we have with tobacco products. But there is a difference between the two-- this is legal. We have agreed that if you are over 18, you can choose to use it--with an extensive educational campaign to tell everybody why it is harmful to their health. Also 10 years ago, I offered an amendment to create a department within HHS known as the Tobacco Harm Reduction Center, requiring public ranking of tobacco products according to their risk. That amendment would have allowed for the development of new products to encourage individuals to give up traditional tobacco products and turn to less harmful products. I remember the debate well. My colleagues who were opposed to me in the debate said: If we centralize this at FDA, the natural reaction will be that they will migrate to not only the application being understood as to how to process it, but they will be inclined to approve those products quickly because of the alternative that we know today. Here we are 10 years later, and we have no ***transitional***, foundational pathway for a manufacturer to know how to apply to the FDA or what standards they have to meet. It is almost as if we are going to make it up as we go along. Therefore, these products are on the marketplace, but there is no application process at the FDA. They are susceptible to millions of dollars of investment being yanked tomorrow because somebody wakes up and says: My gosh. Youth have started using e- cigarettes. The Presiding Officer knows there is an 18-year-old age requirement on e-cigarettes as well. Is the answer to that to remove all of [[Page S783]] that product for every American because we can't figure out a way to enforce an age limitation? I would suggest to my colleagues, if that is where we are headed, we are going to eliminate some products that will cause chaos in this country. I suggest that this will not cause chaos, but this will be the wrong signal to send to adults who prefer to use this product, and we do it under the false pretense that we are doing this because of America's youth. America's youth are doing the right thing. They are reducing their usage of combustible products. They are not enticed by things like menthol. Yet they are the ones whom we are using to be the fig leaf of all this new government regulation that the Food and Drug Administration is proposing to do. Within the office of tobacco control, there are 778 employees. There are close to 1,000 employees in the center for drug review. Put that in perspective--all the drugs that are out there, all the applications they are going through. We have almost as many people in the tobacco control agency as we do in drug review. Well, the one thing I can assure you about drug review is that they actually do process applications. It is long. It is laborious. We would like to speed that up. Under the latest PDUFA reauthorization, the user fee for drugs, there is a 304-day average to process an application. Well, the review of a modified risk--if you change the risk of a combustible, if you have decided as a manufacturer that you are going to change the paper on the cigarette because there is technology that assures you that paper is not going to burn and somebody is not going to fall asleep and burn down a house--when they change that, that has to go through a modification review at the FDA. How long does a modification review currently take? It takes 360 days--56 days longer than that of a new drug application actually working its way through the Food and Drug Administration. They can't claim there are not enough people. There are ample people, and the FDA has hired 267 employees in tobacco control since 2017. The numbers may actually be identical now. As I said earlier, in 2019 the FDA will receive $712 million in user fees from the industry. Of the $582 million in user fees collected by the FDA in 2018, which we have just completed, $205 million originated from the sale of combustible menthol cigarettes. So this one proposal is going to reduce by one-third the amount of money that the regulatory agency has. I might share with the Presiding Officer--because I think he would find this of great interest, having left the State of Florida as Governor--that there is a tax revenue piece tied to this. A ban on the sale of menthol cigarettes will generate a significant revenue loss for State, Federal, and local governments. Last year, menthol sales brought in $4.1 billion in Federal excise tax, it brought in $9.1 billion in State and local excise tax, and it brought in $1.8 billion in State and local sales tax. That is a total of $15.2 billion. Two-thirds of it is--State and local governments will lose over $10 billion in revenue from this one decision, the elimination of a choice for adults--all under the belief and sales pitch to the American people that this is going to stop youth usage of tobacco. Bull. We are not going to stop youth usage until we enforce the age limit, whether it is 18, 20, 21, wherever we set it. We eliminated enforcement of the age when 10 years ago we consolidated all of this into one entity at the Food and Drug Administration. So my suggestion to my colleagues is we have gotten no benefit out of this. If anything, we have lost because we don't enforce age. We have gotten no new innovative products. We are not even on the horizon looking at a proposed pathway. There is not a pathway. I question whether there is even one perceived, even though we have 1,000 people working at CTP--soon to be cut by one-third by their own proposal that is going to eliminate user fees based upon the loss of sales of menthol products. So I say to my colleagues, it is extremely important that you understand that when Commissioner Gottlieb announced his reform initiative for the regulation of tobacco on July 28, 2017--and I recognize the fact that we move from administration to administration, we move from Commissioner to Commissioner, and most come in and say: The last guy did it all wrong; I am going to do it differently. I hold him to his word on July 28 when he said that. He said in that announcement: The goals of the new approach will include the development of foundational regulations to provide the rules of the road for the review of tobacco product applications and a path to market for less harmful products as part of the solution to end the cycle of disease and death. Let me repeat what I said earlier. The FDA has yet to issue a single foundational rule as called for in July of 2017. The proposed version of one SE rule is currently under review at the OMB. If you are now the single agency in charge of the regulation of tobacco and you are looking at how to reduce the harm of the product, wouldn't your focus first be on how you approve technological products that meet the threshold of reduced risk? If you saw an increase in youth usage, would you not look at a ***period*** of time, like 7 years, and ask yourself, is this an anomaly? We will have a report next month from CDC of their annual tobacco survey. There must be something alarming in it relative to youth usage of e-cigarettes alone, and I don't dispute what they found. If, in fact, we find that menthol took a spike up and they say 11 percent of our youth are using it, I will question the science of their survey, with the trend that has consistently built over the last 7 years. But I would also make this point: If there is an age limitation on e- cigarettes, just as there is on combustibles, are we not smart to first go in and find an enforcement mechanism for age if, in fact, our concern is that our youth are using the product? In essence, what they have done with the menthol rule is they suggested: We don't want to enforce the age thing. That is hard. What is easy for us to do is to do something that is political. It doesn't change much, but we can go out and say ``Look at what we did. We eliminated access to this product.'' The majority of the people who use this product are adults. The tax revenues at the State, local, and Federal levels are huge. As a matter of fact, one of the settlements that were made prior to the Tobacco Control Act was the Master Settlement Agreement. That was before the Presiding Office was Governor and before some in this room might have been born. It was in 1998, and it was a significant change for an industry. They agreed not only to defray Medicaid costs at the State level; they agreed to an annual payment. That annual payment was more than $200 billion in manufacturer ***funds*** to defray the cost of healthcare to States through Medicaid resulting from the use of tobacco products and to develop cessation programs to get Americans to quit smoking. Let me suggest to you that it is not the industry that is fighting this; it is the industry that is fueling this. They are ***funding*** it. They are the ones ***funding*** the CTP. They are the ones ***funding*** the education programs. They are actually the ones that are supplementing Medicaid ***funding*** in States. Well, let me say to Commissioner Gottlieb and to those bright folks over at CTP: When you do this, you are eliminating a portion of that $200 billion that is calculated based upon the sale of products in the marketplace, and you are reducing the shared cost of Medicaid. For many States that have diverted that money to other things, you are reducing economic development. I think one State was building sidewalks with tobacco money in one large city. I could be critical of how they have done it and what they have used it for, but I do know this: I went far enough in math to know that if you reduce the amount of sales and if the payment is figured based on sales, then you reduce the take States and cities are going to get from taxes or from the settlement. So I say to my colleagues, concentrate on this number--2.5 percent was the last number the CDC came out and said that of our youth, this is the percentage that use menthol products. We should not quit until that number is zero. If you want to make that number zero for youth under 18 today for all tobacco products, I have the answer: enforce the law. Hold retailers [[Page S784]] accountable. Do the same raids on tobacco that you do with alcohol. We probably will never get to zero, but we might do better than 2.5 percent of menthol or 8.5 percent of overall tobacco usage. I want to summarize because I know there are other colleagues who wish to speak. I assure my colleagues, and I assure Commissioner Gottlieb and all the individuals who work at the CTP at the Food and Drug Administration, I am going to be down here every week. These speeches are going to get longer and longer and they will get more and more detailed because I want my colleagues who aren't here to understand the debate we went through, the decisions we made, and the assumptions that were made for consolidating these Agencies into one Agency versus multiple Agencies, and what they said would happen. I can give my own report card, and I am giving it to you. They have done zero. All of these matters about reduced-harm products that the FDA was going to set up, ***transitional***, foundational rules don't exist. It is 10 years later. It is 2 years after the current Commissioner got in and said: We are going to do this. Well, I am still waiting. Rather than produce things which adults can take advantage of--tools to get off of combustible cigarettes--what is the action all of a sudden they take? To everybody's amazement, they said: We are going to ban menthol from the marketplace. I mentioned Canada earlier. They banned menthol and, 3 years later, they approved cannabis as a legal product. I am not accusing the administration of having that pathway, though it does raise suspicion because it is not the administration of reduced regulation and onerous government when you see what the FDA is proposing to a legal consumer product, but I will state that the Commissioner announced not long ago that they were beginning to review products that were derived from cannabis, oils, and other things that they thought they could safely approve for use in the United States. Well, Mr. Commissioner, you are only fueling my fears that you are following the roadmap Canada followed; that this is all a bait-and- switch situation. Not only is it not valid to suggest we are doing this because of our youth, you are doing it to prove that the Food and Drug Administration can overreach and not be slapped and that somewhere down the road you may come to the same conclusion Canada did; rather than enforce cannabis and illegal drugs, let's just approve them. Let's make them legal. Boy, that is a sad day. It is shocking to me as one who has been engaged in this debate for now 25 years. We are extremely worried about the combustible impact of cigarettes-- and we should be--but States don't have any concerns about the combustible nature of cannabis. There are no filters on it. There are no regulations on the paper that is used, even though it is legal in some States. As a matter of fact, we have less research on cannabis in this country than any legal product that exists, including bandaids. There is more research and development and approval that goes into bandaids than goes into cannabis in the States where it is legal for either recreational or medical use. So I would state to Commissioner Gottlieb, in the insane world you have created, if you are going to head down this road, No. 1, expect Congress to weigh in but, No. 2, understand that if you begin to loosen up the legal use of cannabis, then we are going to hold you to the same standards you display for everyone else, everything that you hold a drug manufacturer to, that you hold a drug device manufacturer to, and, quite honestly, that you hold the tobacco industry to. Don't think you are going to slide this by and there are not going to be regulations or that we are going to adopt the Canada model or we are going to continue letting States do what they are doing. If you are worried about somebody burning a product and inhaling it into their lungs, there better be as much concern about that as it relates to marijuana use. Why is there no effort--given that this is legal from a recreational and medical standpoint--from the FDA to study this and put the science out? It only suggests to me that science is not important. Yet this is the institution that is the gold standard for the use of science. There is a scientific reason for why it takes 304 days to get a new drug approved. There is no scientific reason that it takes 360 days to approve as acceptable changing the paper on a combustible cigarette. I am not creating this pathway, the FDA did. It started with the U.S Congress providing this much authority to one Agency, an Agency they believed could do everything. Because they are not ***funded*** by the U.S Congress for this piece--they are ***funded*** by the industry--do you know what? They think Congress has no say in it. Do you know who ***funds*** 75 percent of new drug applications that are filed, reviewed, and approved? The drug industry. Seventy-three percent of applications they review and approve for the medical device industry are ***funded*** by the medical device industry. With regard to generic drugs, which we all want more of because they drive down the cost of drugs in America, all of a sudden the FDA has a backlog that is years-long for approving generic applications. They said, if only we had a user fee agreement for generic drugs, and that user fee agreement is over 60 percent of the cost of approving a generic drug. What has happened? The backlog is every bit as big today as it was when the user fee was created. So if my colleagues wonder why I am standing in the way of a user fee agreement for over-the-counter drugs, it is because I figured this out. They get ***funded*** by the industry. Their actual work goes down. The American people pay the tab for the user fees that are sent to the FDA, while the price of drugs, devices, cigarettes, and over-the-counter drugs goes up. When Congress stands up and says explain this, they look at us--and we control 25 percent of their budget for any given center-- and they say: We are going to go talk to the people who pay 75 percent of our budget, not to you. The last thing I will share is that 25 years ago it wasn't like this. Twenty-five years ago, we appropriated everybody's budget in the administration. One hundred percent of the money for the FDA was appropriated by Congress. When I, as a Member of the U.S Senate, picked up the phone and called the FDA, they didn't want to answer my question over the phone. They wanted to come to my office that day and answer it. They wanted to actually solve the problem. I just went through a ***period*** of time where I gave FDA 2 weeks to respond to letters and, in some cases, it took a month to get a response. They don't think we play a role in this. Yet we set legislation priorities for the country. I would suggest to my colleagues that this is an isolated example, that is true, but it is an example of a much bigger problem within the Food and Drug Administration and this Commissioner; that Congress is insignificant to them; that you can be called up to provide oversight in front of a committee, and you can say whatever because we have no clarity and no transparency inside the system. So they can tell me the review time has gone down 47 days since last year. I don't know whether it is accurate. I can only tell you this. I don't see it in the numbers of third parties that do reviews. I see actions such as this with no science to substantiate it, and I have to question the science they use across the landscape of products they review. The Food and Drug Administration regulates 25 cents of every dollar of the U.S economy. This ought to be something that not just my colleagues but the American people should be concerned with. If you believe my argument is half accurate and this is ill-advised, for God's sake, pick up the phone and call the White House switchboard and tell the President, who came in to reduce regulation, that there is an Agency that is not listening. Not only is there an Agency that is not listening, the President has a Commissioner that went on Twitter, and there was a tweet that said the President's numbers are going down, and the Commissioner ``liked'' the tweet. Maybe I will say that a few more times so the President will see it or hear it, but maybe somebody is listening who will tell him. I am not interested in a single individual's political goal. This has to be an individual political goal because [[Page S785]] there is no science to substantiate what they are doing, and the losers are the localities and States in taxes and States in settlement payments but, more importantly, adults who choose this product because it is legal. Now the FDA says, with the strike of a pen: We can eliminate it. It is no longer a choice you have. That is not the America I signed up for, but I did sign up to come here and fight for things I thought weren't in the best long-term interests of the country. This is at the top of my list right now. You will hear me often. I yield the floor. The PRESIDING OFFICER (Mrs. Fischer). The Senator from Iowa. (The remarks of Ms. Ernst pertaining to the introduction of S. 285 are printed in today's Record under ``Statements on Introduced Bills and Joint Resolutions.'') Ms. ERNST. 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. SANDERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER (Mr. Young). Without objection, it is so ordered. (The remarks of Mr. Sanders pertaining to the introduction of S. 309 are printed in today's Record under ``Statements on Introduced Bills and Joint Resolutions.'') Mr. SANDERS. Mr. President, 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. 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 the cloture vote on the McConnell amendment occur at 3 p.m today, and the filing deadline for second-degree amendments apply as if the vote occurred at the originally scheduled time of 3:30 p.m The PRESIDING OFFICER. Without objection, it is so ordered. Mr. THUNE. 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. Ms. COLLINS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. (The remarks of Ms. Collins pertaining to the introduction of S. 296 are printed in today's Record under ``Statements on Introduced Bills and Joint Resolutions.'') Ms. COLLINS. I yield the floor. The PRESIDING OFFICER. The Senator from Nebraska. Transportation and Safety Mrs. FISCHER. Mr. President, I rise to discuss challenges that influence nearly every component of our day-to-day lives and the opportunity to address these challenges in the 116th Congress. No matter who you are, where you live, or your level of income, every one of us is affected by our Nation's transportation system. I believe, as most Nebraskans do, that a core responsibility of the Federal Government is to provide sufficient and sustainable transportation and infrastructure to all of our citizens. Our transportation system is critical to our national security, to our economy, and to our public safety. Here in the Senate, I have worked hard to remove the unnecessary obstacles to the safe and efficient flow of goods and people throughout our country and around the world, and I plan to continue that work as we begin this Congress. This is a priority that is of particular importance to my State of Nebraska. ***Agriculture*** is the economic engine of our State's economy. According to the U.S Trade Representative's office, Nebraska is the fifth largest ***agricultural*** exporting State. To continue moving our products from the heartland to the coasts and beyond, we need an efficient, an effective, and a safe transportation system. Few understand this better than Nebraskans. We rely on the connection of our roads and highways, railroads, ports, and ocean carriers to bring goods and services to the world market. We use trucks to haul livestock across the country. Our railroads and waterways move vast quantities of grain across the prairie and to the coasts, and our ports and ocean vessels move these commodities around the world. For Nebraska to continue benefiting from domestic and international trade, it is vital that we build and maintain our infrastructure, reduce unnecessary regulatory burdens, and promote safety across the surface transportation network. We must also recognize that connections across all of these modes--truck, rail, waterway, ocean, and air--must function ***smoothly*** for the system to work. In the Senate Commerce, Science, and Transportation Committee, I am proud to, once again, chair the Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety and Security, which oversees the important surface transportation issues. This will be my fifth year as chairman, and I am looking forward to continuing the effective accomplishments that my colleagues and I have made. Specifically, in 2015, we worked across party lines to pass the Fixing America's Surface Transportation Act, more commonly known as the FAST Act. This was the first long-term highway bill that had been passed by Congress in over a decade, and it included several positive reforms to our surface transportation system. It recognized the importance of freight movement as part of the broader infrastructure debate by including a new freight formula program and a freight specific grant program. It gave key State and local officials the flexibility they needed to develop strategic investments in their communities. Together, we have improved the flow of commercial traffic and increased the safety of America's roads, but there is still much work to be done. With the 116th Congress underway, we have much to do on transportation policy. Of note is the quickly approaching expiration of the FAST Act reauthorization in September of 2020. The transportation and safety subcommittee, which oversees the Department of Transportation and a number of modal administrations, will be hard at work on our part of that FAST Act reauthorization. Administrations under the jurisdiction of the subcommittee include the Federal Motor Carrier Safety Administration, the Federal Railroad Administration, and the National Highway Traffic Safety Administration. Each of these modal administrations will be closely examined by the subcommittee. We will be holding hearings on Federal trucking policy and will be providing oversight for the FMCSA. The trucking industry is critical to our economy because it moves the most freight by volume and value across this country. As such, we will be examining a number of trucking issues, including hours of service requirements, the Compliance, Safety, Accountability Program, and the very wide scope of trucking regulations. Moving forward, we will work together to find safe, practical solutions to these issues. Additionally, we must carefully consider policies to support our port facilities and the connections they make between truck and rail networks to ocean shipping. It may sound funny to my colleagues that a Senator from a triple landlocked State like Nebraska is advocating the support of our ports and ocean shipping industry. Yet, as I noted earlier, Nebraska is the fifth largest ***agriculture*** exporting State in the Nation, and whether it is beef or grain or equipment, we depend on our ports to ensure our quality products reach around the world. There are currently a wide variety of issues facing this key portion of our transportation system. Ocean carriers are using even bigger vessels, which has greatly increased the amount of freight moving through the ports and is affecting the connections to other transportation modes. Port operations are becoming increasingly complex, and stakeholders are examining ways to support freight movement by better utilizing data, such as GE Portal at the ports of Los Angeles and Long Beach. Ports are taking advantage of new types of infrastructure, like inland [[Page S786]] ports, while also addressing new challenges such as a shortage of chassis to move the containers. State and local governments, industry, labor, and the Commissioners at the Federal Maritime Commission are reviewing these and other important issues to the maritime commerce system. We need to hear from all of these stakeholders to better understand these challenges and these opportunities before us. Additionally, last year, the Federal Railroad Administration oversaw one of the biggest changes to our railroad network in recent history-- the implementation of positive train control, or PTC. There are 41 railroads that are required by Congress to install and to use PTC on their systems. I was glad to see the statement from the FRA that all 41 railroads met the deadline to submit documentation that they are either utilizing PTC or that they have completed the requirements to receive an extension, as required by the Positive Train Control Enforcement and Implementation Act of 2015. This, however, was the first of two major deadlines for PTC implementation. Railroads that receive an extension must complete their PTC systems no later than December 31, 2020. Congress must continue its oversight of PTC implementation, especially as railroads work to achieve that interoperability across the network. The Transportation and Safety Subcommittee will be looking at PTC but also at regulations and railroad investments more broadly, both at the Federal Railroad Administration and at the Surface Transportation Board. Late in the 115th Congress, the Senate confirmed Patrick Fuchs and Martin Oberman to be members of the STB, and I look forward to working with the Board and its new members on rail commerce issues. The Transportation and Safety Subcommittee will also examine pipeline safety issues as we prepare for a reauthorization of the Pipeline and Hazardous Materials Safety Administration. For families, consumers, workers, and businesses, the safety and security of our pipeline network must remain a top priority. America's pipelines move vital energy to homes and businesses in Nebraska and throughout our Nation. Congress must continue its robust oversight of our pipeline network. In 2016, we worked in a bipartisan manner to pass a bill I introduced--what ultimately became known as the PIPES Act--to reauthorize PHMSA through fiscal year 2019. The Transportation and Safety Subcommittee will be working to reauthorize PHMSA with an eye toward improving the efficiency and the effectiveness of the Agency's pipeline oversight. We will continue ensuring the Agency has what it needs to complete its pending rulemakings. As Congress begins its work on these surface transportation issues, I look forward to working with the administration on policies that cut redtape and improve the movement of people and freight across our system. During the last Congress, I was very pleased to twice host Transportation Secretary Elaine Chao to Nebraska, and I look forward to continuing to work with the Secretary and the Modal Administrators. I also look forward to working with Senator Duckworth, the new ranking member of the Transportation and Safety Subcommittee, and with all of my colleagues on the subcommittee so we can find bipartisan solutions for our surface transportation system. We have a very unique opportunity to work together to improve the daily lives of all Americans. This is so much more than just drawing a few lines on the map. It means making decisions that will help parents get their children to school using safe and reliable roads. It means ensuring our commercial truckdrivers, railroads, ports, ocean carriers, and all those in between can ship products made in Nebraska to the rest of the country and all over the world. It means connecting American communities. During my chairmanship, I will encourage strategic, targeted, and long-term investments that improve safety and more efficiently facilitate commerce. By working together, we can deliver solutions that will allow American families, communities, and businesses to thrive for generations to come. Thank you. I yield the floor. The PRESIDING OFFICER. The Senator from Florida. Amendment No. 65 Mr. RUBIO. Mr. President, I come to speak about the pending amendment we are going to vote on in about 25 minutes. It is an amendment that says it is a mistake to proceed with the withdrawal from Syria in the pace and scale that is currently proposed or that the White House has announced they are going to undertake. What I will say here today is what I said about it initially; that is, that I think it is a bad idea. I said it then, and I said it to the President in a subsequent meeting, and I think it is important to restate it here as we begin to vote, since I believe this issue is going to be covered in the press more as a political issue than as a foreign policy one. It is unfortunate that a lot of these issues are wrapped up as political decisions. These are not votes on political decisions. These are votes on the conduct of American foreign policy, which oftentimes have no partisan lines but rather are ideological, in some cases, or just simply a different way to view an issue. I share the White House's and the President's desire that as quickly as possible--the key words being ``as possible''--we end conflicts abroad. It is in the best interest of our Nation, our families, and the families of the service men and women who are stationed abroad and involved in conflict zones that this be the case. The problem is, if you do so in the wrong way, you end up dramatically increasing the likelihood of a future conflict that will involve even bigger wars, with an even higher investment of lives and resources to win. Our foreign policy in the Middle East today--particularly in this region we are talking about with Syria and Iraq--is focused on two primary objectives, as clearly stated by the policymakers. The first is the regional threat of Iran, its growing influence and its spreading reach, and the other is counterterrorism. These are the two linchpins of why we are there in the first place. The Iran threat is self-explanatory. They pose a threat to our allies in the region, particularly Israel but ultimately to the United States. The terror threat is one that reminds us how quickly we as a nation have a tendency to forget things. Now, no one has forgotten September 11, 2001, but what we sometimes fail to remember is what made it possible in the first place. What made September 11, 2001, possible in the first place was that a terrorist organization--al-Qaida--led by Osama bin Laden, had established within Afghanistan a safe haven. Al-Qaida was not the Government of Afghanistan--that was the Taliban--but the Taliban allowed them to have a safe haven in Afghanistan, and from that safe haven, they were able to plot terrorist attacks against America and ultimately strike us here in the homeland. It was possible because they had a place that allowed them to do this. It is, in fact, the key to any terrorist organization that would like to conduct external attacks and that would like to attack America. They have to have a place to operate from, and it cannot be a place where they are being followed, where they are being attacked, and where they are being wiped out by Americans or coalition forces. It has to be a safe haven. My No. 1 concern about this decision that has been made is that it could lead to the reestablishment of safe havens inside of Syria from which ISIS and al-Qaida could reconstitute themselves, conduct external plotting, and ultimately attack the United States. We already face this risk. In Northwest Syria today, there is very little sustained pressure on ISIS elements. In Idlib, there is virtually no pressure on al-Qaida. Now, imagine with even less coalition pressure being put upon them, how capable they can become and how quickly they can establish a place from which they can plot against us. To understand why ISIS needs to plot against us and conduct spectacular attacks against Europe and the United States--this is a group that needs to prove it is still alive, and it is still strong. If they can't prove it, they [[Page S787]] can't recruit people, and they can't raise money. They are also in competition with other terrorist groups. In fact, ISIS is a spinoff of al-Qaida. These groups actually compete with one another for members and for resources. Both of them have a vested interest in attacking us abroad, not just in fulfillment of some ideological aims but as a means of survival because if these groups are able to conduct or inspire these kinds of attacks, it gives them credibility, they attract members and fighters, and it allows them to raise money for more attacks. Some people will tell you: Well, let the others who are in the region take care of them--Turkey or Iran or the regime or the Russians. The problem is, none of these groups have shown any interest in fighting ISIS, not even a limited interest. The Turks are largely interested in a buffer zone in the northern part of Syria--a buffer zone which the Kurds do not dominate because of their own internal politics. I am not claiming the Turks are fans of ISIS. I am saying ISIS is not their No. 1 priority. Their No. 1 priority is defeating Kurdish forces and gaining control of a buffer zone in the northern part of Syria. That is what they are going to prioritize above anything and everywhere else. They are not a reliable partner, nor do they have the capability to be a reliable partner in sustaining pressure on ISIS. Interestingly enough, if you look at what Turkey will need--even if they wanted to be a sustained partner against ISIS--it is logistical support from the United States of America. In essence, they can't even do what they are promising to do unless we are there with them to do it, but they don't want us to be there. That tells you they really just want us to leave so they can create this zone in the northern part of Syria. The regime only cares about ISIS if they are in population areas or if ISIS is threatening critical infrastructure. If ISIS is taking ahold of an oil facility somewhere, they will care. If ISIS is in the middle of a big city, they will care. All of these other vast spaces, they don't have the resources, and frankly they don't care, as long as they don't pose a threat to the regime, they don't pose a threat to population centers they want to control, and they don't pose a threat to critical infrastructure like oil. If they are not there, they are not going to spend their limited resources. All things being equal, they probably want to defeat them, but they don't have the wherewithal to sustain pressure on them. They have limited resources, and they are going to invest those resources in controlling population centers and in controlling critical infrastructure. So here is the answer: If the United States and the anti-ISIS coalition are not in Syria and operating until ISIS is completely wiped out, there will be no sustained pressure on ISIS or on al-Qaida, and they will both grow back stronger, and they will have the capability to plot against the homeland and American interests around the world. That is something we cannot allow to happen. We cannot have that happen. Some may say: Well, we can target them. We just don't have to have 1,500 or 1,800 special operators on the ground. We don't need to do that. We can do it through the air and so forth. ISIS is becoming an insurgency. An insurgency is much different than a group with a flag that controls buildings and territory. You can find those people, and you can strike them. An insurgency is people who blend into the population. By day, they are a baker or an accountant or a merchant, but in the evenings and at night, they are an ISIS fighter planting bombs and killing people. Insurgencies are very difficult to fight and almost impossible, if not impossible, to fight with simply airpower, which is why the situation in Syria has been so positive. Two thousand American servicemen and special operators, alongside thousands of Syrian Democratic Forces and Kurds--who are primarily doing the ground fighting with our logistical support and air support--have eroded ISIS's control of territory in the country, but they have not eliminated it, and there is enough of it left that it could reconstitute itself. In fact, it is in the process of doing so already. They are clearly capable of killing American servicemen, as they did a few days ago, and since that time, there have been a series of other IED attacks inside of Syria, some of which could have killed Americans. This is a group who has openly talked about their desire to possess chemical weapons, which they could use at any moment, potentially, against Syrian Democratic Forces and Kurds in that area--and, by the way, putting directly in danger our remaining service men and women alongside them. This remains a dangerous group capable of conducting attacks not just in Syria but potentially--especially if they have a safe haven abroad--here in the United States. That is not to even mention a group who doesn't get talked about enough anymore--al-Qaida. Al-Qaida still exists, and there is a part of Syria in which they are completely uncontested. No one is going after them. They completely dominate the area, and they do whatever they want from there. And I promise you they are not there starting a car wash; they are there working to expand their brand and reach, to resurrect the al-Qaida brand around the world. What is the fastest way to do that? By conducting an attack against the United States and our interests. We should be worried about that alone. The first reason why I am against this policy and why I support this amendment is that this policy directly undermines one of the two pillars of our strategy and our policy in this region, and that is counterterrorism. The second is the spread of Iranian influence. Let there be no doubt that this withdrawal as currently structured is a win--perceptually at a minimum but I believe in reality--for Iran. Let's begin in Southern Syria, the areas that border Israel and Jordan. Our withdrawal means Iran and their pro-Iranian forces that include Hezbollah militias will now have even more operating space from which to target Israel and will now be able to set up a more reliable ground route by which they can send weaponry into Lebanon to support Hezbollah so that one day they can attack Israel from the air with rockets, precision-guided munitions, and the like. We see it already, for example, in Natanz, where the United States still maintains a presence very near a huge refugee camp. We can already see the pro-Iran, pro-regime forces beginning to encroach closer and closer upon the American position, to the point where we may have to leave simply because we no longer have a defensive posture we can sustain. But what the withdrawal has done is it has allowed Iran and the pro-regime forces to go to our allies, to go to the groups on the ground whom we have been working with to fight ISIS and say to them ``The Americans are unreliable. The Americans are leaving. You might as well partner up with us now. We are the only ones who can protect you'' or ``You can lay down your weapons and just go back to your families because Americans are leaving.'' I fear it is working. I fear that they may dictate the pace of our withdrawal, because that announcement alone has undermined our credibility in the eyes of the partners we have worked with in Southern Syria. What I just outlined is also true in the north, where the Kurds are facing the risk of military attack from the Turks, and they are saying: America is leaving, and the only people left whom we can partner up with to protect us are Iran and the regime and/or the Russians. In fact, we have left them no choice but to join up with Iran and the Russians and pro-regime forces because if the choice is between annihilation by a Turkish military attack and joining up with a regime to stop a Turkish intrusion, they are joining up with a regime in Iran, further increasing Iran's power in this country. It is not just contained within Syria; this announcement has actually accelerated the process of putting pressure on us to also get out of Iraq. All of the pro-Iran political parties inside the Iraqi Parliament are pushing very hard, very aggressively to pass a law that kicks America out of Iraq, and they are moving quickly on this. We see their tentacles in Afghanistan, where they are beginning to create internal political pressure through their [[Page S788]] parliamentary body to force America to pick a date: Tell us when you are leaving, a date certain. People may say: What is wrong with this? Get out of Syria. Get out of Iraq. Get out of Afghanistan. Why are we fighting other people's wars? We are not. These are not other people's wars; these are ours. These people who are going to operate in these safe havens and Iran--we are their target. They want to strike at us. And if we are not in Afghanistan and we are not in Iraq and we are not in Syria, then from where exactly are we going to conduct operations against terrorism? From where exactly are we going to be postured to defend ourselves if Iran decides to strike our other military facilities in the region? The answer is, we won't have anyplace to do that from. We won't. Not to mention what it says to the region. Understand this: The Iranians and our enemies in the region have been telling everyone for a long time--and the Russians echo this--``The Americans are unreliable. They always abandon their friends. You can't count on them'' or ``America is a declining power.'' That is the other argument they use openly: ``America is a great power in decline, and every year that goes by, you will see that they can't back up their words, and that is why you can't count on them. America is weakened.'' I don't believe that is true. In fact, we know that is not true. But halfway around the world, they do, and when we take actions that prove it, it makes it true in the minds of a lot of people and a lot of countries, and it actually is dangerous because it could invite someone to take a reckless and irresponsible action on the basis of miscalculation. Someone may actually believe ``America is now weak; let's attack them,'' and then we will be in a war. The best way to prevent a war is to make sure those who want to fight you know they have no chance of winning. If you give them any belief that they have a chance to win because you have withdrawn and, as a result, reinforced the narrative being used against you, I believe you will have increased the chance of war. This is being used against us right now. Iran is openly parroting this. They are holding this up as an example of an Iranian win. They are saying: This proves our strategy has been working. The Americans are leaving Syria. They are going to have to leave Iraq. They are going to leave Afghanistan with their tail between their legs. We are winning, and they are losing. It reinforces a narrative, by the way, that is also used against us by the Chinese and other parts of the world. This is a very dangerous situation. That is why this is a bad idea. This is about a lot more than just pulling out and not wasting any more money in these other places. There is no one in the world who wishes that more than I do. I wish the money, I wish the lives, I wish all of this investment had not had to be spent. I openly wonder, how much more could we be doing if we didn't have this threat? But here is the problem: Whether or not we want it to exist, the Iranian threat and the threat of terrorism exist. We cannot deal with the world the way we want it to be; we have to deal with the world the way it is. We didn't create the terror threat, but it is there. We can ignore ISIS, we can ignore al-Qaida, and we can ignore Iran, but they will not ignore us. We can decide not to go after them, but they will come after us. I think it is a grave mistake because if we allow al-Qaida or ISIS or both to have a resurgence, they will attack the United States of America, they will attack our allies and our interests around the world, and they will try and they will plot to attack us here at home. The Iranian influence operation and their growth and influence in Iraq and Syria and now in Lebanon and increasingly in Yemen--and God forbid, in the future, in Bahrain--pose an existential threat to all of our allies in this region--none more so than the State of Israel. That is why I support this amendment. That is why I hope all of my colleagues will support this amendment. It is important that the legislative branch and the Senate, which has a constitutional role to play in the setting of American foreign policy--they come to us to confirm people, and they come to us to ***fund*** these things--that we play our rightful role in the setting of American foreign policy. It is important that the Senate be on the right side of this issue so that we can hope to influence future actions and policies before they are taken and we can help change them once they have been taken in places headed in the wrong direction. Mr. President, I yield the floor Mr. LEAHY. Mr. President, the McConnell amendment expresses the sense of the Senate regarding the withdrawal of U.S troops from Syria and Afghanistan, an action I have long supported. Many Senators, including several of the cosponsors of the amendment, have supported the exact opposite position and would prefer to send more U.S troops to both countries. I believe that our military and diplomatic presence in Syria and Afghanistan should be determined by strategy and not by Presidential whims. I believe that our strategy should be developed with the thoughtful input of experts, both in executive agencies and in Congress. I believe that strategy should be consulted and coordinated with allies and partners and that it should be debated thoroughly in Congress. I believe that our commitments should not be open-ended and should have realistic and achievable goals that bring them to completion. As the new Congress convened, amidst a government shutdown, the majority leader sought to bring S. 1, this so-called Middle East security bill, to the floor. Now, he has brought a hastily drafted amendment to the table, one that on its face seems to rebuke the President's impulsive announcement earlier this month that he was precipitously withdrawing troops from Syria. Congress should debate this issue. I support bringing our troops home from Syria and Afghanistan, and the manner and pace in which that occurs should be the subject of a full debate here in the Senate. We should have a debate about the scope of authorities under current authorizations for the use of military force, AUMFs, and whether new AUMFs are warranted. This amendment may be designed to put Members on the record opposing the President's announcement, but in Congress, we should have more meaningful debates that influence policy and practice rather than fuel headlines. I hope the majority leader will soon schedule that debate. The PRESIDING OFFICER. The Senator from Wyoming. Mr. BARRASSO. Mr. President, I ask unanimous consent that the vote scheduled for 3 p.m occur now. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. Cloture Motion The PRESIDING OFFICER. Pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will state. The senior assistant legislative 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 move to bring to a close debate on the Senate amendment No. 65 to Calendar No. 1, S. 1, a bill to make improvements to certain defense and security assistance provisions and to authorize the appropriation of ***funds*** to Israel, to reauthorize the United States-Jordan Defense Cooperation Act of 2015, and to halt the wholesale slaughter of the Syrian people, and for other purposes. Mitch McConnell, John Thune, Thom Tillis, John Cornyn, Mike Crapo, Roy Blunt, Josh Hawley, Rick Scott, Deb Fischer, David Perdue, Mike Rounds, John Barrasso, Johnny Isakson, Cory Gardner, Dan Sullivan, Steve Daines, Todd Young. The PRESIDING OFFICER. By unanimous consent, the mandatory quorum call has been waived. The question is, Is it the sense of the Senate that debate on amendment No. 65, offered by the Senator from Kentucky, Mr. McConnell, to S. 1, a bill to make improvements to certain defense and security assistance provisions and to authorize the appropriation of ***funds*** to Israel, to reauthorize the United States-Jordan Defense Cooperation Act of 2015, and to halt the wholesale slaughter of the Syrian people, and for other purposes, shall be brought to a close? The yeas and nays are mandatory under the rule. [[Page S789]] The clerk will call the roll. The legislative clerk called the roll. Mr. THUNE. The following Senators are necessarily absent: the Senator from Tennessee (Mr. Alexander), the Senator from Missouri (Mr. Blunt), the Senator from Georgia (Mr. Isakson), the Senator from Kansas (Mr. Moran), the Senator from Kentucky (Mr. Paul), the Senator from Georgia (Mr. Perdue), and the Senator from Alaska (Mr. Sullivan). Further, if present and voting, the Senator from Tennessee (Mr. Alexander) would have voted ``yea,'' the Senator from Kansas (Mr. Moran) would have voted ``yea,'' and the Senator from Alaska (Mr. Sullivan) would have voted ``yea.'' Mr. SCHUMER. I announce that the Senator from Ohio (Mr. Brown) and the Senator from Illinois (Mr. Durbin) are necessarily absent. The PRESIDING OFFICER (Mr. Braun). Are there any other Senators in the Chamber desiring to vote? The yeas and nays resulted--yeas 68, nays 23, as follows: [Rollcall Vote No. 13 Leg.] YEAS--68 Barrasso Bennet Blackburn Blumenthal Boozman Braun Burr Cantwell Capito Carper Casey Cassidy Collins Coons Cornyn Cortez Masto Cotton Cramer Crapo Daines Duckworth Enzi Ernst Feinstein Fischer Gardner Graham Grassley Hassan Hawley Hoeven Hyde-Smith Inhofe Johnson Jones Kaine King Lankford Manchin McConnell McSally Menendez Murkowski Murray Peters Portman Reed Risch Roberts Romney Rosen Rounds Rubio Sasse Scott (FL) Scott (SC) Shaheen Shelby Sinema Stabenow Tester Thune Tillis Toomey Warner Whitehouse Wicker Young NAYS--23 Baldwin Booker Cardin Cruz Gillibrand Harris Heinrich Hirono Kennedy Klobuchar Leahy Lee Markey Merkley Murphy Sanders Schatz Schumer Smith Udall Van Hollen Warren Wyden NOT VOTING--9 Alexander Blunt Brown Durbin Isakson Moran Paul Perdue Sullivan The PRESIDING OFFICER (Mr. Braun). On this vote, the yeas are 68, the nays are 23. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to. The clerk will report the bill by title. The bill clerk read as follows: A bill (S. 1) to make improvements to certain defense and security assistance provisions and to authorize the appropriation of ***funds*** to Israel, to reauthorize the United States-Jordan Defense Cooperation Act of 2015, and to halt the wholesale slaughter of the Syrian people, and for other purposes. The PRESIDING OFFICER. The Senator from New Jersey. Amendment No. 96 to Amendment No. 65 Mr. Menendez. Mr. President, I call up Menendez amendment No. 96. The PRESIDING OFFICER. The clerk will report. The bill clerk read as follows: The Senator from New Jersey [Mr. Menendez] proposes an amendment numbered 96 to amendment No. 65. Mr. MENENDEZ. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with. The PRESIDING OFFICER. Without objection, it is so ordered. The amendment is as follows: (Purpose: To clarify that the amendment shall not be construed as a declaration of war or an authorization of the use of military force) At the end of the amendment, add the following: (c) Rule of Construction.--Nothing in this section shall be construed as a declaration of war or an authorization of the use of military force. The PRESIDING OFFICER. The Senator from Idaho. Mr. RISCH. I would like to ask Senator Menendez, is it your understanding that your amendment does not affect any existing legal authorities governing the use of military force? Mr. MENENDEZ. Yes, that is my understanding. My amendment should not be construed to affect in any way any existing authorities governing the use of military force. It only clarifies that the McConnell amendment is not an authorization for the use of military force or a declaration of war. Mr. RISCH. I thank Senator Menendez. Based on our understanding of your amendment, I will be supporting it. The PRESIDING OFFICER. The Senator from New Jersey. Mr. MENENDEZ. Mr. President, the Senate just invoked cloture on the majority leader's amendment, and I now rise to urge support for my second-degree amendment, the one where the colloquy included in the Record between the chair of the Senate Foreign Relations Committee and me leads to the conclusion of his support. I believe the amendment will also have the support of the majority leader and the rest of the body. The inclusion of my amendment will be essential for my vote in support in terms of moving forward. As I have stated over the past month, I continue to be seriously concerned that precipitously withdrawing U.S troops from Syria and Afghanistan will deeply harm American interests and security. With that in mind, I am generally supportive of Senator McConnell's amendment to S. 1, which echoes what I have been saying for much of the past 2 years, calling on the administration to develop a real strategy for securing our interests in the Middle East, including combating terrorist groups and effectively confronting Iranian and Russian aggression, and calling on the administration to more effectively engage with the legislative branch. I share in the belief that the way in which the President announced his Syria withdrawal--with no plan, without consultation with Congress or our allies or consideration of the implication for our partners--is not in our interest. American troops on the ground are on the frontline, fighting for our interests and also providing leverage to achieve diplomatic success. At the same time, it is imperative that this body, which has the responsibility to authorize the use of military force, emphasize that such force alone will not protect our interests; that military force alone cannot defeat ISIS, al-Qaida, or other nonstate actors; and that military force alone will not provide enduring, sustainable peace and security against our adversaries. More importantly, when we do send our sons and daughters into combat, we should do so only after careful consideration and consultation and with clear objectives and strategy--a strategy that requires investments into diplomatic efforts in coordination with our allies and partners. I want to make it crystal clear that the McConnell amendment cautioning against a precipitous withdrawal of U.S troops in no way constitutes Senate support for their permanent presence for an undefined mission. As a legal matter, my amendment makes clear one critical point: Nothing in the McConnell amendment can be construed as an authorization for the use of military force. Authorizing military force is simply not part of the debate on either the McConnell amendment or S. 1. At the end of the day, I would like to see all of our troops back home and off the battlefield. I believe we must continue to have comprehensive strategies to achieve that outcome. So, in conclusion, I believe the majority leader's amendment sends an important message to the President--that while he is the Commander in Chief, the legislative branch will continue to exercise the due diligence and oversight of his actions regarding our security and interests abroad. It also sends a message that the United States will not abandon our allies and our partners. I particularly worry about the Kurds in this regard, who have been some of the most significant fighters on the ground in Syria and who are also in pursuit of our interests there. We cannot send a global message that once we have finished using you for our purposes, we will leave you to die on the battlefield. That sends a message across the globe: Don't fight, and don't join the United States because when it finishes with you, it will leave you to die on the battlefield. I want to make it clear to the American people, however, that we are not in the business of authorizing open-ended conflicts or of keeping our troops on the battlefield forever. Our safety [[Page S790]] and security depend on holistic, comprehensive strategies, and I look forward to working with my colleagues on both sides of the aisle to ensure that we are effectively using our powers to make sure the President is effectively using his. I yield the floor. The PRESIDING OFFICER. The Senator from Maine. Select Committee on Intelligence's Hearing on Worldwide Threats Mr. KING. Mr. President, I rise to discuss for a few moments reflections upon the hearing we had this week in the Intelligence Committee on worldwide threats. This is an annual hearing and is in public, at least the first part. Then there is a closed session afterward with the heads of our intelligence Agencies--the CIA, the FBI, the NSA, the Defense Intelligence Agency, and, of course, with the Director of National Intelligence. This is an important hearing because it basically outlines to the American people the threats we face and the seriousness of those threats. It is an opportunity for those of us on the committee and for Members of the Senate in general to understand the nature of the threats, what the intelligence is, and what the information is that we have to help us make good policy decisions. Good intelligence is crucial to making good decisions. We live in an incredibly complex world, and my work on the Intelligence and Armed Services Committees over the past 6 years has educated me as to just how complex and difficult a lot of these issues are. I remember a long discussion about the Middle East at one of the Intelligence Committee meetings, and one of the members on the committee said that this is a really hard, complicated subject. The witness that day, who was from the CIA, said: ``Welcome to the Middle East.'' These are very difficult issues, but in order to make rational, thoughtful, important, and very results-oriented decisions based upon the information from these hearings, we have to know the facts. We have to understand what the implications are and what the likely results are but also, more fundamentally, just what is going on, on the ground. Whether you look back 50 years, 100 years, or 150 years, often our worst foreign policy misadventures have been based on one of two things--either bad intelligence or intelligence that was somehow skewed in order to meet the desires of the policymakers. If we don't have good intelligence, we can't make good decisions. A lot of attention has been paid to the people who were testifying at that hearing--as I mentioned, the heads of the FBI and the CIA and the Directors of National Intelligence, Defense Intelligence, and the National Security Agency. Yet those individuals were speaking on behalf of thousands of other people who are scattered around the world, who often risk their lives to gain the information they were sharing with us that day. It was not Dan Coats' opinion or Gina Haspel's opinion or Paul Nakasone's opinion. They were distilling and presenting to us the intelligence and the information that had been developed by their good people over the course of the past month, week, years to inform us and to inform the President of the best information available so we can make the best decisions. After the hearing, what disturbed me was the reaction of the President of the United States. Instead of absorbing and listening to this information, he dismissed it. He not only dismissed the information, but he dismissed the messengers and said they had to go back to school or that they were being naive. Now, I don't want to be heard as having said that the intelligence community always gets it right. I know, in my having sat through hearings on Afghanistan and Syria and on many of the other difficult subjects we face, that there are mistakes made and that Dan Coats does not have a direct line to the Almighty in terms of the facts. They are not always right. Yet, if one is going to dismiss their findings, it should be based upon some additional set of facts or information from some source. There were two things that bothered me about the President's reaction. One was he essentially dismissed the facts in a whole series of cases--of Iran and ISIS. Those were two we talked about. With regard to North Korea and Russia, basically, he said: I don't believe any of it. The problem with that is, it undermines the confidence you have in the decision-making authority at the highest level if facts don't matter. The information that is supplied is not by Dan Coats, not by Gina Haspel, not by Paul Nakasone but is the view--the distilled wisdom--of the thousands of people whose job it is, whose profession it is, to ferret out the truth. At the beginning of the hearing, Dan Coats gave the best synopsis I have ever heard of the mission of the intelligence Agencies, of the mission of our intelligence community. It was very simple--to seek the truth and to speak the truth. That is exactly what they did at that hearing. They sought the truth through the auspices of these very professional, very thorough Agencies that are scattered throughout the world. Then they spoke the truth by telling us what they learned. The second problem I have with the President's reaction is a little more subtle, and this goes to the heart of the relationship between the intelligence community and policymakers. The subtle message that was being sent was: Don't tell the boss things he doesn't want to hear. Don't give it to us unvarnished. Style the information; sly the information; amend the information in order to meet what is perceived to be what the boss wants to hear. Whether the boss is this President, a past President, or a future President, that is disastrous. The intelligence community has to deal in facts and information, not policy, but if the message is sent down through the ranks of ``don't give me an assessment that disagrees with where I started,'' that will start to happen. Indeed, it is human nature. All of us want to be in the good graces of the boss. All of us want to give our superiors information they want to get. I was in law school over 50 years ago and had a friend who had been a captain in Vietnam. He told the story of being on the ground in Vietnam. There was a skirmish in which a half a dozen Viet Cong were killed. He filed his report. His report went to the division. At that point, half a dozen became 15. It went to headquarters where 15 became 50. It then went to Washington where 50 became 150. That is because Washington wanted to see higher counts. That was the perception that corrupted the process, not because people were being corrupt in the sense of being evil or of wanting to do wrong but because they were doing what is human nature, which is ``I want to please the person above me in the chain of command.'' If the President of the United States is not so subtly telling the intelligence community what he wants to hear, that will inevitably affect the quality of the product he receives, which, indeed, will also inevitably affect the quality of decisions he makes. Again, I am not saying the intelligence community is always right. I certainly believe the President or any other policymaker, including Members of Congress who receive this information, need to review it critically--ask questions, probe and prod--and try to be sure the information is correct, but to dismiss it out of hand in a tweet, it seems to me, is dangerous. It is dangerous because it undermines the Executive's authority to make good decisions based upon the facts, and it is dangerous because it has the potential for skewing the information itself in the future. Either one of those things is a danger to national security. If the President has facts that are different than those that are presented by the intelligence community, he should at least present them and say: This isn't consistent with what I learned at ``such and such'' a conference or what I am hearing from the State Department or from what I am hearing from Homeland Security. Yet to simply say they are naive, that they don't know what they are doing, and they should go back to school denigrates the work of thousands of loyal, patriotic Americans who are doing their level best to produce information upon which good decisions can be made. I stand today not to say the intelligence community always gets it right but to say the intelligence community should at least get an honest hearing and that the information they present is important to this country. It is important to the President, and it is important to the Congress. The day we [[Page S791]] start encouraging them to skew the information is the day the national security of this country is at risk. I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The bill clerk proceeded to call the roll. Mr. MURPHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Amendment No. 65 Mr. MURPHY. Mr. President, I come to the floor today to express my opposition to the amendment before the Senate right now with respect to the disposition of American forces in Syria. First, for my colleagues, let me stipulate that President Trump's Syria policy has been an absolute mess. It has been a train wreck. It has been a dumpster fire on a daily basis. That is something Republicans and Democrats can agree on, and I assume that is the reason we are having this debate right now. There is bipartisan consternation over a policy in Syria that seems to change daily. It often changes based upon who the last person was to walk into the Oval Office or catch the President's ear. The current policy seems to be that the President is intent on pulling out the 2,000 or so troops that are there at the request of the leader of Turkey. He would love to see the United States pull out so that he could move his troops in and overrun the Kurdish forces, which have been our partners for several years in trying to root out ISIS and extremist groups from Syria. Let me also stipulate that I was one who did not support sending American troops into Syria in the first place. I have never believed that there is a military solution, led by the United States, to the host of problems that ravage that country. But once you have made that commitment, if you are going to undo it, you have to do it in some orderly fashion. To simply decide on a moment's notice, without any discussion with our allies or partners, that we are moving troops out is the wrong way to undo a commitment that I would argue was wrong in the first place. You have to have a plan in place for the security of those you are leaving behind--both the Kurdish forces that you have pushed to bring the fight to ISIS, as well as all of the civilians who could be caught in the crossfire between an advancing Turkish force and a defensively oriented Kurdish force. This is not why I am on the floor today--to try to, once again, rehash all of the ways that Trump's policy in Syria has gone wrong. I want to talk about why this amendment is not the right way for us to proceed as a means of correcting Trump's backward policies and how it could, frankly, get us more deeply mired into a series of conflicts in the Middle East, which are not supported--nor will they be supported-- by the American people. First, we should be debating an authorization of military force for American forces in Syria, not an amendment that restricts an illegal use of military force. The President does not have congressional authorization to use U.S troops to fight ISIS in Syria or anywhere else. He claims he does because he has taken the 2001 AUMF and suggested that because some elements of al-Qaida eventually became elements of ISIS, that authorization continues. There is no one who voted then for that authorization some 17 years ago who thought that it would now be used as a means to fight a very different terrorist organization. We should be having a debate about renewing America's authorization of military force so that it is updated for the enemies we are actually fighting, instead of conceding that the President has what is now, potentially, unlimited ability to fight anyone, anywhere around the world, who has any kind of affiliation to a terrorist group named 17 years ago. We are not doing that. Instead, through this amendment, in some way, shape, or form, we are ratifying the President's extra- constitutional use of military force overseas, green-lighting the continued end-around on congressional authorization that this President and many other Presidents would like to continue. Let me also concede that this perversion of the 2001 AUMF was not invented by President Trump. It was invented by President Obama. I opposed it then, as I oppose it now. Second, the language of this bill suggests that our mission inside Syria is not just to fight ISIS. The language of this bill suggests that our troops are in Syria to fight Iran as well. Over and over again, this amendment is peppered with references to the rationale for our existence in Syria being not just to fight ISIS but also to counter Iranian influence. In fact, the amendment lists a series of conditions that we believe need to be filled before troops are to be withdrawn. Among those conditions is a strategy to ``stop Iran from dominating the region.'' That is an interesting debate for us to have: What should be the role of the United States to stop Iran from dominating the region? I agree with my Republican colleagues that it is not in the security interests of the United States, nor our allies, for Iran to continue to gain a bigger foothold in the region, but there is absolutely no congressional authorization for U.S forces to be in Syria to counter Iran or to fight Iran or to try to be a bulwark against Iranian aggression. No matter what kind of hoops you jump through to try to contort the 2001 AUMF to counter ISIS, you cannot get it to cover Iran. This resolution--I don't know that it suggests, but it essentially admits--it asserts--that our troops are inside Syria today not just to fight ISIS but to stop Iran from gaining a bigger foothold there and, in fact, makes a condition of our troops' withdrawal be a strategy to continue to press back against the Iranians. There is no AUMF for that. Let me tell you my real worry. Putting a bipartisan stamp of approval today on an amendment that suggests our troops are inside Syria, in part, to counter Iran will ultimately empower those in the administration who are rooting for actual war with Iran. If Democrats and Republicans say here, today, that our mission inside Syria is ultimately to fight Iran, then doesn't that potentially put some imprimatur of congressional support for a bigger conflagration with Iran that some in the administration may be trying to achieve? Third, this amendment leaves the impression that there is an American-led military solution to all of the vexing problems inside Syria. There is none. There is none. If we really want to have a debate about the future of American policy in Syria, then we need to come to the conclusion that, ultimately, if we want to be a real player in the long-term disposition of Syria for the betterment of the Syrian people, then American diplomats, American refugee programs, and American economic development aid are going to be much more dispositive than 2,000 American troops. Let me give you an example. In Northern Syria, where the Kurds exist and where American troops are for the time being, we have a problem. As I outlined before, the problem is a relatively simple one. We have pushed the Kurds to become more and more influential in the military and governance matters of that region. That was important for us because the Kurds were the most likely fighting force to be able to oust ISIS, but we knew ahead of time that this was going to create a problem with the Kurds, who see the YPG--the Kurdish military--as a terrorist group. We don't agree with them, but we knew ahead of time that the Turks would not stand for the long-term empowerment of the YPG in those portions of Syria. We have now reached the point at which the rubber hits the road--at which Erdogan has said: We are not going to stand for that. We are going to bring our troops in, creating a potential flashpoint there. There is a solution here, and Erdogan outlined it in an op-ed he wrote for a major American newspaper. He said: Well, listen, we understand the Kurds are going to have to be influential, but it has to be Kurds we support, not Kurds we believe to be affiliated with terrorist groups. That is a really tricky needle to thread, and I am not sure that it ever can be threaded. But the way you do that is, frankly, not with tanks or with American marines but with diplomats and with experienced [[Page S792]] foreign policy hands--people who know how to work out a complicated political arrangement in which the Kurds continue to be able to run that region but the Turks decide to hold back and not press forward militarily. That is a diplomatic and political quandary that cannot be solved by the American military. This amendment seems to suggest that we can solve all of our problems--or many of our problems--if we just keep 2,000 troops there. Fourth, the back end of this amendment lays out a series of criteria that have to be fulfilled before the troops can be removed. I mentioned one of them--that there has to be a strategy to combat Iranian influence. The final of these criteria is that ISIS has to have been substantially defeated in the region and a certification has to be made to that effect. Well, let me ask my colleagues this--it is a legitimate question, not a rhetorical one. I don't know the answer, and maybe someone can provide it to me. When was the last time this Congress tied the Executive hands in that way? When was the last time this Congress actually laid out the conditions by which the Executive cannot withdraw troops from a region? That seems to be a very curious exercise of our foreign policy oversight responsibility. I am someone who has suggested for a long time that we have largely abdicated that responsibility. I would love for us to be debating foreign policy and exercising our oversight more often, but the idea that we would, as a legislative body, tell the President that he cannot withdraw troops from a place unless x, y, and z criteria are met seems to be dangerous and restrictive because there are all sorts of conditions that you can imagine that aren't listed in this amendment by which a President may feel it is in our best interest to bring troops home. The Constitution doesn't vest in this Congress the power to undeclare war. It vests in us the power to declare war. To me, I worry that by restricting the aperture by which the President can make an argument to bring troops home, we ultimately will end up having them be in harm's way for longer than is necessary. Maybe this isn't unprecedented. Maybe there are other times where we have done this, but it does seem to be fairly unprecedented for the legislature to tie the Executive's hands and tell him or her that he has to keep troops in a place for a certain ***period*** of time. I wanted to come down to the floor and express my reservations about this amendment. Again, I wish we were having a debate on an AUMF. I wish this weren't the way in which we were exercising our constitutional prerogative on foreign policy. I am deeply worried-- deeply worried--about language in this amendment that empowers those in the administration who are jonesing for a fight with Iran. I do not believe that however capable and brave our troops are in Syria, they ultimately are the answer. If we want to have a debate on Syria policy, let's talk about all the other ways that we need to engage in Syria in order to bring stability to that place. I do worry about how we tie this President's hands or any President's hands when they want to bring our troops home and get them out of harm's way. Trump has completely botched policy in Syria, but that shouldn't go-- even Trump's most ferocious opponents--from endorsing endless wars. That shouldn't require Democrats to be against everything that he is for. He is pulling our troops out in a way that I oppose, but I worry about the long-term implications of this Congress asking for a fight in Syria that is unauthorized and then tying the President's hands when it comes to getting troops out of harm's way in places in far-off lands. I oppose the amendment and encourage my colleagues to do the same. I yield the floor. The PRESIDING OFFICER. The Senator from Alabama. Lilly Ledbetter and Paycheck Fairness Act Mr. JONES. Mr. President, I rise to talk about the issues of fairness, of equality, and of basic dignity. In the greatest Nation on Earth and the leader of the free world, women are paid 80 cents for every dollar paid to men--80 cents for every dollar. That disparity is starker yet for women of color. Black women are paid 61 cents on the dollar. Latina women are paid just 53 cents on the dollar. Alabama, my home State, has the fourth biggest gender wage gap of any State in the country. That is just inexcusable. Those cents add up to real money, about $10,000 on average for every woman working a full-time year-round job. That is a total of about $900 million lost each year for American women--every single year, a total of $900 million. That is real money, and that is increasing. This gap persists regardless of education status and across different jobs, opportunities, and industries. It persists despite laudable efforts here in Congress over the past 50 years to start chipping away at this problem. Most importantly, these lost wages impact women's ability to pay their rent or mortgages, to save for their children's college tuition, or to pay off existing debt. Think about this. This disparity can have lifelong consequences for the quality of life of women and their families. Fortunately, there are steps we can take that have already had tremendous support. I want to bring this home a little bit because we were looking at some statistics recently. If you factor in the fact that women are making so much less--a total of $900 million; think about this--this is not just a matter of discrimination. It is a matter of economics. According to a 2015 Center for American Progress report, 42 percent of mothers were the sole or primary breadwinners for their families in 2015, bringing in at least--at least--half of their family's incomes. Black and Latina mothers are more likely to be the breadwinners than White mothers. In fact, 70.7 percent of Black mothers and 40.5 percent of Latina mothers were the primary or sole breadwinners in 2015, compared with 37.4 percent of White mothers. Not all of those women are going to be the subject of pay discrimination. We know that. But the fact is that there is likely to be a huge percentage. If there is $900 million, that is a pretty big percentage. By equalizing the pay for men and women--equal pay for equal work, which we all talk about but which in theory and in practice just doesn't happen--we can raise the standard of living for families across this country, and we can raise the standard of living for families in a State like Alabama, where it is desperately needed. These disparities, as I said, can have lifelong consequences for the quality of life of women and their families. Fortunately, there are steps that have already been taken. Just yesterday, I was proud to join my colleague Senator Murray and a host of others--in fact, I think it is almost all Democrats in the Senate, all Democrats in the House, and one Republican in the House--to reintroduce the Paycheck Fairness Act, a modest, commonsense solution to the problem of pay inequity which persists despite the existence of Federal and State equal pay laws. Introduction of the Paycheck Fairness Act also just so happened to fall on the day after the 10th anniversary of the signing of the Lilly Ledbetter Fair Pay Act. The group who introduced this bill yesterday was joined here in Washington by Ms. Ledbetter herself. Lilly Ledbetter, from Alabama, is a great friend of mine and a native Alabamian. She was born in Jacksonville, AL, about an hour and a half hour from where I grew up, just outside of Birmingham, in Fairfield. She married her husband Charles after graduating from high school, and they had two children, Vicky and Phillip. After almost 20 years working at the Goodyear Tire and Rubber plant in Gadsden, AL, just as she was nearing retirement, Ms. Ledbetter learned she was making thousands of dollars a year less than the men in her same position. She decided to take some action. She sued to try to get her backpay and to try to end that discrimination. The case went all the way to the U.S Supreme Court. Unfortunately, the Court found that her claims were time-barred because she hadn't filed a lawsuit 180 days from the day of her first paycheck, 20 years earlier, even though she was totally unaware of the discrimination that existed for that 20-year ***period***. Because of her fight--which, again, she took all the way to the Supreme [[Page S793]] Court of the United States--Congress ultimately passed in 2009 the Lilly Ledbetter Fair Pay Act, which restarts the 180-day clock every time a discriminatory paycheck is issued. Now, for the 12th time, Congress has introduced the Paycheck Fairness Act, which ensures robust protection against sex-based pay discrimination. This vital legislation has been introduced in every single congressional session since 1997. It is absolutely inexcusable that versions of this very commonsense bill have had to be introduced 12 times and that it has yet to become law. The Paycheck Fairness Act would require employers to prove that disparities in pay are job-related and necessary and not based on sex. It would make it illegal to retaliate against workers for discussing their wages. It doesn't require employers to make wages public, unlike all of us who work for the government. It doesn't require that. It doesn't make them public, but it does make it illegal to retaliate against workers who simply discuss how much money they are making. It would amend the Equal Pay Act of 1963 so that wronged workers can participate in class-action lawsuits challenging systemic--systemic-- pay discrimination. It would also prohibit employers from relying on salary history in determining future pay so that pay discrimination doesn't follow women from job to job. Finally, this legislation would help businesses to facilitate equal pay practices. Earlier this month, a historic number of women were sworn in to the 116th Congress--a historic number. Women are increasingly the primary breadwinner or the cobreadwinner in their families. Statistics are showing that every year those numbers increase. They cannot afford to get shortchanged. The Lilly Ledbetter Fair Pay Act of 2009 was an essential step forward in the fight for equal pay. I am proud, as we commemorate the 10th anniversary of the Lilly Ledbetter Fair Pay Act, to once again be a cosponsor of the Paycheck Fairness Act, which will continue the fight started by my friend Ms. Ledbetter more than 20 years ago and provide employees and employers--employees and employers--with new tools to battle pay gaps and pay discrimination. Yesterday, Ms. Ledbetter came by to visit the office, as she always does. She comes by to see me. We were talking about this. My wife Louise was there, and we were having a discussion about how she was doing and how the bill 10 years ago affected her and so many others, and she made a really interesting statement. She said: You know, I really don't want to be here, Senator. Actually, she called me Doug. That is what she does, and she should. She said: I don't want to be here. I shouldn't have to be here. I shouldn't have to come up to the Congress of the United States every year simply to advocate for equal pay for women who are doing the same job as the men. I would prefer to be home, back in Alabama, playing with the family and the grandkids. I don't need to be here. It really struck me: Why are we doing this every year? What could be the possible reason? Then, this morning, I was doing a media call with some folks back in Alabama, and I was asked about this. There was a recent editorial in one of our media and in our newspapers. As is it always with all of the comments online, which these days I just refuse to read because they get so crazy, there were so many that talked about the fact that this is just fake news--that women really aren't treated differently and that their pay is not below. I couldn't believe it. Every statistic shows that. My response to that is, also, this: If that is the case, then no one should be afraid of this bill. If every business is treating their women employees as fair as their men, they shouldn't worry about this. They should encourage it, because we know there will be some out there that are not doing it. So if this is fake news, all the better. Let's pass this bill. Let's make sure we have in law the opportunity for women to get those equal wages. I have a daughter who is getting into the workforce after getting a Ph.D She deserves the same pay as the Ph.D.s with similar experience wherever she ends up in colleges or universities. I have two granddaughters, Ever and Ollie, whom I want to grow up in a world where they don't have to worry about this, where they don't have to come to Congress in 30 years or 40 years--just like Ms. Lily Ledbetter has to do each year--to advocate for women and their rights, to make sure their families are taken care of in the same manner as their male counterparts' families. It is the least we can do for the women in our country who work so hard, who represent the backbone of the American way with their families, who raise their children, who work hard and do all of those things we need to be proud of. It is the least we can do to simply say: The Congress of the United States acknowledges you, we appreciate you, and we want to make sure you are treated fairly. I would urge all of my colleagues--particularly my colleagues on the other side of the aisle--to get behind this legislation, and let's get this passed this year so that we don't have to worry about it again. I yield the floor. The PRESIDING OFFICER. The Senator from Nebraska. S. 130 Mr. SASSE. Mr. President, this place fancies itself the world's greatest deliberative body, but we would be deceiving ourselves if we ignored the biggest debate that has been happening in America over the last 36 hours. A publicly elected official--Governor of one of the 50 States--has been defending a practice that is morally repugnant. The Governor of Virginia has been defending a practice that is repugnant to civilized people across the entire world. Here is just one of the ugly nuggets from Ralph Northam, the Governor of Virginia: ``If the mother is in labor . . . the infant would be delivered, the infant would be kept comfortable, the infant would be resuscitated (if that's what the mother and the family desired) and then a discussion would ensue between the physician and the mother.'' Let's be very clear about what we are talking about. We are talking about fourth-trimester abortion or what anyone in the normal world calls infanticide. That is what we are talking about, and the Governor of Virginia has been defending this all day yesterday and again today, going out and trying to equivocate and qualify and then double down and again say he wants to defend this practice, which is infanticide. Let's be clear about what we are talking about. We are talking about killing a baby who has been born. We are not talking some euphemism. We are not talking about a clump of cells. We are talking about a little baby girl who has been born and is on a table in a hospital or a medical facility, and then a decision or a debate would be had about whether you could kill that little baby. We are talking about the most vulnerable among us, and we have a public official in America out there again and again defending this practice. This is infanticide that we are talking about. This should be so far beyond any political consideration. We are talking about a little baby--a baby with dignity, an image bearer. We are talking about a tiny life that has done nothing wrong to warrant being left to die cold and alone on a table. Everyone in the Senate ought to be able to say unequivocally that killing that little baby is wrong. This doesn't take any political courage, and if you can't say that, if there is a Member in this body who can't say that, there may be lots of work you can do in the world, but you shouldn't be here. You should get the heck out of any calling in public life where you pretend to care about the most vulnerable among us. There should be no politics here that are right versus left or Republican versus Democrat. This is the most basic thing you could be talking about. We are talking about a little baby born alive, and we have a public official in America defending the idea: Well, you could have a debate about killing her. That is why today I am starting a dual-track legislative process to make sure this body has a clear-eyed look at the issue before us, has a clear-eyed look at this atrocity, and to make sure the 320 million men and women who are actually our bosses--to be sure [[Page S794]] they have a clear-eyed look at what we stand for. Do we stand with those little, vulnerable babies in desperate need of care and comfort and support, medical treatment, food, or do we stand with the comments of the Governor of Virginia over the last 2 days? Tonight, I am beginning what is known as the rule XIV process. That is an expedited procedure for floor consideration of my legislation, the Born-Alive Abortion Survivors Protection Act. In addition, I want to announce that on Monday night, I am going to be sure that every Senator has the opportunity to come to the floor and say whom we stand for and what we stand against. So I want to announce that in addition to the rule XIV process that I am going to initiate in a moment, I also want Senators to be aware that on Monday evening, I am going to be asking unanimous consent for Senators to come to the floor and pass the Born-Alive Abortion Survivors Protection Act legislation. I am going to ask all 100 Senators to come to the floor and be against infanticide. This shouldn't be complicated.

**Load-Date:** September 27, 2019

**End of Document**



[***Council of the European Union: Association Implementation Report on Ukraine PDF document ST 14037 2018 INIT09-11-2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SR7-M131-F0YC-N1W0-00000-00&context=1516831)

Impact News Service

December 1, 2018 Saturday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 11304 words

**Body**

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

14037/18 DF/mm RELEX 2.A EN Council of the European Union Brussels, 9 November 2018 (OR. en) 14037/18 COEST 217 WTO 288 COHOM 137 JAI 1110 COTER 153 FIN 869 ENER 369 TRANS 524 PROCIV 76 ENV 736 COVER NOTE From: Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director date of receipt: 7 November 2018 To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union No. Cion doc.: SWD(2018) 462 final Subject: Association Implementation Report on Ukraine Delegations will find attached document SWD(2018) 462 final. Encl.: SWD(2018) 462 final EN EN EUROPEAN COMMISSION HIGH REPRESENTATIVE OF THE UNION FOR FOREIGN AFFAIRS AND SECURITY POLICY Brussels, 7.11.2018 SWD(2018) 462 final JOINT STAFF WORKING DOCUMENT Association Implementation Report on Ukraine 1 Association Implementation Report on Ukraine 1. Summary In line with the revised European Neighbourhood Policy, this report sets out the state of play of Ukraine's commitments under the EU-Ukraine Association Agreement since the publication of the last Association Implementation Report on Ukraine on 15 November 2017, and ahead of the EU-Ukraine Association Council of 17 December 2018. In 2018, Ukraine has further advanced in its reform process, which is closely connected to the implementation of the Association Agreement (AA). During the reporting ***period***, Ukraine continued to set up inter-institutional mechanisms to further the Association Agreement implementation, including the Deep and Comprehensive Free Trade Area (DCFTA), and demonstrated additional efforts to streamline the process. The alignment of Ukraine's Government and Parliament was underpinned by their joint Roadmap for implementation of the AA adopted in February 2018 and updated in September 2018. In spring 2018, the Government presented its annual AA implementation report, setting out the state of play of the AA implementation sector by sector1. In line with Ukraine's European integration communication strategy, a first Government communication campaign 'Power of Opportunities' and a dedicated web portal2 were launched in May 2018. In 2018, a number of draft laws from the Roadmap for AA implementation3 were adopted, related to decentralisation, intellectual property rights, environment, company law, food safety and energy.

In addition, some progress has been reported in the implementation of certain sectoral commitments under the AA, in particular related to sanitary and phytosanitary issues, competition, trade remedies, transparency, public procurement, technical barriers to trade, environment, climate action, energy (including energy efficiency), financial services, intellectual property rights, customs, accounting and auditing. A number of important reforms in the social sector, launched at the end of 2017, are being carried out, in particular in the area of pensions, healthcare and education. Public administration and decentralisation reforms continued to be implemented steadily. Reforms also advanced in the areas of the judiciary and anti-corruption, albeit at a slower pace. The renewal of the judiciary continued with the newly established Supreme Court becoming operational in late 2017. However, there have been only few convictions in high-level corruption so far and none of them concerned top-level officials. The legislation establishing the new High Anti-Corruption Court was adopted in June 2018 and the selection of judges and other practical tasks have started. There has been progress in the establishment of an automatic verification system for electronic asset declarations, as the necessary verification software was launched in September and connections to some registers for cross-checking of information are established. Further measures are however required to establish a fully functioning system and to prove a convincing track record of effectively verified declarations of high-level officials. The issue of obliging anti-corruption activists and foreign members of supervisory boards of state-owned enterprises to file asset declarations remains unresolved despite commitments made by the Ukrainian authorities and repeated appeals by the EU. Economic and sectoral reforms have continued. On the reform of State Owned Enterprises (SOEs) and privatisation in the last financial reporting ***period*** large SOEs have continued 1 Link: [*https://eu-ua.org/zvity-pro-vykonannia-uhody-pro-asotsiatsiiu*](https://eu-ua.org/zvity-pro-vykonannia-uhody-pro-asotsiatsiiu) 2 Link:   [*https://eu-ua.org/*](https://eu-ua.org/). See also:   [*https://www.kmu.gov.ua/en/news/uryad-shvaliv-novij-brend-ukrayina-zaraz-sho-zabezpechit-yedinij-stil-prezentaciyi-derzhavi-v-sviti*](https://www.kmu.gov.ua/en/news/uryad-shvaliv-novij-brend-ukrayina-zaraz-sho-zabezpechit-yedinij-stil-prezentaciyi-derzhavi-v-sviti) 3 The September 2018 version of the Roadmap consists of a package of 50 draft laws in total. 2 increasing profit levels and in 2018 several independent Supervisory boards were established. On privatisation the main success has been the sale of hundreds of small assets with several other hundred expected by the end of the year. The reform of the banking sector continued, with strengthening regulatory and supervisory environment, developing strategies on how to address the high level of non-performing loans and reforming state-owned banks. Furthermore, while steps have been taken towards recovering embezzled ***funds*** of almost USD 5.5 billion of PrivatBank prior to its nationalisation by filing court cases, there is little progress so far on the recovery of the misappropriated state ***funds*** as well as on related measures of prosecution. In the energy sector, Ukraine has continued the work on developing secondary legislation, based on the legislative changes adopted over the past years. Moreover, work on energy efficiency has substantially progressed with the operationalisation of the Energy Efficiency ***Fund*** with substantial financial EU support linked to clear conditionality advancing reforms in the sector. However, there has been little progress in the creation of independent gas and electricity transmission system operators. The renewal and unblocking of the Energy Regulator took place in June 2018. In some areas, such as transport, legislative approximation is delayed. Despite the stabilisation of the economy achieved over recent years, Ukraine continues to rely on international financial assistance (including by the International Monetary ***Fund*** (IMF)4 and EU macro-financial assistance programmes) to preserve its macroeconomic stability. A landmark bill on the reform of the security sector was adopted in June 2018, introducing the principle of parliamentary scrutiny over the security apparatus. All these developments occurred while the country continues to be affected by the ongoing destabilising actions by Russia in the east of Ukraine, the illegal annexation of Crimea and Sevastopol, further militarisation and hindering and delaying the passage of vessels in the Azov Sea and construction of the Kerch bridge without Ukraine's consent. 2. Political dialogue, good governance and strengthening institutions 2.1 Democracy, human rights and good governance Ukraine has a parliamentary-presidential system. The next regular presidential elections are expected in March 2019 and parliamentary elections in October 2019. Local self-government has been strengthened by the decentralisation reform launched in 2015, which has further advanced in 2018, with 705 new amalgated hromadas (municipalities) established since 2015. The law which allows major cities of a region (Oblast) to become part of the amalgamation process was adopted in May 2018. On 20 September 2018, the Parliament appointed 14 new members of the Central Election Commission (CEC), to replace those whose mandates expired in 2014 and in 2017. One seat remains vacant. The renewed CEC scheduled constituent local elections in over 120 newly amalgamated communities for December 2018. Electoral legislation still remains to be harmonised and aligned with international recommendations. A new draft electoral code, which could provide the basis for the electoral reform, passed first reading in November 2017. At the same time, more than 1.6 million internally displaced persons (IDPs) remain deprived of parts of their voting rights in the 4 On 19 October 2018, the IMF and the Ukrainian authorities reached a staff-level agreement on a new Stand-By Arrangement (SBA). See:   [*https://www.imf.org/en/News/Articles/2018/10/19/pr18392-imf-and-ukrainian-authorities-reach-staff-level-agreement-on-a-new-stand-by-arrangement*](https://www.imf.org/en/News/Articles/2018/10/19/pr18392-imf-and-ukrainian-authorities-reach-staff-level-agreement-on-a-new-stand-by-arrangement) 3 absence of dedicated legislation. In December 2017, the Constitutional Court invalidated the provision adopted in February 2016, whereby political parties were allowed to modify lists of parliamentary candidates after the elections. The decision is in line with the 2016 recommendations by the Venice Commission. The implementation of the 2015-2020 National Strategy and Action Plan on Human Rights is ongoing. A new ombudsperson (Parliamentary Commissioner for Human Rights) Liudmyla Denysova was elected in March 2018. The human rights situation in the illegally annexed Crimean peninsula continued to deteriorate in 2018. The systematic repression of individuals and groups who refuse to align themselves with the de-facto 'authorities' continued unabated, with an increasing number of human rights abuses including arbitrary arrest, torture and ill treatment.5 The activities of the Crimean Tatar Mejlis remain banned since 2016 under Russian law and wide-ranging restrictions to the community as well as its leaders are still in place. Human Rights and fundamental freedoms, such as freedom of opinion and of expression, continue to be severely curtailed by armed groups in the Non-Government Controlled Areas (NGCA) of eastern Ukraine, including via targeted killings, arbitrary and incommunicado detention, sexual and gender-based violence, torture, and arbitrary violation of property rights.6 The humanitarian situation in eastern Ukraine remains of serious concern and continues to present a challenge to the country, for the fifth consecutive year. According to various international interlocutors, including the United Nations (UN), the humanitarian situation has even worsened throughout 2018, due to the continued indiscriminate shelling of civilian infrastructure, the deterioration of the economic situation in NGCA as a result of the conflict, and decreasing international assistance. Humanitarian access to NGCA remains limited though some improvement was achieved during May 2018 with renewed access for a number of UN agencies7 to NGCA territory. The situation is particularly dire in the sectors of health, food, protection and access to basic infrastructure and utilities. 3.4 million people on both sides of the contact line remain in need of humanitarian assistance and protection. At present, only 29% of the 2018 UN Humanitarian Response Plan for Ukraine is ***funded***. Environmental damage and waterborne diseases remain a real risk. Modalities for the provision of social benefits to IDPs remain very cumbersome, while pensioners residing in NGCA continue to face difficulties in accessing their pensions. An appropriate legislative framework to ensure the respect of IDPs' rights remains to be adopted. In 2018, the Government adopted an Action Plan for NGCA, which was welcomed by the international community for its inclusive approach and attempt to bring the State closer to citizens residing in NGCA. However, the temporary suspension of cargo transfers to and from NGCA (except humanitarian), in place since March 2017, following the confiscation of Ukrainian companies by the so-called 'authorities' in the NGCA, continues to pose serious challenges for the economic aspects of the Action Plan. 5 Report on the human rights situation in Ukraine 16 February to 15 May 2018, the Office of the United Nations High Commissioner for Human Rights,   [*https://www.ohchr.org/Documents/Countries/UA/ReportUkraineFev-May2018\_EN.pdf*](https://www.ohchr.org/Documents/Countries/UA/ReportUkraineFev-May2018_EN.pdf) 6 Report on the human rights situation in Ukraine 16 February to 15 May 2018, the Office of the United Nations High Commissioner for Human Rights,   [*https://www.ohchr.org/Documents/Countries/UA/ReportUkraineFev-May2018\_EN.pdf*](https://www.ohchr.org/Documents/Countries/UA/ReportUkraineFev-May2018_EN.pdf) 7 UN Children's ***Fund*** (UNICEF), UN High Commissioner for Refugees (UNHCR), International Organization for Migration (IOM) and UN Office for the Coordination of Humanitarian Affairs (OCHA). 4 With a high level of contamination of mines, civilians are exposed to injury and death and often lack access to ***agricultural*** land. Over 1,600 casualties have been recorded in eastern Ukraine since 2014 due to extreme levels of landmine and other explosive remnants of war contamination. According to the UN, the contact line in eastern Ukraine has become one of the most mine-contaminated stretches of land in the world, globally counting the largest number of casualties.8 Ukraine has not yet established a National Mine Action Centre and not yet adopted appropriate demining legislation that would ensure proper coordination of the work of its agencies and allow international humanitarian actors to further assist the country in addressing this major security concern. In December 2017, the Parliament adopted amendments to the Criminal Code and the Criminal Procedural Code related to sexual and gender-based violence. A new law on domestic violence was adopted at the same time and is largely in line with the Istanbul Convention, which is still to be ratified. The Government Commissioner for Gender Equality Policy was officially nominated in early 2018. In April 2018, a State Social Programme on Equal Rights and Opportunities for 2018-2021 was approved. The programme looks at strengthening the institutional mechanisms and an integrated approach for enhancing gender equality in all areas of public life in Ukraine. In 2018, the 2016-2020 National Action Plan for the implementation of UN Security Council Resolution 1325 on Women, Peace and Security will undergo a mid-term review, to be followed up by relevant amendments. In 2018, the Kyiv Equality March was held peacefully. However, attacks on Women's Marches on the occasion of International Women's Day were recorded. An increased amount of hate speech and violence targeting minority groups including LGBTI and Roma has been documented by the UN Human Rights Monitoring Mission in Ukraine. The majority of these were reportedly perpetrated by extreme right-wing groups. Following the December 2017 Venice Commission opinion on the language provisions of the new framework law on education, the Ukrainian authorities took a number of steps taking into account these recommendations. In early 2018, a roadmap for the implementation of the article in question was drawn up and consultations with representatives of minorities started in June-July 2018 with a view to further legislative steps regarding implementation. The Parliament has yet to adopt the legislative amendments proposed by the Government to extend the ***transitional*** ***period*** of the law on education, in line with recommendations by the Venice Commission. The public broadcasting service (PBS) established in 2017 has remained underfinanced in 2018 with only 50% of the budgetary allocation stipulated under Ukrainian law. The financial situation rendered PBS unable to fulfil its basic financial obligations till the end of the year and prompted it to take austerity measures in September 2018, affecting its staff and postponing payments for contractual obligations. Due to its insolvency, PBS analog broadcasting was cut off in all regions. Other expected consequences of such underfunding are the switch off of the analog signal for PBS radio stations as well as the switch off of digital broadcasting. While freedom of the media is broadly respected in Ukraine, as of September 2018 the Institute of Mass Media reported that since the beginning of the year, there have been 67 cases registered of impediment to lawful professional activities of journalists, 24 cases of threats, 22 cases of beatings of journalists, and 12 cases of limitation of access to information. The 8   [*https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/2018\_02\_protection\_cluster\_-\_mine\_action\_en\_0.pdf*](https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/2018_02_protection_cluster_-_mine_action_en_0.pdf) 5 investigation into the 2016 high-profile killing of the prominent journalist Pavlo Sheremet has not brought results, while the trial of two suspects for the killing of journalist Oles Buzyna commenced in February 2018. Progress has been made in the area of Public Administration Reform (PAR)9. In 2017-2018, the Government aimed at strengthening its capacity to design policies and legislation, including those stemming from the AA. A centralised, transparent and merit-based recruitment system has been launched through a dedicated web-platform (career.gov.ua) with close to 24 000 applications received between October 2017 and September 2018 for approximately 1010 positions published. The Government of Ukraine has initiated the process of updating its PAR Strategy in line with recommendations of a baseline measurement of Ukraine's public administration prepared by the EU-OECD 'SIGMA' programme. In 2018, Ukrainian civil society continued to play a very active role in the promotion, design and oversight of reforms, especially in the areas of anti-corruption, judiciary, human rights, decentralisation, energy, and healthcare. Some civil society actors denounced increased pressure from authorities on their activity. Various attacks on civil society activists have been documented in different cities of Ukraine. The legal provision requiring anti-corruption non-governmental organisations (NGOs) to submit electronic asset-declarations introduced in 2017 remains in place. Throughout 2018, Ukrainian civil society organisations continued to take an active part in the Eastern Partnership Civil Society Platform and the EU-Ukraine Civil Society Platform foreseen by the Association Agreement. 2.2 Foreign and security policy The security situation in eastern Ukraine remains very tense and volatile. Despite a series of renewed commitments to the ceasefire, the situation continues to be marked by daily ceasefire violations on both sides, use of heavy weapons, destruction of critical civilian infrastructure and major mine contamination. The Office of the UN High Commissioner for Human Rights (OHCHR) estimates that more than 10 250 people have been killed and 24 600 injured since the start of hostilities in Donbas in 2014. Furthermore, according to the United Nations Office in Ukraine, over 3 000 civilians have been killed and more than 9 000 injured in eastern Ukraine over the same ***period***.10 The Law on Reintegration of the Donbas11 entered into force in February 2018 and defines Russia as 'an occupying force' which should assume responsibility for ensuring the rights of civilians living in the 'occupied area'. In line with this new law, in May 2018 the Ukrainian Armed Forces formally took over the responsibility for the strategic coordination over the operations in the east from the Security Service of Ukraine. On the diplomatic front, the Minsk process remains stalled. The four working groups under the Trilateral Contact Group have continued to meet on a regular basis. The main result since the 2017 Association Implementation Report was an exchange of some 300 prisoners in December 2017. However, no tangible progress has been achieved on the security and 9 The Government published the Annual Report on the PAR Strategy implementation in 2017 on 23 April 2018. It shows that 55% of planned activities for 2017 are on track; 31% implemented with some delay; and 14% either not implemented or significantly delayed. A baseline measurement of Ukraine's public administration launched by the EU-OECD 'SIGMA' programme in November 2017 was finalised and published in June 2018. Available at:   [*http://www.sigmaweb.org/publications/Baseline-Measurement-Report-2018-Ukraine.pdf*](http://www.sigmaweb.org/publications/Baseline-Measurement-Report-2018-Ukraine.pdf) 10   [*http://www.un.org.ua/en/information-centre/news/4406-on-world-humanitarian-day-united-nations-calls-for-the-protection-of-civilians-in-eastern-ukraine*](http://www.un.org.ua/en/information-centre/news/4406-on-world-humanitarian-day-united-nations-calls-for-the-protection-of-civilians-in-eastern-ukraine) 11 Formally titled the law 'On the special aspects of state policy aimed at ensuring Ukraine’s state sovereignty over the temporarily occupied areas of the Donetsk and Lugansk Regions'. 6 political tracks of conflict resolution efforts. The work of the Organisation for Security and Cooperation in Europe Special Monitoring Mission (OSCE SMM) continues to face obstacles, mainly in NGCA, in particular close to the Russian border. Ukraine is challenging Russia's illegal annexation of the Crimean peninsula inter alia under the United Nations Convention on the Law of the Sea (UNCLOS). Ukraine submitted its further legal arguments in the ongoing arbitration case against Russia under UNCLOS in early 2018. Since the illegal annexation of the Crimean peninsula, Russia has reportedly tripled the number of military servicemen in the peninsula, and has deployed advanced long-range missile systems there. In March 2018, Russian presidential elections were held for the first time in illegally annexed Crimea and Sevastopol. In May 2018, the Council of the EU added five persons involved in the organization of the elections to the list of those subject to restrictive measures over actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine12. In May 2018, the Kerch Strait bridge was inaugurated by President Putin. It was constructed without Ukraine's consent and connects the illegally annexed Crimean peninsula with the annexing state, Russia. The bridge also has negative economic consequences for Ukrainian ports and exporters, as the largest cargo ships can no longer pass through the Kerch Strait to the ports of Mariupol and Berdyansk. Tension in the Azov Sea increased since spring 2018, when Russia started to halt and inspect many non-military vessels passing through the Kerch Strait to and from the Ukrainian mainland ports in the Azov Sea. These inspections have resulted in delays of more than two days in the cargo traffic to and from Ukrainian ports in the Azov Sea. In July 2018, the Council of the EU added six entities involved in the construction of the Kerch Bridge to the list of those subject to restrictive measures over actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine13. In May 2018, the Joint Investigation Team presented further findings on the downing of flight MH17. It concluded that the installation used to bring down the flight MH17 belonged beyond doubt to the armed forces of the Russian Federation. In July 2018, the Ukrainian Parliament ratified a Treaty that aims at delegating jurisdiction in this case to the Dutch judicial system14. Ukraine pursues the MH17 case in the International Court of Justice alleging Russian violations of the UN Convention for the Suppression of the Financing of Terrorism. On 21 September, Ukraine informed Russia on its decision not to prolong the Treaty on Friendship, Cooperation and Partnership between Ukraine and Russia, which was signed in 1997.15 From January 2018 until 23 October 2018, Ukraine aligned with 26 out of 58 EU Common Foreign and Security Policy declarations it had been invited to support. Ukraine has continued to cooperate with the EU on regional and international issues. 12 Council Decision (CFSP) 2018/706 of 14 May 2018 amending Decision 2014/145/CFSP concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine. 13 Council Decision (CFSP) 2018/1085 of 30 July 2018 amending Decision 2014/145/CFSP concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine. 14 The agreement between Ukraine and the Netherlands on international legal co-operation concerning crimes related to the downing of MH17 was signed in Tallinn on 7 July 2017. 15 The treaty was due to expire on 31 March 2019. 7 2.3 Justice, Freedom and Security By September 2018, the National Anticorruption Bureau of Ukraine (NABU), in cooperation with the Specialised Anticorruption Prosecutor's Office (SAPO), had initiated 644 pre-trial investigations in high-level corruption cases, including against public figures in Ukraine. However, the conviction rate of these cases remains very low at 21 cases as the vast majority of cases are blocked in Ukraine’s ordinary courts. So far, no high-level official has been convicted of corruption. To address this issue, Ukraine adopted in June 2018 legislation to establish a High Anti-Corruption Court (HACC) that should be staffed with independent judges selected in a competitive process with international participation. Once established, the HACC will consider cases under NABU’s jurisdiction. The law foresees the creation of a Public Council of International Experts (PCIE), which assists the High Qualification Commission of Judges (HQCJ) with the selection of judges and has the power to collectively disqualify a candidate-judge. In mid-September 2018, five international organisations, including the EU, jointly nominated a list of 12 international experts as candidates for the PCIE. The selection of the six members of the PCIE is outstanding. The EU will provide technical assistance to the selection process as well as the establishment of the High Anti-corruption court. Donors have stressed the importance to amend certain rules of the selection procedure to ensure a fully transparent and merit-based selection process. Following a probe by NABU for hampering investigations, disciplinary proceedings were launched against the Head of SAPO in April 2018. However, the Qualification and Disciplinary Commission of Prosecutors (QDCP), despite having received evidence that the Head of SAPO committed gross violation of prosecutorial ethics, recommended a reprimand instead of the dismissal of the Specialised Anti-corruption Prosecutor. This decision caused strong reaction from the international community, as well as NABU and civil society, who expressed concerns about the effective functioning, independence and cooperation of the anti-corruption institutions as well as the damaging effect on the reputation of SAPO. NABU appealed the decision of the QDCP before the Supreme Court, which will have to decide on the admissibility of this appeal and only in a second stage take a decision on its merits. By October 2018, the National Agency for Prevention of Corruption (NAPC), in charge of the electronic asset declaration system for public officials, only managed to verify some 400, out of 2.7 million, e-declarations currently uploaded on the system. In September 2018, NAPC put into operation automated software to verify the very high number of e-declarations and obtained access to some state registers to cross-check information submitted by public officials. Despite this progress, NAPC has not yet produced a convincing track record of effectively verified declarations of high-level officials. The extension of the requirements for e-asset declarations to NGO activists, international experts working in the field of anti-corruption and foreign members of supervisory boards of state-owned enterprises has not yet been lifted. An opinion by the Venice Commission from March 2018 clearly spoke against the requirements introduced by the Ukrainian parliament in spring 2017. Any additional reporting requirements imposed on NGOs would have to be in line with the expert opinion of the Council of Europe. During 2017-18, the renewal and reform of the judiciary continued. Ukraine’s new Supreme Court became operational in December 2017 through a new recruitment process with unprecedented transparency. Nevertheless, the Public Integrity Council (PIC), which consists essentially of civil society experts, expressed doubts about the integrity of 25 of the 113 judges appointed, thereby raising concerns about the perception of the new court. The re- 8 evaluation of 5 157 judges resumed in January 2018. In addition, the recruitment of some 750 new judges (first instance and specialised courts) started. In March 2018, the PIC suspended its participation in the process of qualification assessment of judges quoting unrealistic time frames for the assessment of thousands of judges and the ignoring of negative PIC opinions. In September 2018, the Cassation Administrative Court of the Supreme Court recognized as unlawful and abolished relevant provisions of the Rules of Procedure of the High Qualification Commission of Judges (HQCJ), which had introduced additional requirements and pre-conditions for the consideration by the Council of negative opinions on candidates issued by the Public Integrity Council. This ruling can still be appealed. Meanwhile, the international community, in talks with the HQCJ and the PIC, has been mediating to facilitate the return of the latter in the selection/re-evaluation process. According to the High Qualifications Commission of Judges, as of August 2018, 1 486 judges completed the qualification assessment, of which 1 245 (84%) judges were found to meet the necessary requirements, while 241 judges (16%) failed to pass the assessment. Additionally, the HQCJ postponed consideration of matters in relation to 289 more judges. Since 2016, 2 470 judges voluntarily resigned without waiting for re-evaluation, representing 28% of their total number. In February 2018, the Constitutional Court appointed its president and started adjudicating a number of pending cases, including on highly politically charged ones, demonstrating strengthened independence from political interference. In the area of law-enforcement, the State Bureau of Investigation (SBI) was established with the selection of its leadership in November 2017. Once operational and fully staffed, the SBI will be able to take over most investigative powers from the Prosecutor General's Office and investigate crime committed by public officials outside NABU's exclusive jurisdiction. However, as the SBI has not yet become operational, Ukraine does not have an institutional structure in place to register and investigate complaints regarding criminal offences committed by law enforcement officers, as foreseen by the EU-Ukraine Association Agenda. The cases formally under the SBI’s investigative jurisdiction are currently investigated by other law enforcement agencies, thus infringing on the model of delineation of competences prescribed by the procedural legislation. Concerns were raised by civil society organisations and the international community against nominations for senior management positions in SBI made by a politically appointed External Commission. On 21 June 2018, Ukraine's Parliament adopted the Law on National Security. This framework law covers definitions, delineations and oversight mechanisms for the whole security sector and includes provisions for the effective subsequent reform of the Security Service of Ukraine (SSU), which would need to be regulated by appropriate secondary legislation. A genuine SSU reform has a potential to strengthen the rule of law, enhance the business climate and increase trust for the SSU. A Law on Cybersecurity, adopted in 2017, entered into force in May 2018. It delineates responsibilities and mechanisms for coordination as regards cybersecurity. In 2018, the reform of the National Police of Ukraine (NPU) continued to be implemented. The EU has maintained its support to rule of law reforms in Ukraine in an integrated approach through the EU Advisory Mission for Civilian Security Reform (EUAM) and the EU-***funded*** support programmes on Rule of Law and Anti-corruption. As of 31 August 2018, citizens of Ukraine have made over 25.9 million trips to EU countries since the visa free regime for short term stays for Ukrainian citizens holding biometric passports entered into force in June 2017. Six million Ukrainian citizens have crossed the 9 border with biometric passports (23% of the total), of which 1.3 million without visas. The demand for biometric foreign travel documents remains high and new manufacturing equipment was purchased to improve processing time. In 2018, Ukraine stepped up measures to prevent irregular migration. The number of detained irregular migrants increased during the first half of 2018 by 46%16 as compared to the similar ***period*** of 2017. During 2018, the State Border Guard Service together with the National Police and the State Migration Service conducted a number of special operations aimed at preventing violation of migration and border regulations. In 2018, the Temporary Accommodation Centre for Refugees in Yagotyn received its first asylum seekers. 3. Economic development and market opportunities 3.1 Economic development Ukraine's economy has continued the recovery started in 2016, following the recession of 2014-2015. GDP grew by 2.5% in 2017 and is projected to grow by 3.5% in 2018. Ukraine has made significant progress in consolidating public finances, notably by reducing the fiscal deficit from 4.5% GDP in 2014 to 1.4% in 2017. Inflation has decreased substantially since 2015, down to 13.7% in 2017 and 8.9% by July 2018. The exchange rate of the local currency, the Hryvnia, has remained relatively stable, notwithstanding the volatility of other emerging market currencies. International foreign exchange reserves had been steadily growing, and reached nearly USD 18.8 billion at end-2017, but slipped to USD 17.2 billion between January and August 2018, largely due to foreign debt repayments, which increased in 2018 and will rise further in 2019, as repayments on restructured Eurobonds have to be resumed. The economic stabilisation has been supported by prudent macroeconomic policies and significant international financial and technical assistance, including the macro-financial assistance programme provided by the EU. The overall unemployment rate remained stable at 9.5% in 2017 and slightly decreased to 9.2% by the first half of 2018. Ukraine has improved its business environment in recent years, though this progress is stalling to some extent. According to the World Bank's Doing Business survey, Ukraine ranks 76th in 2018, which is an improvement from 80th in 2017, and 142nd in 201017. Foreign direct investment remains relatively low at USD 2.3 billion in 2017. In 2017/18, the banking sector continued to stabilise. The new Governor of the National Bank of Ukraine (NBU) was appointed on 15 March 2018. The NBU is working to implement a comprehensive banking sector development programme, while introducing international rules for capital adequacy, liquidity, corporate governance, information disclosure and risk management in the banking sector. The new Risk Management Regulation for Ukrainian Banks was adopted by the NBU Board in June 2018. Furthermore, the NBU is working on a strategy to deal with the high level of non-performing loans, which still present a systemic risk, albeit mitigated by a high level of provisioning. After the nationalisation of the systemically-important PrivatBank in December 2016, the bank has been successfully managed by the Ukrainian authorities and its governance improved. Some steps have been taken towards recovering the embezzled ***funds*** of almost USD 5.5 billion by filing court cases against former owners in Ukraine and in foreign jurisdictions, including the initiation of lawsuits in London and Switzerland against former owners. 16 Source:   [*http://migraciya.com.ua/news/ua-min-ust/sergjj-jarovijj-do-knja-serpnja-v-ukran-trivatime-speoperaja-mgrant*](http://migraciya.com.ua/news/ua-min-ust/sergjj-jarovijj-do-knja-serpnja-v-ukran-trivatime-speoperaja-mgrant) 17 Source:   [*http://www.doingbusiness.org/en/data/exploreeconomies/ukraine*](http://www.doingbusiness.org/en/data/exploreeconomies/ukraine) 10 Furthermore, the Government adopted strategic principles for reforming state-owned banks (SOBs) in February 2018, followed by an implementation plan given the extensive state ownership in the banking sector. On 5 July 2018, the Ukrainian Parliament adopted a law on improving functioning of the financial sector, which includes obligatory Supervisory Boards for SOBs with a majority of independent members. Following the adoption of the Law on Credit Registry in February 2018, full-fledged operations started in July 2018. On 3 July 2018, a law was adopted to improve protection of creditors' rights. Finally, a law to allow for a gradual liberalisation of currency operations and capital flows was adopted on 21 June 2018 and will enter into force at the beginning of 2019. In the non-banking financial sector, a draft law on Financial Regulatory Reform has been pending in the Parliament since August 2016. A draft law to provide the National Commission for Securities and Stock Market with necessary enforcement powers and operational and financial independence is also pending since April 2017. Adoption of both laws would allow for a better integration of regulatory and supervisory powers over financial markets in Ukraine. The delay in the institutional strengthening is also stalling upgrading the legal and regulatory framework for non-bank financial institutions. The implementation of the Public Finance Management (PFM) strategy and the Action Plan adopted in 2017 continued during 2018. To strengthen medium-term budget planning and programme-based budgeting, the Government submitted legal amendments to the Parliament in February 2018. In order to optimise public expenditure, the Government launched spending reviews in five public institutions. In internal control and audit, the Ministry of Finance prepared and published a performance review of the internal audit function across the Government. In external audit, after a two-year delay, in March 2018 the Parliament put in place a new college of the Accounting Chamber of Ukraine, allowing it to reform external audit and bring it closer to the international standards. In July 2018, Ukraine signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting, which is now to be ratified by the Parliament. In revenue mobilisation, a long overdue medium-term consolidated and comprehensive reform plan for the State Fiscal Service (SFS) has not yet been adopted by the Government. The function of investigation of economic crimes remains underdeveloped; several draft laws on establishing a new institution to deal with financial crimes are registered in the Parliament. Yet, a political consensus on setting up a professional, politically neutral and analytical new body is outstanding. On customs and trade facilitation, Ukraine is behind schedule in implementing commitments of the AA and joining the Conventions on a Common Transit Procedure and on the Simplification of Formalities in Trade in Goods. Ukraine's legislation aimed at approximating EU customs legislation, and in particular draft laws on authorised economic operator, common transit procedure, enforcement of intellectual property rights and customs relief for travellers with EU, regulations still need to be adopted by the Parliament. Ukraine became a full member of the Regional Convention on pan-Euro-Mediterranean (PEM) preferential rules of origin convention on 1 February 2018. The revised law on statistics, pending since 2016, has not yet been considered by the Parliament. The lack of professional independence in the State Statistics Service remains a source of concern. In May 2018, Ukraine adopted the Action Plan of the Strategy for the development of Small and Medium Enterprises (SMEs). The Action Plan indicates specific support measures for SMEs, also as a result of the analysis done by the EU-financed Better Regulation Delivery Office (BRDO). These measures specifically address the regulatory 11 framework, which is still tarnished by a number of problematic or outdated legal acts. With regard to the reform of SOEs, profits of the top-100 State owned enterprises have increased by 38% in 2017. In 2018, new recruitment procedures passed in early 2018 have resulted in the appointment of independent Supervisory Boards at three large SOEs. In 2018, the government has also passed guidelines on the State Ownership policy. The Parliament has still to pass the law that will effectively empower supervisory boards. On privatisation, the implementation of the new law passed in early 2018 has resulted in the successful privatisation of hundreds of small assets with several hundred more expected by the end of the year. As regards the privatisation of large SOEs, the State Property ***Fund*** has recently appointed privatisation advisers for a few large SOEs, aimed at their privatisation in 2019. Legislative work continued on aligning the rules on the protection of rights of shareholders, creditors and other stakeholders, company law, accounting and auditing and corporate governance policy with EU and international practices. The new prospectus and transparency requirements for issuers of securities entered into force in July 2018. The long-awaited law on Limited Liability and Additional Liability Companies was adopted in February 2018 and came in force in June 2018. Amendments to the law on Accounting and Financial Reporting were introduced in October 2017, defining Public Interest Entities, classification of enterprises for the purposes of financial reporting and the scope of application of IFRS (International Financial Reporting Standards) and IFRS-compliant standards for financial reporting. The new law on Audit of financial statements and Auditing activities was adopted in December 2017, envisaging stronger supervision of the audit profession by a Public Oversight Body to be established, and stricter requirements for audit firms verifying accounts of Public Interest Entities to reduce possibilities of conflicts of interests. In December 2017, a Memorandum of Understanding was signed between the financial market regulators and the Ministry of Finance on the unified electronic system for Public Interest Entities (PIEs) as required by the new Accounting Law adopted in October 2017. In terms of ***agricultural*** policy, the Law on Basic Principles of State Agrarian and Rural Development (ARD) Policy, after having failed to be adopted in first reading in July 2018, has been re-registered at the Ukrainian Parliament in October 2018. This is an important Law as it will allow for the implementation of the ARD Action Plan over the coming five years. However, due to a lack of leadership and direction to steer changes, the implementation of the land reform remains slow. The draft law on Land Turnover finalised in 2017, which would lift the Moratorium on Land sales in place since 2001, will be assessed by a Working Group established in July 2018. Work is also ongoing to improve the accuracy of the land cadastre, the registry of rights and the transparency of land governance. In line with AA obligations, laws regulating organic production, the circulation and labelling of organic products, state controls over Genetically Modified (GM) Products and the circulation, tracking and labelling of GMOs are at various stages of the legislative adoption process in the Ukrainian Parliament. Furthermore, the Ukrainian Geographic Indications (GIs) system was designed: a framework law on GIs was adopted and specialised laws to regulate GIs for certain products were finalised in 2018. The Ministry of Agrarian Policy and Food (MoAPF) is undergoing an ambitious restructuring. Sustainable management of forestry and fisheries resources is addressed with the objective of reducing illegal, unregulated and unreported practices, but further efforts are needed to modernise fisheries management in line with best practices from the EU, Food and ***Agriculture*** Organization (FAO) and General Fisheries Commission for the Mediterranean (GFCM). Ukraine has taken steps to enhance the support of economic development through its regional development model. The 'Innovative Economy and Investments' programme is now 12 operational and targeted specialisation has been identified as a future priority. The allocation of adequate budgetary resources to the State ***Fund*** for Regional Development in line with national legislation nevertheless remains behind ambitions. Ukraine has strengthened its participation in the EU Strategy for the Danube Region. While in 2018 Ukraine has undertaken some steps in the approximation of legislation in line with the AA in the areas of employment, social policy and equal opportunities, it continues to face some delays. In 2018, Ukraine continued to implement the pension reform initiated in 2017, while there are delays on legislation on occupational safety and health, part-time work and parental leave. A review of the legislation in the areas of undeclared labour and occupational safety and health was undertaken in spring 2018 with support of an EU-***funded*** project. The adoption of the new Labour Code, which would advance legal approximation, has not progressed since the draft law was prepared for second reading in 2017. The Government has initiated procedures to improve the targeting of social subsidies and plans to start with a gradual monetisation of subsidies in 2019. A modernisation of the social dialogue, including through the adoption of legislation on collective bargaining, is pending. Occupational prohibitions for women were abolished in late 2017. The minimum monthly wage was increased further to UAH18 3 723 (+16.3% y/y) after a substantial increase in 2017. In 2017, the first time since 2013, Ukraine recorded a reduction in the moderate poverty (according to the World Bank’s national methodology for Ukraine) to an estimated 24.5% in 2017 from 26.7% in 2016, but still up sharply from 14.1% in 2013. The poverty rate (under USD 5.5/day in 2011 PPP19) is estimated at 5.7% in 2017.20 On 25 May 2018, the European Commission and the State Space Agency of Ukraine signed a cooperation arrangement that establishes a partnership on Earth observation. Furthermore, in view of using EGNOS (the European Geostationary Navigation Overlay Service) in Ukraine, it has been decided to deploy a first EGNOS ground station at Zhuliany Airport (Kyiv)21. 3.2 Trade and trade-related matters After almost three years of provisional application of the AA/DCFTA and since entering into force on 1 September 2017, the DCFTA shows positive results. The EU has become Ukraine's largest trade partner by far, representing 42% of total Ukrainian external trade. In 2017, exports from the EU to Ukraine, and imports from Ukraine to the EU increased by respectively 22% and 27.2%. While trade is increasing also with the rest of the world, the pace of increase is much faster with the EU, which demonstrates that the AA/DCFTA is playing a significant role. Since 2018, exports from Ukraine to the EU are fully back to the pre-crisis (i.e 2012) level. Against the background of progressive tariff liberalisation between the EU and Ukraine, the EU has repeatedly called on Ukraine to repeal an export ban on raw wood (applicable since autumn 2015) because of its incompatibility with Ukraine's World Trade Organisation (WTO) and DCFTA commitments, and to abstain from the introduction of any further trade-restricting measures. The Commission has repeatedly raised this at all instances and levels22, intending to address this trade irritant through the dispute settlement mechanism provided for under the DCFTA should the problem persist. The EU and a number of Member States have 18 Ukrainian Hryvnia. 19 Purchasing Power Parity. 20   [*http://pubdocs.worldbank.org/en/684631523347829626/Ukraine-Economic-Update-April-2018-Eng.pdf*](http://pubdocs.worldbank.org/en/684631523347829626/Ukraine-Economic-Update-April-2018-Eng.pdf) 21 On 27 March 2018, the EU-Ukraine 2nd High-level Industrial and Dialogue recommended starting the negotiations of the EGNOS extension agreement. 22 Including at the last EU-Ukraine Summit (Brussels, 9 July 2018). 13 also been providing technical assistance to Ukraine to support the reform of its forest-based sector. In terms of technical barriers to trade, the implementation of the Strategy for the Development of the Technical Regulation System until 2020, and its related Action Plan, has started with the view to implement the AA and - in the future - an Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA). The adoption of amendments to the Law on Market Surveillance is pending. Ukraine is very active within international standardisation bodies23 whereas they have been less active within European Standardisation organisations. The implementation of newly-adopted standards remains a challenge. In the area of telecommunication rules and infrastructure, discussions on the draft law 'On Electronic Communications', which would strengthen the role of the regulator, continue to be postponed. Another draft law 'On Radio Spectrum Resource' is pending in the Parliament since 2016. Broadband services penetration stands significantly below the EU average and the harmonisation of spectrum exploitation as foreseen by the law would bring economic benefits. During the first half of 2018, two tenders were conducted in 4G: for frequency 2600 MHz it resulted in issuing 1600 licenses and for frequency 1800 MHz it allowed for issuing 4800 licenses. Most of the legislation to reform the Intellectual Property Rights (IPR) system, in line with Ukraine's commitments in the DCFTA, is pending approval in Parliament. The law on Collective Management Organisations (CMOs) was adopted in May 2018 and came into force in July 2018, with some provisions requiring still further improvement. Six draft laws are in different phases of the legislative process in this area: on Semiconductors, on Utility models and inventions, on geographical indications (see above), on Trademarks and designs, on IPR border measures and on Copyright and related rights. Furthermore, progress in the judicial reform would help to ensure effective enforcement of IPR rights. The new Specialised IP Court was established in September 2017 and is expected to be operational by early 2019. Public procurement (PP) continues to be one of the flagship reforms of the Government. On the basis of the Strategy for Public Procurement Reform (Roadmap), amendments to the PP law are under preparation by the Ministry of Economic Development and Trade (MEDT) to comply with commitments of the AA. Ukraine has continued to further improve the electronic procurement system “ProZorro”. The pilot initiative on centralised procurement for the central Government entities is being successfully implemented. However, draft legal amendments further improving the functioning of e-procurement and PP appeals submitted to the Parliament in April 2018 have not advanced. Attempts to introduce populist amendments in the PP legislation continue. A draft law 'Buy Ukrainian, Pay Ukrainians', which would contradict, if approved in its current form, basic provisions of the AA, was adopted in first reading in December 2017. Other issues have been identified in the draft legislation on concessions: the ability to address more complex procurements, the efficiency of the State Audit Service and healthcare sector procurement. Following the introduction of State Aid control in August 2017, in 2018 the Cabinet of Ministers adopted several by-laws on compatibility. Up to June 2018, the Anti-Monopoly Committee of Ukraine (AMCU) has received around 300 notifications and adopted 30 23 In particular in the International Organization for Standardization and the International Electrotechnical Commission. 14 decisions. In 2018, Ukraine continued gaining case-practice, worked on completing the State Aid legal architecture and on stopping some large granting bodies from bypassing State Aid control. On competition law, AMCU adopted in October 2017 the Vertical Block Exemption Regulation, largely inspired by EU law. In 2018, EU experts are conducting a comparative analysis of Ukrainian competition law and EU law, which will lead to identifying priority issues for approximation and a roadmap to address them. During 2018, the State Service of Ukraine for Food Safety and Consumer Protection resumed its official controls and veterinary checks thanks to the entry into force of the law on State Control for food, feed, animal health and animal welfare in April 2018. The drafting and adoption of sanitary and phytosanitary (SPS) legislation has noticeably accelerated in 2017/18, resulting in 17 EU legal acts adopted and more than 140 being in the process (out of 250 acts in total). The SPS Strategy has been finalised in October 2018 and its final version was agreed by both the Ukrainian government and the EU. The Law on Food Safety and Hygiene was adopted in January 2018 and should enter into force in January 2020. The draft laws on Food Information for Consumers, Veterinary Medicines and on requirements to objects and materials that are in contact with food products remain to be adopted by the Parliament. The design of veterinary certificates for poultry products exported from the EU into Ukraine are not completed yet, and negotiations should be launched for other products (notably beef and pork). Animal welfare obligations under the AA are to be further considered, notably regarding poultry exports to the EU. 4. Connectivity, Energy Efficiency, Climate Action, Environment and Civil Protection Ukraine has continued working on the 2016 EU-Ukraine Memorandum of Understanding on a Strategic Energy Partnership, and the parties approved a new Annual Work Plan in April 2018. Following the adoption of a new Energy Strategy 2035 by Ukraine in August 2017, the long-term implementation plan is outstanding. During the winter 2017/18, gas transit to the EU via Ukraine continued to be reliable and ***smooth***, despite continued challenges in its technical cooperation with Gazprom which affect gas pressure and despite continued changes in daily volumes nominated for transit. Ukraine continued to cover its gas import needs through deliveries from the EU. This has not changed even after the final award of the Stockholm arbitration court on the transit and supply disputes in February/March 2018, following which Gazprom refused to supply the requested gas volumes. In view of the resulting gas shortage in Ukraine, on 1 March 2018 Ukraine activated for the first time the Energy Early Warning Mechanism under the AA. Trilateral talks on a future gas transit contract via Ukraine between Russia, Ukraine and the European Commission started in July 2018. The Supervisory Board of the new gas pipeline operator MGU was appointed in spring 2018. However, the final decision on the unbundling of NAK Naftogaz has not been taken by the Government. In 2018, the Cabinet of Ministers prolonged several times the gas Public Service Obligation (PSO), which caps gas prices for households and for municipal heat supply companies below market prices. In October, the Ukrainian government agreed with the IMF on gradual gas price increases for households that should reach market level in 2020. Based on this, a new PSO will need to be adopted by the government. Further gradual monetisation of housing subsidies for gas and heat has not yet taken place. 15 In September 2018, the Parliament adopted the important law on transparency in extractive industries, which sets international transparency standards for the legal environment and business reporting in the mining, oil and gas extraction sector. The challenging process to implement the Electricity Market law has been on-going since June 2017. The aim is to move from an overly regulated single buyer model with cross-subsidies to a competitive market in line with EU legislation, a challenge in view of the current oligopolistic market structure. The corporate governance reform of electricity transmission system operator Ukrenergo has led to a transparent selection process for its supervisory board members, although it does not yet own the assets as required under the 'ownership unbundling' model. Ukraine has not yet assigned the control over electricity production and electricity transmission companies to different Ministries. On renewable energy, the Parliament launched a discussion on a new law aimed at reducing the existing costly support schemes for renewable electricity generation. In June 2018, the selection of five Commissioners of the Energy Regulator (National Energy and Utilities Commission of Ukraine) was finalised in line with the provisions of the Energy Regulator's law, providing new credibility to the independence of this key institution. In the field of energy efficiency, the implementation of the laws on energy performance in buildings and on commercial heat metering and billing adopted in June 2017 has started. The Energy Efficiency ***Fund*** has been formally registered. The ***Fund*** benefits from substantial financial EU support linked to clear conditionality advancing reforms in the sector. In 2018, Ukraine continued fuel diversification for the supply of its nuclear power plants. The commissioning of the New Safe Confinement above the 4th destroyed reactor in Chornobyl had to be postponed. A draft law re-establishing the full independence of the State Nuclear Inspectorate still has to be adopted by the Parliament. The Government adopted a new National Transport Strategy in May 2018 with the aim of improving the functioning of the Ukrainian transport sector and enhancing connectivity with the EU through the extended indicative trans-European Transport Network (TEN-T); the implementation plan is expected to be adopted by the end of 2018. The State Road ***Fund*** started operations in 2018 and includes a road safety component. Ukraine received an audit from the International Maritime Organisation in mid-2018, which pointed to a number of shortcomings in measures and resources to address maritime safety and environmental protection. Key draft laws on market opening, including on road, railway and inland waterways, which shall be instrumental in harmonising Ukrainian transport legislation with that of the EU, have not yet been adopted. New Aviation Rules on civil aviation aircrew entered into force on 1 January 2018 and Aviation Rules on aerodrome certification were adopted in December 2017, both based on EU legislation. The Common Aviation Area Agreement between the EU and Ukraine still awaits its signature. In April 2018, the Cabinet of Ministers endorsed an updated National Environmental Strategy 2030. Following the adoption of the Law on Environmental Impact Assessment (EIA) in 2017, a single EIA Registry has been launched, along with a relevant set of secondary legislations. In April 2018, a new Law on Strategic Environmental Assessment (SEA) was adopted. Ukraine has also launched first steps towards the concrete transition to a more circular economy: after the adoption of a National Waste Strategy in late 2017, the Government has developed a Waste Framework Law and other draft laws in the area. 16 In June 2018, Ukraine hosted the 6th meeting of the Eastern Partnership (EaP) Panel on Environment and Climate Change, the first such meeting hosted by an EaP partner country. On Climate Action, Ukraine formally communicated its Low Emission Development Strategy (LEDS) to the UNFCCC24 in July 2018. Work is ongoing to prepare legislation for the establishment of an emissions Monitoring, Reporting and Verification (MRV) system. In September 2018, a draft Law On Ozone Depleting Substances and Fluorinated Greenhouse Gases was registered in the Parliament, envisaging the gradual phasing out of these substances. Ukraine has made steady progress on disaster risk management and looks forward to a closer cooperation with the EU Civil Protection Mechanism. 5. Mobility and People to People contacts The Ukrainian Government is explicitly committed to human capital development. Education reforms remain one of the Government's priorities in 2018, comprising all levels: general secondary education, vocational education and training, and higher education. Implementation of the competency-based 'New Ukrainian School' started in September 2018. The vocational education and training (VET) reform is an essential component of broader efforts to stimulate economic growth and competitiveness. In May 2018, the Ministry of Education and Science approved a ‘reform concept for the vocational education in Ukraine’ to be adopted by the Government. The document envisages the consolidation of the draft legislation currently under revision and scheduled for adoption by the end of 2018. In 2018, the reform of higher education has been further consolidated. Higher education modernisation focuses on quality assurance with 108 new competence-based standards for bachelor level, 50 for master degree level and 20 for PhD level to be approved in late 2018. Work continues on the creation of the National Repository of Academic Texts to assure integrity of higher integration, and on setting up procedures to make the National Quality Assurance Agency in Higher Education operational. Ukraine is among the most successful participants in the Erasmus+ programme. This programme supports modernisation and internationalisation of the education system, implementation of Bologna principles, non-formal education projects and academic exchanges. The reform of the Ukraine research and innovation system is progressing. Since Ukraine in 2015 became associated to Horizon 2020, it has benefited from a number of support instruments. An EU peer-review strategic analysis was prepared, which resulted in specific recommendations for the modernisation of research and innovation. With the implementation of the Law on Scientific and Technological Activities, the National Council for Science and Technology Development was established in January 2018, paving the way towards a more effective national research system, optimal transnational and international competition, gender equality in research, and better exchange of scientific knowledge. In addition, a package of legislation to stimulate innovation activities is expected to be submitted by the end of 2018. Ukraine's potential within the framework of Horizon 2020 remains high (GDP, level of education, number of researchers); more favourable conditions for the intensification of cooperation of Ukrainian science and industry with EU partners and other countries involved 24 UN Framework Convention on Climate Change. 17 in Horizon 2020 are under development. Ukraine has benefited in 2018 from a number of Horizon 2020 capacity building sessions under the EU4Innovation initiative. The reform of the cultural sector is ongoing with the operationalisation of the Ukrainian Cultural ***Fund***, hosting inter alia the Creative Europe Programme Desk. Ukraine continues to participate in Creative Europe. Since November 2017, Ukraine benefits also from the Culture Bridges programme to support cultural and creative sectors. Starting from September 2018, Ukraine is eligible to participate in the EU Prize for Literature. 6. Financial Assistance In 2018, the EU continued to provide macro-financial and reform assistance to support Ukraine's stabilisation and reform process. To this end, the EU has since 2014 mobilised over EUR 11 billion in grants and loans (out of its EUR 12.8 billion pledge). In June 2018, a new EUR 1 billion programme of EU macro-financial assistance (MFA) was approved by the European Parliament and the Council of the EU. The Memorandum of Understanding signed in September 2018 sets the main conditions of the programme in the following four areas: (1) the fight against corruption, (2) public finance management, (3) specific sector reforms (state-owned enterprises, banks and the energy sector), and (4) social policies. The new assistance will support Ukraine's reform efforts and complement EUR 2.8 billion disbursed under previous MFA programmes. Under the European Neighbourhood Instrument (ENI), three large-scale programmes, each worth EUR 50 million, were launched in 2017: support to energy efficiency, to public finance management reform, and to the conflict-affected areas in eastern Ukraine. Local currency lending and technical assistance support to key areas of AA implementation were also addressed under the EUR 200 million bilateral ENI 2017 budget. Since the beginning of the conflict, EU humanitarian assistance was continuously provided to the most affected population, including IDPs, amounting to EUR 112 million provided by the European Commission since 2014. Through its Instrument contributing to Stability and Peace (IcSP), the EU has also supported peacebuilding, stabilisation and early recovery efforts with more than EUR 100 million. In 2018, new actions focused on supporting the OSCE SMM, community-based reintegration for veterans of the conflict in eastern Ukraine and to strengthen community resilience. The EU has embarked on an enhanced strategic response to the conflict in eastern Ukraine aligning it with the humanitarian-development nexus. The Joint Humanitarian Development Framework 2017-2020 provides for a coordinated EU approach towards providing humanitarian, early recovery and reform assistance to support the conflict-affected population and Ukraine. Programming priorities in 2018 include vocational education and training; energy efficiency; people-to-people contacts; and enhanced investment-related support linked to the External Investment Plan (EIP). Humanitarian assistance will continue to be provided to people affected by the conflict in eastern Ukraine along both sides of the contact line and in NGCA. Ukraine continues to benefit from regional programmes and other EU instruments. The first part of the Annual Action Programme for 2018 worth EUR 91 million covering energy efficiency and the Technical Cooperation Facility supporting Ukraine in implementing the AA/DCFTA and ensuring respect for human rights and fundamental freedoms was adopted in July 2018. 18 7. Concluding remarks and future outlook Against the background of its political association and economic integration with the EU, Ukraine has advanced with a number of important political and economic reforms in 2017-2018 across a range of sectors, for instance in the areas of health, pensions, decentralisation, public administration, public procurement and the environment. Further inter-agency coordination within the Ukrainian Government and cooperation between Government, Parliament and President will be key in order to achieve further progress regarding gradual legal approximation to EU standards and norms. It is also essential, as emphasised by civil society and other international partners, that the Ukrainian authorities maintain and reinforce the reform momentum, including on the fight against corruption, ahead of the presidential and parliamentary elections to be held in March and October 2019 respectively. Ukraine's macro-economic situation has remained stable, but fragile, due to major repayment obligations over the next years. Further structural reforms would improve the business environment and increase economic growth. The conflict in eastern Ukraine and the illegal annexation of Crimea and Sevastopol by the Russian Federation continue to weigh heavily, while the Ukrainian authorities have acknowledged the need to continue to address the socio-economic and humanitarian consequences of the conflict in an inclusive manner. In spite of the conflict, Ukraine has shown strong resilience and persistence in achieving societal change, asserting its European orientation. The EU, including through the European Commission's Support Group for Ukraine (SGUA) and the EUAM, and in cooperation with international partners, has continued its support for the implementation of the Association Agreement, including through political, technical and financial support, with clear conditionality.

**Load-Date:** December 1, 2018

**End of Document**



[***EXECUTIVE SESSION (Senate - November 28, 2018)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TVM-9351-F0YC-N4FJ-00000-00&context=1516831)

Impact News Service

November 29, 2018 Thursday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 17459 words

**Body**

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

 EXECUTIVE CALENDAR The PRESIDING OFFICER. Under the previous order, the Senate will resume executive session in consideration of the Farr nomination. The PRESIDING OFFICER. The Senator from Delaware. Climate Change Mr. CARPER. Mr. President, I was happy to welcome back our colleagues this week from Thanksgiving and come back to work.

A lot of stuff needs to be done and have some fresh energy and maybe some fresh ideas, but I hope my colleagues were able to get home for Thanksgiving and spend time with their families. I like to say the thing I like about Thanksgiving--it is my favorite holiday, and people ask why. It [[Page S7166]] has my six favorite F words: family, faith, friends, food, fun, football, among others. What is not to like about that--especially football that was played in Columbus, OH, on Saturday afternoon. I hope all Americans were able to enjoy some combination of those things over the holiday weekend. You may be like me and many others across the country who took the long weekend to unplug a bit by turning off our phone, maybe turning off cable news, too, so we could reconnect with loved ones, but while many Americans were recharging--enjoying a good meal with family and friends, maybe watching a football game or doing some early Christmas shopping--some major news broke over the weekend. Last Friday, on the day after Thanksgiving, 13 Federal agencies released a nearly 1,700-page report highlighting the devastating impacts climate change will have over the next 80 years if we do not change course now. The report was a dire warning to our Nation and to our planet but one we might have easily missed while celebrating the holiday with family and friends, and I am sure a lot of people did miss it. I suspect the fact that this major report was released on Friday of a holiday weekend was not an accident. After all, the report, which was put together by experts from over a dozen agencies within the Trump administration, spells out the very real and very serious consequences of climate change--a global crisis that our President has repeatedly called a hoax. In fact, just yesterday the President said he is not among the so-called believers who see climate change as a pressing problem. Luckily, we don't have to just blindly believe in climate change. We can look at the facts. Despite the Trump administration's best efforts to bury this report on a Friday afternoon, Friday evening, of a holiday weekend, those of us based in reality are going to make sure the clear facts in it are broadcast far and wide. This particular report took not a year, not 2 years but 3 years to write. It was written by more than 300 Federal experts, non-Federal experts as well, who volunteered their time. It was only finalized after an extensive public outreach and interagency review process. This report wasn't thrown together to push any agenda. It is a scientific report, and its conclusions should be important to every person, not just living in my State or the 49 or 50 States but everybody who lives on this planet because it has implications for every single one of us. I would like to take a few minutes this afternoon to go over some of the highlights of the report. Why don't we start with extreme weather. People ask: What do you mean by extreme weather? I mean, measuring rainfall by feet, not by inches. I am talking about fires in States on the west coast, especially where the amount of land being consumed by the fires is almost the size of my State of Delaware. I am talking about the number of 500-year floods that are occurring every other year or every year. I am talking about the number of category 5 hurricanes that we have now compared to what it was 10, 20, 30, 40, 50 years ago. According to the latest report--which was, again, released by the Trump administration--climate change will continue to increase and intensify extreme weather events in the years to come. Over the last 3 years alone, extreme weather events have cost the United States nearly $400 billion in damages due to storm surges, due to flooding, due to wildfires, and due to crop freezes and crop droughts. So it has cost the U.S Treasury $400 billion, and it comes at a time when our budget deficits are going up. The budget deficit picked up between the last administration and this administration, I think, somewhere--maybe $500 billion--a huge amount of money. Last year's deficit on this administration was, as I recall, maybe $750 billion. I am told the expectation for the budget deficit in this year is maybe as much as $950 billion. It wasn't that long ago that the budget for our whole country was less than that. Why is $400 billion in damages from extreme weather important? We don't have the money. We are borrowing this money, and these young pages and their children will get to pay for that someday. That is not fair. More powerful and more frequent extreme weather events will increase that figure exponentially and also have far-reaching impacts on people in every corner of this country and well beyond the borders of our country. Say someone happens to live in the Southwest. In 2017, Phoenix, AZ, set a new record of nearly 200 days with temperatures of at least 90 degrees Fahrenheit. Think about that, Phoenix, AZ, 200 days with temperatures of at least 90 degrees Fahrenheit in 2017. By 2090, Phoenix could be dealing with an additional 45 days--another month and a half--every year, which would be about 245 days, which would be about 8 months out of the year where the temperature in Phoenix is 80 or well above 90. That is another 6 weeks of extreme heat in addition to the city's already recordbreaking temperatures. Let's say somebody lives in the Southeast. Let's take Charleston, SC, for example. Charleston, SC, experiences 38 days of tidal flooding every year. By 2045, the city could experience 180 days of tidal flooding every year--nearly five times the flooding that occurs today. Let's say maybe somebody lives out West. By 2050, wildfire seasons could burn up to six times more forest area every year. I will say that again. That is hard to believe. By 2050, wildfire seasons could burn up to six times more forest area every year. We have all seen the historic and horrific devastation that fires in California have caused just this year alone--in fact, in the last several weeks alone, tragic fires. California is a big State. I used to live there when I was in the Navy. Sometimes it is difficult to put into context just how big and destructive these wildfires are. We have a poster here that I want to refer to as a wildfire poster: This is Washington, DC, and the counties adjacent to Washington, DC. It gives a little bit of context. Here is the area that the recent Camp Fire in California burned in relation to a city that all of us who serve here are pretty familiar with, Washington, DC, and the suburbs of this city. The Camp Fire burned an area over three times greater than Washington, DC. That is how big it was. That is just one fire, in just one State, in 1 year. Imagine what we are going to be facing with up to six times more forest areas burning every single year. Now, if the extreme weather conclusions don't make some of our colleagues jump to action, maybe the information about the health impacts of climate change will cause them to take some notice. This report makes clear that increases in ozone and particle pollution will result in an additional $26 billion every year in healthcare costs across the country. Here is a particularly startling statistic: Extreme hot and cold temperatures in 49 U.S cities are projected to result in more than 9,000 additional premature deaths per year. That is not in a far-off developing nation. That is 9,000 more people dying right here at home in the USA, but if our colleagues are still not swayed by this year's impacts to American health, maybe they will be moved by the impact that climate change will have on our country's already aging infrastructure. I think this is probably highway transportation infrastructure, if I am not mistaken. If we do not act, we can expect up to $26 billion in damages to our roadways and our railways every year due to climate change--$26 billion in damages to our roadways and our railways every year due to climate change. We have a poster here. There is a bridge. I am not sure where, but it is one of many bridges. We have thousands of bridges around this Nation. Increases in rainfall in inland areas--not on the coast but in the middle of our country, the heartland--will threaten up to 6,000 bridges by the year 2090. Here is a statistic we will not be able to avoid. It deals with sea level rise. Since 1993, sea levels have risen by 3 inches. What we are looking at by 2100, according to folks who worked for the last 3 years on this Federal report from 13 Federal Agencies, we could be looking at as much as 6 feet in sea level rise. If we do nothing, by 2100, we could see sea levels rise by up to 6 feet. Those of us who lived through Superstorm Sandy saw the absolute destruction that can be caused by 3 inches of sea level rise. It is almost unimaginable to think about nearly 70 inches. [[Page S7167]] Maybe that is still not alarming enough to get some people's attention. Perhaps the impacts on our farmers and ranchers might sway my colleagues. Let me mention something in that regard. According to this report--the same Federal report--more frequent and intense rains, combined with rising temperatures, are likely to reduce ***agriculture*** production in the Midwest to 1980 levels. Roll back the clock to the levels of production in 1980 in the Midwest--that is where we were. I have a corn and soybean poster here. When it comes to crops that ***agricultural*** communities depend on, such as corn and soybeans, which are big in my State, farmers could see reduced yields of up to 25 percent. Maybe some of our colleagues don't come from States with a large ***agricultural*** sector, where it is important. Perhaps an economic impact might move them to action. Climate change could mean up to $500 billion in economic losses every year by 2090. Let me say that again. Climate change could mean up to $500 billion in economic losses every year by 2090. Additionally, almost 2 billion labor hours are projected to be lost by 2090 due to the impacts of extreme temperatures. That alone would cost an additional $160 billion in lost wages. Here is a stark statistic: Climate change could slash up to 10 percent of our gross domestic product by 2100. Let's put that into context. Ten years ago, when we fell into the great recession--worst recession since the Great Depression--we had half of the losses in gross domestic product that we are looking at from climate change that goes unchecked. According to this report, climate change could slash up to 10 percent of our gross domestic product by 2100. That is more than double the losses of the great recession. Many of our colleagues were here during the great recession. We saw what happened. Unemployment was over 10 percent. Banks basically stopped lending. Access to capital was greatly impeded. Trade slowed down dramatically. It was a miserable time. We fought very hard to get out of it. We are now in the ninth longest running economic expansion in the history of the country, and stuff like this is not going to help extend that recovery. To refuse to act would be to willingly usher in an economic calamity twice as painful as the great recession. The numbers and facts don't lie. The reality of climate change is scary, especially for coastal States like mine--the lowest lying State in our country. Our State is sinking instead of rising. The facts that this report so clearly lays out affect all of us. It doesn't matter whether you are from a coastal State, like some of us, or from a landlocked State, like our Presiding Officer--if you care about public health or the environment or if you care about our economy or national security, this report says that every sector of our economy and every person living in this country will be affected by climate change if we do nothing. As I see it, we have a couple of options. We can take up this fight and get serious about addressing and adapting to climate change, or we can stick our heads in the sand, as some would do, ignore the facts, and do nothing, dooming our children and our grandchildren to live in a world that is less healthy, less safe, less stable, and less economically vibrant. I say, let's fight. My hope is that our colleagues will join us and not fight against one another but fight against this threat we all face. We have one planet. President Macron from France was down the hall about 2 years ago and spoke to a joint session of Congress. There is no plan B. We have the only planet. It is the one we have been given to take care of by our Heavenly Father, and we need to take that responsibility seriously. All right. That is the bad news. That is a lot of bad news in 10 minutes. Before I yield to my friend from Florida, I will say this: There is some good news too. The good news is, there are ways to address these challenges--the economic challenges, the ***agricultural*** challenges, the flooding challenges, the temperature challenges. There is a way to do it. Among the smart ways to do it is to reduce the emission of carbon in this country. The good news is, we can do that by adding and creating jobs. Two hundred million people went to work in this country today--roughly 200 million. Three million people went to work in jobs where they are involved in renewable energy, energy conservation--things that help save our planet and preserve the quality of life on our planet. There are a lot more jobs we can add in that kind of work, including building vehicles that run on batteries--and we are making great progress--and vehicles that run on hydrogen and fuel cells. The only waste product from those vehicles is water. You can drink it. There are ways to address all these threats in a way that is economically viable. We don't have to choose between all this doom and gloom and a strong economy; we can address the doom and gloom and add a lot of jobs, and we ought to do this. It is going to be a win-win. We ought to seize the day. I thank my colleague from Florida for his patience with me here today. I don't know if I will have a chance to stand here this close with him again before he prepares to head off into the sunset. He and I were privileged to serve together in the House. He was at one time treasurer and insurance commissioner of his State, and I was treasurer of Delaware. We walked the path together for a long time, and he has been a great servant of the people of Florida for many years. I have always been proud to stand next to him, and I am especially proud today. I am happy to yield to my friend from Florida. The PRESIDING OFFICER. The Senator from Florida. Mr. NELSON. Mr. President, the subject the Senator from Delaware speaks of--climate change especially--affects my State of Florida, as we are ground zero with so many of the consequences of climate change-- the sea level rise. I will be addressing that topic within the next couple of days. I have addressed that problem over and over, but I want to give a concluding speech on that topic. Healthcare Mr. President, this afternoon, I want to give a concluding speech on the topic of healthcare. I want to talk about the importance of ensuring that all Americans--and especially my State, all Floridians-- have access to critical health services through the Affordable Care Act. When the ACA passed, it stated that an insurance company cannot deny health insurance coverage because a person had a preexisting condition. In other words, that means you cannot be denied health coverage because you have something like asthma, cancer, heart trouble, diabetes, ALS, or, in some cases, even a rash. Before the Affordable Care Act, even being a woman was considered a preexisting condition. Nearly everyone has a preexisting condition. In Florida alone, almost 8 million people have a preexisting condition. We think of our neighbors, our friends and family members, and we thought of them when we passed the ACA. We worked very hard to give them the healthcare protections they needed. In these past few years, I have talked to folks all over our country. In Florida, I have talked to the very folks we fought so hard to ensure they have health insurance and healthcare. Last year, for example, I spoke with a well-known community leader from Hollywood, FL--Elaine Geller. Her daughter, Megan, was diagnosed with leukemia at the age of 26. At the time she was admitted to the hospital, Megan's blood count was 4. She had water on the heart. She had pneumonia. She went through one round of chemo, and it put the cancer in remission. She was initially hospitalized in New York, where she had been working as a special-ed teacher, but she returned to Florida to receive care at the University of Miami's Comprehensive Cancer Center--one of the finest cancer centers around the country. As the story goes, Megan's doctor told Megan and her mom, Elaine, that she needed a transplant, which required a payment of $150,000 upfront. From January until about the end of April, Megan lived at that Comprehensive Cancer Center at the university and received multiple rounds of chemo, biopsies, and various other treatments. Do you know what her mom said to me? She said that thanks to the Affordable Care Act, as a mom, she could focus all of her energy on her daughter. She didn't have to worry about all the [[Page S7168]] bills that were piling up, and ultimately she didn't have to write a check for the transplant. That is because Megan had health insurance despite a preexisting condition, and the Affordable Care Act created a ***transitional*** program to cover eligible individuals with preexisting conditions, like Megan. After Megan left the Sylvester Comprehensive Cancer Center, her cancer went into remission, but then the cancer came back. The remission only lasted 63 days. They flew to Texas, to the MD Anderson Cancer Center. Why travel across the country to get cancer treatments? Because when you are dying--when a mom is watching her daughter die, there is nothing she as a parent would not do. You can't put a price on your child's life. It would do us a lot of good if we would remember that. Sadly, Megan had a fall and hit her head. She died at the age of 28. Her total care during that battle with cancer could have cost Elaine, her mom, $5 million. Thanks to the ACA, because she had health insurance, Megan's part of that treatment was $70,000. That not only saved her from going bankrupt, it also gave her more time to spend with her daughter. Anyone who has lost someone knows that every second counts. We shouldn't take things for granted. Elaine said that her daughter would be proud to know that her story of the Affordable Care Act matters. It matters to me as their Senator, and that is why I am telling it on the floor of the Senate. And it should matter to every one of these Senators here. Let me give you another person that I met along the trail. I met with one of the most courageous 14-year-olds whom I have ever seen, JJ Holmes, and his family, who are from Longwood, FL. JJ has cerebral palsy and requires a wheelchair and constant attention to get around and to be taken care of. He can only communicate with his computer vocalization device. It is just amazing, since JJ can't directly communicate except by the sparkle in his eyes. He uses his left knee on a device on the wheelchair to hit it and it goes to a computer screen, and he can type out the words and the sounds in order to give him an ability to communicate with another ordinary person. JJ has a preexisting condition--he has cerebral palsy--and all of the efforts to repeal and undermine the ACA are undermining his access to care and his ability to live. Each attempt to repeal the ACA was another threat to his very life. His mom told me that there is so much of a daily struggle, worry, and heartache when you have a child who is severely disabled, and the ACA finally gave that family the much needed security, and it lifted a huge burden of how in the world were they going to cope with this medical condition of their child. I will give you another example in Florida. Earlier this year, I was joined at a local roundtable on healthcare by Elizabeth Isom from St. Petersburg. Elizabeth told me that the ACA had saved her life and allowed her to purchase insurance for the very first time. She doesn't know how she is going to be able to afford coverage if the lifetime caps of the law are reinstated and if essential health benefits are not provided as the ACA provides. Elizabeth was a productive member of society. She was a social worker, and then she developed a sinus tumor. She went without insurance for 3 years, during which her health was constantly deteriorating and it was to the point that she thought she was dying. She had vital organ damage and reached complete disability. The mass in her sinus had extended into her skull. After the ACA became the law of the land, she purchased insurance through healthcare.gov She said it is the best insurance she has ever had because it covered essential health benefits like the preventative services. So let's think about this just in these three cases that I have given. The ACA protects people like Megan with preexisting conditions from being charged more simply because of their diagnosis. It protects people like JJ from being unable to afford care because they have hit annual or lifetime limits on coverage. It protects people like Elizabeth from being denied treatment because insurers are now required to cover essential health services--services and benefits like hospitalizations and prescription drugs. These folks are not the only ones that I have talked to about how the ACA has changed their life. The American people--not just Floridians-- have been writing to us, have been calling to us, have been showing up in our townhalls, have been showing up at our roundtables, have been approaching me on the street corner, at the airport, at events all over Florida to share how important the ACA is to them. The Affordable Care Act has given people healthcare they otherwise would never have had. Over and over, they have come to me and said: We want to see a bipartisan fix--a fix to the ACA, not a repeal. Why can't you just get together and fix the ACA? How many times have I made that plea on the floor of the Senate? And they are right. There is a lot of work to be done to bring down the cost of healthcare, to make insurance more affordable, and to increase coverage for people who still don't have it. But in the meantime, the Trump administration is doing everything in its power to undermine and undo the existing law that has helped so many so much. We have seen an Executive order of President Trump's stating that the policy of his administration was to ``seek the prompt repeal'' of the ACA. We have seen rules coming out of the Trump administration cutting in half the length of time that people had to enroll in plans on healthcare.gov, eliminating low-income subsidies, and cutting outreach and advertising for enrollment by 90 percent. Why would you make it harder for people to sign up for health insurance if your intention wasn't to undermine the Affordable Care Act, which is exactly what the Trump administration's intention is? We have seen the implementation of expanding short-term health plans. These are plans that are less than a year or, as they really are designed, junk plans, and that is just what they are. They don't offer essential health benefits. They offer extremely limited coverage so that people don't have the coverage and they don't have the coverage of preexisting conditions. They remove protections for people with those preexisting conditions. They do not cover that list of 10 or 12 things called essential health benefits, like maternity care and prescription drug costs. We have seen multiple Republican repeal-and-replace bills that have come before the House and before this Senate. We have seen this Trump administration claim that they do care about those with preexisting conditions. Just last month President Trump tweeted that ``Republicans will protect people with preexisting conditions far better than the Dems!'' But that is not what they are doing, nor is that what they have done. Well, Mr. President, if that is the case, then why is your administration supporting the lawsuit Texas vs. U.S Department of Health and Human Services--that very lawsuit that was brought forward by Republican attorneys general, including Florida's attorney general, urging a Federal court to strike down preexisting conditions and patient protections as unconstitutional, and it would cause a chaos in our healthcare system. You are not protecting 133 million Americans with preexisting conditions. No, what you are doing is eliminating their healthcare, and that includes 17 million children. The administration should better look at their situation and do the opposite of what they have been doing. I ask the American people to demand that the Trump administration stop undermining the ACA, get to work as an administration, do its job, and implement all parts of the existing law, the Affordable Care Act. We should be looking for ways to help people like Elaine, JJ, Megan, and Elizabeth. We should be looking for ways to help them get through the tough times. We should be working together in a bipartisan way to make the ACA work better, not try to kill it. I yield the floor. The PRESIDING OFFICER (Mr. Cruz). The Senator from Hawaii. Nomination of Thomas Farr Ms. HIRONO. Mr. President, I thank my friend, the Senator from Florida, [[Page S7169]] for speaking out on the critical importance of the Affordable Care Act for millions of people in our country and for calling upon this administration to support healthcare for all instead of what they are doing to the healthcare of millions of people in our country. Turning to another matter, nearly 12 years ago, on December 7, 2006, President George W. Bush nominated Thomas Farr to be a U.S District Court Judge for the Eastern District of North Carolina. Today, 12 years and three nominations later, his name is again before us for confirmation to the very same vacancy, which has remained unfilled all this time. When Mr. Farr was nominated for this vacancy in 2006 and 2007, his nomination did not receive a vote in the Judiciary Committee. It was known at that time that Mr. Farr had spent his professional life engaged in restricting minority voting rights and defending companies alleged to have discriminated against African Americans, women, and others. In the 1980s and in 1990, Mr. Farr represented Senator Jesse Helms, notorious for his opposition to civil rights, voting rights, women's rights, workers' rights, and LGBTQ rights--in other words, individual rights. Mr. Farr also helped corporations fight off their employees' discrimination claims. In 2003, Mr. Farr defended Blue Cross Blue Shield of North Carolina against claims by a female employee who alleged that the company had compelled her to resign because of her sex and age. To win this case, Mr. Farr convinced the North Carolina Supreme Court to strike down the county's antidiscrimination law. Given this history of restricting minority voting rights and defending companies in discrimination claims, Mr. Farr's nomination did not proceed at that time, and rightly so. In the 12 years since his first nomination, Mr. Farr has become notorious for his defense of the North Carolina legislature's attempts to disenfranchise African-American voters. His current nomination is opposed by nearly every civil rights group in North Carolina and nationally, and the Congressional Black Caucus, or the CBC, has fought Mr. Farr's nomination. In a 2017 letter to the Judiciary Committee, the CBC wrote: ``It is no exaggeration to say that had the White House deliberately sought to identify an attorney in North Carolina with a more hostile record on African-American voting rights and workers' rights than Thomas Farr, it could hardly have done so.'' This district court vacancy was not filled by President Obama in his two terms, but not for lack of trying. President Obama nominated two different African-American women for this vacancy, one an assistant U.S Attorney and another a State court judge. Neither nomination moved forward because the Republican home State Senators withheld their blue slips. Judiciary Committee Chairman Leahy and, later, Chairman Grassley both, at that time, abided by the blue-slip process during that ***period***, as I said, and no hearings were ever held for these two Obama nominees. At the same time, both of my colleagues from North Carolina persisted in their desire to confirm Mr. Farr to the Federal bench. Of course, now, the return of a blue slip is no longer a barrier to pushing nominees through the Judiciary Committee. So, on the recommendation of my Senate colleagues from North Carolina, Donald Trump nominated Mr. Farr yet again to the seat that had been kept open in the Eastern District of North Carolina. In fact, when Mr. Farr's nomination was returned at the end of a session of Congress last year, the White House decided to renominate him this year. The history regarding this judicial vacancy and Mr. Farr is key to understanding why I and so many of my colleagues will vote no. We will be accused of obstruction and wanting to deprive the people of North Carolina of a judge in the Eastern District. We will hear how this is the longest open vacancy on the entire Federal bench, but, in fact, this vacancy has remained open so long because of Republicans' refusal to confirm qualified minority women and their insistence on filling this vacancy with a man whose career is filled with examples of his using the law to advance a racist, obstructionist, plainly un-American agenda. Had the Republicans not blocked the nominations of qualified minority women in 2013 and 2016, this district, which is about 27 percent African American, would have had its first African-American judge. By contrast Mr. Farr has spent decades opposing the rights of African Americans, women, and workers. Let me highlight a few examples. When Mr. Farr was working as legal counsel for the 1990 campaign for Senator Jesse Helms of North Carolina, the Justice Department filed a Federal lawsuit against the campaign for trying to intimidate thousands of African Americans from voting. How did they do this? The Helms campaign staff sent postcards suggesting that the voters were ineligible to vote and warning that they could be prosecuted if they voted. Although Mr. Farr denied any involvement in these racist voter intimidation efforts, the Justice Department attorney who investigated the matter confirmed that Mr. Farr ``was certainly involved in the scheme as it was being developed.'' That is not the only time Mr. Farr has opposed the rights of African- American voters. When the North Carolina legislature decided to restrict or dilute the votes of African Americans over the past 10 years, Mr. Farr fiercely defended these efforts as a private attorney. In 2013, for example, he defended the North Carolina legislature's voter suppression efforts that a court found were enacted with racially discriminatory intent--racially discriminatory intent. In other words, the North Carolina legislature was totally upfront about what they were up to. After the Supreme Court effectively struck down the part of the Voting Rights Act that required North Carolina to preclear any changes to their voting laws, the North Carolina State legislature passed a law that eliminated or cut back on voter mechanisms that African Americans disproportionately used. This is the law that Mr. Farr defended. The Fourth Circuit in that case determined that these voting changes ``target[ed] African Americans with almost surgical precision.'' In other words, blatantly discriminatory intent was found by the Fourth Circuit. Between his efforts to support suppression of voters, Mr. Farr has helped companies avoid accountability for discrimination against African Americans, women, and minority groups. In 2003, Mr. Farr argued that female employees at Pfizer were not protected under Federal civil rights law from condescending, sexist, and sexual comments from their manager because they were not ``severe'' or ``pervasive'' enough. He even tried to undermine the plaintiff's claim by arguing that she failed to point out that her manager ``harassed her because of her gender on a daily or weekly basis.'' That was the standard he applied: You have to have been harassed on a daily or weekly basis. Mr. Farr ultimately convinced the court to dismiss the employee's claim as untimely. A person who has devoted decades of his legal career to furthering oppression and injustices against minorities and women has no business being confirmed to a lifetime position as a judge, where his ideological agenda will certainly be reflected in his decision. I will not vote for Mr. Farr's nomination, and I urge my colleagues to do likewise. Nomination of Jonathan Kobes Mr. President, I would also like to explain my opposition to another nominee being considered this week: Jonathan Kobes for the Eighth Circuit Court of Appeals from South Dakota. Mr. Kobes received a ``not qualified'' vote from a substantial majority of the ABA's Standing Committee on the Federal Judiciary. They reported that Kobes has ``neither the requisite experience nor evidence of his ability to fulfill the scholarly writing required of a United States Circuit Court Judge.'' They continued, saying: ``The Standing Committee had difficulty analyzing Mr. Kobes' professional competence because he was unable to provide sufficient writing samples of the caliber required to satisfy Committee members that he was capable of doing the work of a United States Circuit Court judge''; hence, their ``not qualified'' vote for him. In normal times, this sort of negative evaluation from the ABA would be given to the White House before the White House decided to nominate someone, and the person would never be nominated. But these are not normal times. [[Page S7170]] Instead of following normal procedure, the White House has nominated someone not fit to serve for a lifetime on the circuit court, but nevertheless will be confirmed on a party-line vote. Mr. Kobes has demonstrated a hostility toward women's reproductive rights. His anti-choice activism is on par with so many other Trump nominees who are relatively young, as he is, and profoundly inexperienced. In 2005, Mr. Kobes represented, as a volunteer, so-called crisis pregnancy centers, which were seeking to uphold the South Dakota law requiring doctors to inform women seeking abortions that ``the pregnant woman has an existing relationship with that unborn human being and that the relationship enjoys protection under the United States Constitution and under the laws of South Dakota.'' That is not the state of the law, by the way. Mr. Farr and Mr. Kobes are two of the worst of President Trump's judicial nominees, and that is saying a lot. They are two more examples of President Trump's relentless pursuit to pack the Federal courts with ideologues who will rule in favor of conservative causes. Clearly, Donald Trump does not believe in the independent judiciary envisioned by the Framers of our Constitution and respected by every President until now. We see in his single-minded efforts to pack the courts that he is nominating judges who he believes will be his political allies. He tells us as much. He believes the judges he appoints are ``Trump judges'' and that they will be loyal to him, protect him and his policies when the time comes. Chief Justice John Roberts could not have been clearer in his response last week to Donald Trump's criticism of judges who don't rule his way. The Chief Justice told the AP: We do not have Obama judges or Trump judges, Bush judges or Clinton judges. What we have is an extraordinary group of dedicated judges doing their very best to do equal right to those appearing before them. That independent judiciary is something we should all be thankful for. The independence of the judiciary is not something Donald Trump acknowledges, values, or even believes in. What he wants are Trump judges who will rule in favor of his policies and decisions and who will satisfy his ideologically conservative base. It is no wonder that Chief Justice Roberts felt it necessary to take the extraordinary step of reminding the President and the country that the judiciary must be independent. I urge my colleagues to vote against the nomination of Mr. Farr and Mr. Kobes. I yield the floor. The PRESIDING OFFICER. The Senator from Rhode Island. Mr. WHITEHOUSE. Mr. President, I ask unanimous consent to speak for up to 20 minutes as in morning business; further, that at the conclusion of my remarks, the Senator from Massachusetts, Mr. Markey, be recognized; that we have permission to engage in a colloquy; and that at the conclusion of Senator Markey's remarks, Senator Shaheen of New Hampshire be recognized. The PRESIDING OFFICER. Without objection, it is so ordered. Climate Change Mr. WHITEHOUSE. Mr. President, a persistent argument of my climate talks is how corrupt climate denial is. The premise of that argument is that the fossil fuel industry denial apparatus is wrong about climate change and knows it is wrong. That is my case. The fossil fuel industry denial apparatus knows it is wrong about climate change. Well, it is a beautiful world, and every once in a while, along comes something that proves my case. Last week, on the afternoon of Black Friday, the Trump administration released its National Climate Assessment by 13 Federal agencies describing the monumental damage the United States is facing from climate change. In more than 1,000 pages, the report contradicted nearly every fake assertion Trump and his fossil fuel flunky Cabinet have made about climate change. Trump's pro-polluter policies are predicated on the lies and nonsense of this fossil fuel industry denial apparatus, and this report is devastating to those policies and to those lies. So how did the fossil fuel apparatus respond? What did they do to rebut the National Climate Assessment? They did nothing. They did nothing. There was all that big talk from Scott Pruitt about how they were going to ``red team'' climate science. Well here comes the climate science. Where is your red team? Nothing. Instead of engaging with this devastating report by the U.S Government's leading scientists, they tried to bury it, timing its release for a day of the year when it would be least likely to get public attention. Consider for a moment the environment in which they backed down from this challenge--no red team, no nothing. They just whimpered and ran away and tried to bury the report on Black Friday. At a time when their industry populates the Trump administration, at a time when the President is in their pocket, at a time when both Houses of Congress are under fossil fuel industry control, their phony climate denial front groups wield more influence than ever. This should have been their moment. The tell here is that even in this environment, the fossil fuel industry and its bevy of stooges in the Trump administration got this report and did nothing. Why? Why nothing? There is only one answer. Because they know they are wrong. They know the real science is right. They know their science denial campaign is phony, so they backed down. They folded like a cardboard suitcase in a rainstorm. That, my friends, is an admission. It is an admission by inaction. It is an admission that even the fossil fuel industry knows the climate science is irrefutable. Interestingly, ``irrefutable'' is just what President Trump and his family said about climate science in this full-page advertisement they signed in the New York Times in 2009, saying that science of climate was ``irrefutable'' and that there will be ``catastrophic and irreversible'' consequences of climate change. The new National Climate Assessment plus the recent Intergovernmental Panel on Climate Change report are both very clear. The irrefutable science that these two reports disclose couldn't be more clear: Damage from climate change is already occurring; there is no credible natural explanation for it; human activity is the dominant cause; future damage from further warming will be worse than we previously thought; economies will suffer; and we are almost out of time to prevent the worst consequences of climate change. The Bank of England report on this--they are the biggest financial regulator in the UK, and they said: The financial risks are far- reaching in their breadth and magnitude, have uncertain and extended time horizons, are foreseeable, but these risk factors will be minimized if there is an orderly transition to a carbon economy, but the window for an orderly transition is finite and closing. We are almost out of time. These two reports are tough stuff. As the Trump administration summary states, the ``Earth's climate is now changing faster than at any point in the history of modern civilization, primarily as a result of human activities. The impacts of global climate change are already being felt in the United States and are projected to intensify in the future,'' which makes sense, since in the history of human civilization, the Earth has never seen atmospheric CO<inf>2</inf> concentrations like we have today. Many scientists have said warming of around 3 degrees centigrade is now likely. What does that mean? Heating the planet well beyond 2 degrees centigrade would create a ``totally different world,'' says Michael Oppenheimer, a climate scientist at Princeton University. He says: It would be indescribable, it would turn the world upside down in terms of its climate. There would be nothing like it in the history of civilization. Here is what the Trump climate assessment chronicles: From our Ocean State, we are concerned about sea levels, ocean acidification, and warming. We note sea levels are rising, as oceans warm and upland ice melts. If fossil fuels are not constrained, the reports says, ``many coastal communities will be transformed by the latter part of this century.'' For my coastal State, that is a pretty ominous warning. Along coasts, fisheries, tourism, human health, even public safety are being ``transformed, degraded or lost due in part to climate change impacts, [[Page S7171]] particularly sea level rise and higher numbers of extreme weather events.'' You get the sea level coming up, and that extreme weather event-- which is stronger to begin with now--has a lot more ocean to throw at our shores. Out West, ``more frequent and larger wildfires, combined with increasing development at the wildland-urban interface portend increasing risks to property and human life,'' the report says. By the way, from 2000 to 2016, wildfires have burned at least 3.7 million acres of the United States in every single year except for 3. From 2000 to 2016, more than 3.7 million acres burned in all years but 3. California still smolders as I speak. More than 100 million people in the United States live with poor air quality, and climate change will ``worsen existing air pollution levels.'' Increased wildfire smoke heightens respiratory and cardiovascular problems. With higher temperatures from global warming, asthma and hay fever rise. Groundwater supplies have declined over the last century, and the decrease is accelerating. ``Significant changes in water quantity and quality are evident across the country,'' the report finds. Midwest farmers take a big hit: warmer, wetter, and more humid conditions from climate change; greater incidence of crop disease and more pests; worsened conditions for stored grain. During the growing season, the Midwest will see temperatures climb more than any other region of the United States, the report says. Crop yields will suffer-- a warning that is echoed by grain giants like Cargill. To sum it all up, the report says climate change will ``disrupt many areas of life,'' hurting the U.S economy, affecting trade, exacerbating overseas conflicts for our military. Costs will be high: ``With continued growth in emissions at historic rates, annual losses in some economic sectors are projected to reach hundreds of billions of dollars by the end of the century--more than the current gross domestic product of many U.S States.'' Danger warnings already flash in some economic sectors. Freddie Mac has warned of a coastal property value crash, saying: ``The economic losses and social disruption may happen gradually, but they are likely to be greater in total than those experienced in the housing crisis and Great Recession.'' From a coastal State, that is an ominous warning. The insurance industry agrees. Trade publication Risk and Insurance has warned: ``Continually rising seas will damage coastal residential and commercial property values to the point that property owners will flee those markets in droves, thus precipitating a mortgage value collapse that could equal or exceed the mortgage crisis that rocked the global economy in 2008.'' By the way, the leading edge of this may already be upon us as coastal property values are beginning to lag inland property values, as reported by the Wall Street Journal. Separate from the coastal property values threat is another warning about a carbon bubble in fossil fuel markets. Fossil fuel reserves, now claimed as assets, that are not developable in a 2-degrees-Centigrade world become what they call stranded assets. A recent economic publication estimated that collapse of the ``carbon bubble'' would wipe out ``around 82 percent of global coal reserves, 49 percent of global gas reserves, and 33 percent of global oil reserves.'' A separate economic review warns that $12 trillion of fossil fuel industry financial value ``could vanish off their balance sheets globally in the form of stranded assets.'' Twelve trillion dollars is over 15 percent of global GDP, which is why the Bank of England--which I quoted earlier as a financial regulator--is warning of this carbon asset bubble as a systemic economic risk. That may be the blandest set of words in the English language that convey the worst threat. If you were to graph ``blandness of language'' and ``seriousness of threat,'' you would probably come up with systemic economic risk. It basically means economic meltdown. Well, that is what we are looking at. This level of collapse could cascade beyond the fossil fuel companies. It is not just a question of their shareholders getting wiped out. It is such a crash that it cascades out into the global economy--a crash like that, unfortunately, hits the United States particularly hard because lower cost producers can hold on and unload fossil fuel reserves into the collapsing market at fire sale prices. When they do, the economists warn, ``regions with higher marginal costs''--like the United States--``lose almost their entire oil and gas industry.'' The solution is to decarbonize, to invest in more renewables, to broaden our energy portfolio away from this asset collapse risk. One paper concludes that ``the United States is worse off if it continues to promote fossil fuel production and consumption.'' Another paper concludes--this is the good news: If climate policies are implemented early on and in a stable and credible framework, market participants are able to ***smoothly*** anticipate the effects. In this case there would not be any large shock in asset prices and there would be no systemic risk. So how do we get to eliminating this hazard of no systemic risk? How do we get to no systemic risk? We do what works for us anyway: move to renewables. As this graph shows, we have to make a big move to avoid this hazard. A carbon price--which is the remedy the fossil fuel industry pretends to support, while sending its political forces out to oppose exactly the laws it pretends to support--would allow this big move to happen, all while generating revenues that could be cycled back to States and citizens and help the hardest hit areas of transition. The smart move we need to take to make this happen does not have to be painful. We avoid a lot of pain if we make the move, but that doesn't mean the move itself has to be painful. Nobel Prize winner Joseph Stiglitz says it is a win economically. He has testified: Retrofitting the global economy for climate change would help to restore aggregate demand and growth. Climate policies, if well designed and implemented, are consistent with growth, development, and poverty reduction. The transition to a low-carbon economy is potentially a powerful, attractive, and sustainable growth story, marked by higher resilience, more innovation, more livable cities, robust ***agriculture***, and stronger ecosystems. We could do it the hard way--do nothing; get hit with those dire economic consequences because the status quo is not safe. Fortune magazine summed up the Trump administration's climate report quite beautifully, so I will quote them at some length: ``The report catalogs the observed damage and accelerating financial losses projected from a climate now unmoored from a 12,000-year ***period*** of relative stability.'' What a phrase that is. The Earth's climate, which we inhabit, is unmoored from a 12,000-year ***period*** of relative stability. It goes on: The result is that much of what humans have built, and many of the things they are building now, are unsuited to the world as it exists. And as time goes on, the added cost of living in that world could total hundreds of billions of dollars--annually. Which way we now go depends on the Congress of the United States--on whether Congress can put the interests of our people ahead of the interests of the fossil fuel industry. The record is not good. I will concede that. Since the Citizens United decision, the politics of climate change have turned into a tale of industry capture and control. So far, despite the fossil fuel industry's obvious conflict of interest, could there be a more obvious conflict of interest, indeed? Despite their provable pattern of deception and despite clear warnings from, well, virtually everywhere now, the Republican Party has proven itself incapable of telling the fossil fuel industry: No, we tried our best for you. We held in for you as long as we could, and we did everything we could think of, but we are not going to wreck our economy, our climate, our oceans, our country for you. So it doesn't look good, but the climate report does say we still have time if we act fast. I ask unanimous consent that an article by Max Boot, titled, ``I was wrong on climate change. Why can't other conservatives admit it, too?'' be printed in the Record at the conclusion of my remarks. It concludes: Why haven't other Conservatives owned up to this danger? They are captives, first and foremost, of the fossil fuel industry. . . . It is a tragedy for the entire planet that the United States' governing party is impervious to science and reason. I will close with a reference to ``The Gathering Storm,'' which is Winston [[Page S7172]] Churchill's legendary book about a previous failure to heed warnings. Churchill quoted a poem of a train bound for destruction, rushing through the night, with the engineer asleep at the controls as disaster looms: Who is in charge of the clattering train? The axles creak, and the couplings strain. . . . the pace is hot, and the points are near, [but] Sleep hath deadened the driver's ear; And signals flash through the night in vain. Death is in charge of the clattering train! I contend that we are now that sleeping driver, that the signals are flashing at us, so far, in vain, and that it is decidedly time to wake up. There being no objection, the material was ordered to be printed in the Record, as follows: [From The Washington Post] I Was Wrong on Climate Change. Why Can't Other Conservatives Admit It, Too? (By Max Boot) I admit it. I used to be a climate-change skeptic. I was one of those conservatives who thought that the science was inconclusive, that fears of global warming were as overblown as fears of a new ice age in the 1970s, that climate change was natural and cyclical, and that there was no need to incur any economic costs to deal with this speculative threat. I no longer think any of that, because the scientific consensus is so clear and convincing. The Fourth National Climate Assessment, released Friday by the U.S government, puts it starkly: ``Observations collected around the world provide significant, clear, and compelling evidence that global average temperature is much higher, and is rising more rapidly, than anything modern civilization has experienced, with widespread and growing impacts.'' The report notes that ``annual average temperatures have increased by 1.8 deg.F across the contiguous United States since the beginning of the 20th century'' and that ``annual median sea level along the U.S coast . . . has increased by about 9 inches since the early 20th century as oceans have warmed and land ice has melted.'' The report attributes these changes to man-made greenhouse gases and warns: ``High temperature extremes, heavy precipitation events, high tide flooding events along the U.S coastline, ocean acidification and warming, and forest fires in the western United States and Alaska are all projected to continue to increase, while land and sea ice cover, snowpack, and surface soil moisture are expected to continue to decline in the coming decades.'' The U.S government warnings echo the United Nations' Intergovernmental Panel on Climate Change. In October, it released a report that represented the work of 91 scientists from 60 countries. It describes, in the words of the New York Times, ``a world of worsening food shortages and wildfires, and a mass die-off of coral reefs as soon as 2040.'' The wildfires are already here. The Camp Fire blaze this month is the most destructive in California history, charring 153,000 acres, destroying nearly 19,000 structures, and killing at least 85 people. The second-most destructive fire in California history was the one last year in Napa and Sonoma counties. The Yale School of Forestry and Environmental Studies notes that climate change has contributed to these conflagrations by shortening the rainy season, drying out vegetation and whipping up Santa Ana winds. Massive hurricanes are increasing along with wildfires--and they too are influenced by climate change. It is time to sound the planetary alarm. This is likely to be the fourth-hottest year on record. The record-holder is 2016, followed by 2015 and 2017. A climate change website notes that ``the five warmest years in the global record have all come in the 2010s'' and ``the 10 warmest years on record have all come since 1998.'' Imagine if these figures reflected a rise in terrorism--or illegal immigration. Republicans would be freaking out. Yet they are oddly blase about this climate code red. President Trump, whose minions buried the climate-change report on the day after Thanksgiving, told Axios: ``Is there climate change? Yeah. Will it go back like this, I mean will it change back? Probably.'' And, amid a recent cold snap, he tweeted: ``Brutal and Extended Cold Blast could shatter ALL RECORDS--Whatever happened to Global Warming?'' By this point, no one should be surprised that the president can't tell the difference between short-term weather fluctuations and long-term climate trends. At least he didn't repeat his crazy suggestion that climate change is a Chinese hoax. Yet his denialism is echoed by other Republicans who should know better. Sen. Joni Ernst (R-Iowa) told CNN on Sunday: ``Our climate always changes and we see those ebb and flows through time. . . . We need to always consider the impact to American industry and jobs.'' We do need to consider the impact on U.S jobs--but that's an argument for action rather than, as Ernst suggests, inaction. The National Climate Assessment warns that global warming could cause a 10 percent decline in gross domestic product and that the ``potential for losses in some sectors could reach hundreds of billions of dollars per year by the end of this century.'' Iowa and other farm states will be particularly hard hit as crops wilt and livestock die. Compared with the crushing costs of climate change, the action needed to curb greenhouse-gas emissions is modest and manageable--if we act now. Jerry Taylor, president of the libertarian Niskanen Center, estimates that a carbon tax would increase average electricity rates from 17 cents to 18 cents per kilowatt-hour. The average household, he writes, would see spending on energy rise ``only about $35 per month.'' That's not nothing--but it's better than allowing climate change to continue unabated. I've owned up to the danger. Why haven't other conservatives? They are captives, first and foremost, of the fossil fuel industry, which outspent green groups 10 to 1 in lobbying on climate change from 2000 to 2016. But they are also captives of their own rigid ideology. It is a tragedy for the entire planet that the United States' governing party is impervious to science and reason. Mr. WHITEHOUSE. I note that my distinguished colleague from Massachusetts has arrived. We have an order in place in which the Senator from Massachusetts is to be recognized at the conclusion of my remarks and that the distinguished Senator from New Hampshire, Mrs. Shaheen, is to be recognized at the conclusion of Senator Markey's remarks. With that, I yield the floor to the coauthor of the Waxman-Markey legislation, the person who had done the most successful work to try to solve this climate problem at a time when the situation was slightly less desperate. The PRESIDING OFFICER (Mr. Rounds). The Senator from Massachusetts. Mr. MARKEY. Mr. President, I thank Senator Whitehouse, who has been out here on the floor, week after week after week, sounding the warning, like Churchill, that there is danger ahead, that there is a gathering storm. Yet it is not metaphorical as it was for Churchill. It is real. There is a gathering storm. What Senator Whitehouse has been doing, year after year after year, is coming out on the floor to document this gathering storm and to warn that we have to take action. I thank Senator Whitehouse for his incredible, historic leadership because, between the U.N and the U.S scientists, all of the evidence is now there. My belief is, the failure that he talked about to heed the dire warnings on climate change is much more now than that figurative gathering storm; it is literally gathering much fiercer energy in super-charged storms that will bear down on our shores as a result of our warming crisis. Scientists have shot off the warning flare. In the last 2 months, we have received two of the most alarming reports to date on the threat that climate change poses to our country, our economy, our security, and to our planet. It questions the morality of our country because ultimately that is what it is. It is a moral issue of whether we are going to leave this planet better than we found it. Are we going to be the stewards of this planet and pass it on to future generations better than we found it? Right now, the gathering evidence from the United Nations and from our own U.S Government's scientists is that we are not. The Federal Government's National Climate Assessment that was released last week as well as the recent United Nations Intergovernmental Panel on Climate Change report are clarion calls. The science in these reports is clear. If we fail to act now, storms will grow more frequent and more powerful. Extreme weather events, like Hurricane Michael, which grew more quickly this October than any storm we have seen, will continue to cost the United States hundreds of billions of dollars in damage. The National Climate Assessment--the congressionally mandated report issued by 13 Federal agencies-- underscores the specific impacts we are facing now and will continue to face in the future. In our home region of the Northeast, which Senator Shaheen and Senator Whitehouse and I have the privilege to represent, the impacts are going to be truly devastating. The Northeast region will surpass 2 degrees centigrade of warming beyond preindustrial levels by as soon as 2035--not 2050, not 2100 but by the year 2035--if emissions continue at their current pace. That would be the quickest warming in the contiguous United States and would occur as much as two decades before global average temperatures reach a similar point. The real-world effects of this warming trajectory are shocking. Sea levels [[Page S7173]] in the Northeast could rise upward of 11 feet by the end of the century. Almost one-third of the sandy shorelines along the Atlantic coast could erode inland at rates of at least 3.3 feet per year. We will feel the impact on our economy, which is so strongly tied to fishing, to our beaches and tourism, and to our natural environmental resources. In 2012, a 2-degree centigrade water temperature increase boosted lobster landings to high summer levels a month earlier than usual. The result was an early supply glut and a collapse in prices to the lowest level in almost two decades. This type of negative impact on our fishing industries will become more commonplace as the climate continues to warm and our marine life is forced to move to new areas. Outdoor recreation in the Northeast, which will suffer the consequences of climate change, contributes nearly $150 billion in consumer spending and supports more than 1 million jobs across our region. Climate impacts, like beach erosion, are an imminent threat to this economic powerhouse. Yet perhaps most devastating will be the impacts on the public's health. According to estimates, up to 10,000 people in Massachusetts could, by the end of the century, visit the emergency room annually due to the rising heat. Despite these generational warnings from both the United Nations and the scientists in our own country, President Trump has continued to dismiss the impending disaster from our dangerously warming planet. How did President Trump respond when asked about the conclusion that climate change could devastate the American economy? His answer: ``I don't believe it.'' Well, it doesn't matter, Mr. President, if you don't believe it because the world's leading scientists have shown it to be true, and 70 percent of Americans believe it. They believe global warming is happening. President Trump may deny climate science, but there is no denying the consequences of climate change. Yet the Trump administration will not stop at climate denial. It has a much more insidious scheme to block action on climate--deny, delay, and defund. The list of its climate sins is long, with each action more egregious than the last one. First came the appointment of an all-star Big Oil Cabinet--Scott Pruitt at the EPA, former Exxon CEO Rex Tillerson at the State Department, and former Texas Governor Rick Perry at the Department of Energy. Since Mr. Pruitt's ouster after numerous ethics violations, the Trump administration has nominated king coal's favorite son, Andrew Wheeler, to head the EPA. Mr. Wheeler is a former coal industry lobbyist and has downplayed the recent science on the devastating impacts to come from climate change. After these reports came out, he said: ``I have some questions about the assumptions.'' These are assumptions that have been vetted by 300 leading scientists in the United States and across the planet. The only question, I believe, is why someone like Andrew Wheeler was put in charge at the EPA. A coal lobbyist is now the head of the EPA. The EPA just turned into every polluter's ally. That is the net result of what Donald Trump has done at the Agency. The Trump administration is also moving to freeze fuel economy standards rather than pushing for the historic and technically achievable goal of 54.5 miles per gallon by the year 2025. I am the author of the 2007 law that required the first fuel economy increase in 32 years. Increasing our fuel economy standard to 54.5 miles per gallon is the single largest action that any nation has ever taken on climate--that one law. Yet the Trump administration is trying to make a U-turn on those standards that are saving customers money at the pump and reducing the emissions we pump into the air. The Trump administration is also trying to repeal President Obama's Clean Power Plan. Turning our back on this roadmap for reducing pollution in the electricity sector will result in at least 12 times more carbon dioxide emissions over the next decade. Why is the Trump administration taking us backward on climate in the face of these dire warnings? Just follow the money. Yesterday, during the weekly Senate Climate Change Task Force meeting, Senator Whitehouse, Senator Cardin, other colleagues, and I heard about the complex ***funding*** behind the climate countermovement, which the fossil fuel industry has ***funded*** and used to mislead the American people and to hold this administration hostage. The ``web of climate denial'' is nothing more than dirty energy corporations and their shady front groups spending over a quarter of a billion dollars each year to deceive Americans about climate change. These corporations distort scientific consensus and turn it into an artificial political debate. They produce sham scientific documents, such as ``Why Scientists Disagree About Global Warning,'' a report published by the Heartland Institute and sent to over 300,000 science teachers across the country. ***Funding*** 300,000 documents to be sent to every science teacher in America over science that is patently untrue-- that is how much money the fossil fuel industry has. That is how high they try to send up a smoke screen around this issue to terrify teachers that they might be getting in trouble if they actually teach accurate science rather than the bogus documents that are sent to them by the fossil fuel industry, by their handmaidens, the Heartland Institute. These fossil fuel phonies are on a mission to sow doubt, and their efforts seem to be bearing fruit in this administration. The web of denial messaging strategy is highly sophisticated, disciplined, and politically controlled. Conferences, advertisements, websites, talking heads--this fossil fuel-***funded*** farce may be a well-oiled machine and well ***funded***, but they are wrong. What do we do in the face of this web of denial? We need to look at the dollars and cents of it all--not the Big Oil and King Coal greenbacks but the success of green energy. We are ushering our power sector into a clean energy future that is good for our environment and good for our economy. Coal cannot compete against wind, solar, and other renewables and natural gas in the free market. By the early 2020s, it could be cheaper to build new renewables from scratch than to continue operating old, dirty, coal-fired powerplants. That is not a conspiracy; that is called competition. Adam Smith is smiling in his grave, watching this market force begin to take over. And that is why this renewable revolution has become unstoppable. It is because the cost of renewables is plummeting. The cost of solar has fallen 50 to 60 percent over the last 5 to 6 years. In fact, wind and solar are generally cheaper than coal and nuclear energy right now. Coal is losing the war against wind and solar in the free market. That is what we call it--the free market. The War on Coal is a war that has been declared by the free market on coal, and it lost that war. It is not just happening here in the United States; it is happening all around the globe. Mexico had a power auction at the end of November 2017 where the average price for solar was 1.9 cents per kilowatt hour. In 2017, solar in Saudi Arabia came in at 1.8 cents a kilowatt hour. In Dubai, it is 2.4 cents a kilowatt hour. Half of all electricity installed around the world last year was renewable. Let me say that again. Half of all new electrical generation capacity in the world that was installed last year was renewable. So it is not just the United States; this is happening globally. The revolution is on. Renewable energy deployment around the world has increased by 8 percent a year for 7 years in a row. Globally, more than $330 billion was invested in clean energy last year. This is a global clean energy race. It is a global job-creation race. It is a global clean energy investment race. We are going to save all of creation by engaging in massive job creation, as we have all of these people who are hired in order to install these new technologies. Right now, we have more than 50,000 megawatts of solar installed here in the United States. By 2020, we are projected to have more than 90,000 megawatts of solar. Solar is projected to add another 35,000 megawatts combined in 2021 and 2022. That means that by the end of 2022--4 years from now--we are going to have 250,000 megawatts of wind and solar in the United States. If you think of a nuclear powerplant having 1,000 megawatts--the Seabrook [[Page S7174]] nuclear powerplant, the Diablo Canyon nuclear powerplant--think of 250 solar and wind facilities. That would be the equivalent of each one of those nuclear powerplants. That is what we are talking about. By the year 2020, we will have 500,000 people employed in the wind and solar industry. Contrast that with the 50,000 people in the coal industry. By 2020, there will be 500,000 in wind and solar. Who are they? They are roofers. They are electricians. They are engineers. They are people who are working with their hands to install all of this equipment. The President doesn't seem to really care about those blue-collar workers--upwards of 500,000 by the year 2020--but they are working hard, they are working for good wages, and they are also not running the risk of inhaling dangerous air that can be dangerous to their health. That is where we are. We have this incredible opportunity that is before us. It is already happening. The President is in denial. The climate change fight is not just a question of job creation or economic imperative; it is about the moral imperative we have to act. We know climate change will get worse. We know lives will be lost. We cannot sit back and do nothing. In 2015, Pope Francis came to Capitol Hill, and he delivered his environmental ``Sermon on the Mount.'' He told us that mankind created this problem of climate change and now mankind must fix it. With the world's poorest and most vulnerable suffering the worst consequences of climate change--extreme poverty, famine, disease, and displacement--we have a moral obligation to act. I agree with Pope Francis that the United States and the Congress have an important role to play. We have a responsibility to help those less fortunate amongst us who will be harmed the most by rising seas, a warming planet, and more pollutions spewing into our air and water. That is why, right now and in the next Congress, I am standing here with my colleagues in this fight to ensure that we take climate action, for a price on carbon, for investment in clean energy, for resilient infrastructure, for 100 percent renewable energy in our country. If there is a tax extenders bill, we will be fighting for clean energy tax credits and for extenders to help reduce our carbon emissions, including for offshore wind, for storage of electricity, and for clean vehicles. We will be standing side by side in that fight in 2019 on the Senate floor so that we continue this revolution. If there is an infrastructure package, we will be fighting for aggressive renewable energy standards for utilities and the Federal Government and for coastal infrastructure needs. As we work on appropriations, we will fight for more ***funding*** for energy efficiency and programs that protect the health of children and families from climate change. The climate challenges facing our Nation and the entire world are indeed great, but the United States has the technological imperative to lead on solutions. We have the economic imperative to create opportunities and jobs for all people, and we have the moral imperative to protect our planet for future generations. The rest the world will not listen to us and follow us if we do not, in fact, take these actions. You cannot preach temperance from a barstool. You cannot ask other countries to act when we ourselves are walking away from the responsibility. That is the moment we are in. By January 1, 2019, this battle is going to be on. We have been given the warning, and we are heeding it. We are going to have mighty battles up here on the floor to make sure that future generations do not look back at us and wonder why we didn't heed all of those warnings that were given to us by the smartest scientists on the planet. Now I would like to yield to my great colleague from the State of New Hampshire, a woman who has dedicated her career to the issues of clean energy up in her home State. I give you the great Senator from New Hampshire, Jeanne Shaheen. The PRESIDING OFFICER (Mr. Tillis). The Senator from New Hampshire. Climate Change Mrs. SHAHEEN. Thank you, Mr. President. Thank you to my colleagues Senator Markey and Senator Whitehouse. I am pleased to join both of you, who have done such a tremendous job in leading on this issue of trying to get everyone to wake up to the challenges that we face in climate change and what that is going to mean, not just for us in New England but for people across this country and across the globe. Maybe the reason we feel so passionate about this is because we see it. We already see it happening in New England, as my colleagues detailed so well. We are on the cutting edge of these changes. You don't have to have lived in New Hampshire for very long to have seen what is happening as a result of climate change. Last week, the U.S Global Change Research Program released its fourth National Climate Assessment, and that details the profound effect climate change is having and is going to continue to have on the environment, on the economy, and on our public health. The report makes it abundantly clear that every American--every American--is affected by climate change and that the threat it poses will get worse unless we take action. As I said, people in my State of New Hampshire have no doubt about the reality of climate change because we have been seeing it for years now. We have been experiencing it. The steady increase in temperatures and the rise in annual precipitation are already affecting New Hampshire's tourism and outdoor recreation economy. Each year, hundreds of thousands of sportsmen and wildlife watchers come to New Hampshire to enjoy our mountains, our lakes, and all of our beautiful natural resources. The outdoor economy--hunting, fishing, and outdoor recreation--contributes more than $4 billion to New Hampshire's economy each year, but this is threatened now because rising temperatures are shortening our fall foliage season, and they are negatively affecting our snow- and ice- related winter recreation activities. That includes skiing, snowboarding, and snowmobiling. The New Hampshire ski industry employs 17,000 Granite Staters, and the New Hampshire Department of Environmental Services warns that these jobs are threatened by climate change. New Hampshire's--in fact, all of New England's fall foliage is at risk. This is climate modeling by the Union of Concerned Scientists that shows that by the end of this century, New Hampshire's summers will feel like present-day summers in North Carolina, 700 miles to our south. While the Presiding Officer certainly understands that this works great for North Carolina, it changes dramatically what happens in New Hampshire. What this shows is that--this red color, which are the maple and beech and birch trees--the maple trees in particular that produce our maple syrup--that make such a difference in our fall foliage--those are going to be gone by 2070--by the end of this century. All of this red that we are seeing throughout--from Pennsylvania, New York, across Northern New Hampshire, Vermont, and Maine--that will all be gone by the end of this century. Again, this underscores that if we fail to act on climate change, we are going to see a steep loss of jobs and revenue. That is going to affect our outdoor recreation industry, and it is going to affect our traditional maple syrup industry. New Hampshire produces more than 100,000 gallons of maple syrup annually. That makes it the third largest maple syrup producer in the United States. Maple syrup is entirely dependent on weather conditions. We are already seeing the impact these changes are having because as we get into spring, the temperatures are not getting cold enough at night to make the sap run in the maple trees, and during the day, we are not seeing the fluctuation in temperatures that allows maple syrup to be produced. The National Climate Assessment notes that the changing climate is putting more and more stress on sugar maples. If we fail to act on climate change, this could destroy New Hampshire's multimillion-dollar maple syrup industry. Now, it is also affecting our wildlife. It is affecting their habitats. Probably one of the most iconic symbols of New Hampshire is our moose. Yet they are being threatened. Because [[Page S7175]] of milder winters due to climate change, ticks and other insects aren't dying off, which leads to infestation on our wildlife and on our trees. According to the New Hampshire Fish and Game Department, the estimated moose population in New Hampshire has decreased by more than 50 percent since the mid-1990s. That story is even worse for moose calves. A recent study by researchers at the University of New Hampshire found that winter ticks are the primary cause of an unprecedented 70-percent death rate of calves over a 3-year ***period***. On average--and we can see this dramatically in these photos--47,000 ticks were found on each calf that was monitored during this study. To quote Dr. Peter Pekins, a professor at UNH who is a lead author on the study, ``the iconic moose is rapidly becoming the new poster child for climate change in parts of the Northeast.'' We are going to see moose totally disappearing from the Northeast--in fact, from all of the northern part of the United States, if we don't take action. As my colleagues have said, global warming is also impacting our fishing industry. New Hampshire may have a small coast--18 miles of coastline--but we have an important commercial fishing industry that contributes $106 million to the State and supports 5,000 jobs. Unfortunately, because of climate change, the average annual temperatures in the waters off of southern New England have increased by about 2.2 degrees Fahrenheit since the 1970s. This change in temperature is driving some of New England's most iconic fisheries northward and further out to sea. Lobsters, for example, have migrated 40 miles northward to the Gulf of Maine in the last decade. As we can see from this illustration, it shows the red areas where we used to have lobster until the 1970s. They have totally disappeared, and those lobsters have moved north of Cape Cod. They are moving into northern Maine and up into Canada. They are totally gone from the New England Sound. That is devastating to Southern New Hampshire fishing communities where lobster is their livelihood. Ironically, as I think Senator Markey said so well, the lobster migration has contributed to an overabundance in the Gulf of Maine, and that has caused price volatility in the lobster market. So we have seen dramatic fluctuations which have also affected our fishermen. Of course, the impacts on human health have been dramatic because people are suffering from the impacts of climate change. Rising temperatures increase the number of air pollution action days. They increase pollen and mold levels, and they increase allergies. All of these things are dangerous to some of our most vulnerable populations, including children. In New Hampshire we have one of the highest childhood asthma rates in the country because of air pollution that has been moving primarily from the Midwest but now is being exacerbated by climate change. The elderly are affected, as well as those with allergies and those with chronic respiratory conditions. Rising temperatures also facilitate the spread of insectborne illnesses, such as Lyme disease, which have been a huge factor for people in New Hampshire and across New England. Now, because New Hampshire and the Northeastern States and New England have been experiencing major negative impacts from climate change, we have been working to reduce carbon emissions to try and transition to a more energy-efficient and clean-energy economy. New Hampshire is one of nine Northeastern States that participates in the Regional Greenhouse Gas Initiative, or RGGI, since the program launched in 2009. Massachusetts and Rhode Island are also participants. But carbon emissions in RGGI States have fallen by 51 percent. So in less than a decade, because of RGGI, we have seen a 51-percent reduction in carbon emissions. In addition, customers in RGGI States have saved an estimated $773 million on their energy bills, and billions more are expected. That is thanks not just to renewables but to energy efficiency. I am a big believer that energy efficiency is also one of the most important ways we can reduce our carbon emissions. Also, the wholesale price of energy has fallen. So we can see on average 6.4 percent and $773 million in energy savings. So climate change--as everyone who has spoken about this evening has pointed out--is probably the greatest environmental challenge the world has ever faced, but we can do something about it if we take action. Through smart energy policies and through thoughtful conservation measures, we can stop climate change from reaching dangerous, irreversible levels, but we have to act now. So I urge my colleagues and I urge this administration to recognize the economic and environmental imperative of addressing climate change before it is too late. Thank you, Mr. President. I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The bill clerk proceeded to call the roll. Mr. PORTMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Opioid Epidemic Mr. PORTMAN. Mr. President, I wish to speak tonight about the opioid crisis that has gripped my State of Ohio and our country and talk about some lessons learned. There was an article in the New York Times that some might have seen on Sunday about a town in Ohio--Dayton, OH--and the progress they have made in combating this opioid crisis, including a reduction in overdose deaths, which is really significant. Dayton is a city that has had some of the highest overdose death rates in our entire State of Ohio, and Ohio is No. 3 or No. 4 in the country in terms of overdose deaths. They have seen in Dayton, OH, over the last year, about a 50-percent decrease in overdose deaths. It is still totally unacceptable. Unfortunately, there are still hundreds of people who are dying every year. But from this high-water mark, progress has been made. Why is that happening? Well, I am going to talk a little bit about that tonight and talk about some of the things that are actually working back in our communities and perhaps give us a little sense of optimism about what might be able to happen over the next couple of years as we try to turn the tide on this epidemic. For a little context, last year we had the highest rate of overdose deaths in the history of our country. Some 72,000 Americans--72,000-- lost their lives to overdoses from drugs. In my State of Ohio, that number is particularly high, to the point that it is the No. 1 cause of death now in our State. I met with the director of the CDC, or the Centers for Disease Control, today and talked about the opioid epidemic and talked about the tragedy he is seeing in places like southwest Ohio, Dayton, and Cincinnati, my hometown, where we see incidences of hepatitis C increasing and even hepatitis A. These are diseases that are primarily increasing because of the sharing of needles and the opioid epidemic. So we have our work cut out for us, don't we? In Dayton, OH, by the way, over the last few years, the death rate had gotten so high that the coroner's office was literally running out of space. There wasn't enough room to put all the bodies. I have held roundtable discussions in Dayton and Montgomery County, which is the county around Dayton, over the past several years and heard the bad news. I have often been with Montgomery County then- Sheriff Phil Plummer, who has been tireless in trying to focus law enforcement, the social workers, the treatment community, the business community, and other community leaders on how to respond to this problem. Our first responders, of course, are as desperate as anybody to address this. It has been tough. Again, I have been in Dayton, OH, and had to talk about the fact that we had the worst rates in the country of deaths and, therefore, one of the worst in the entire country. So what has happened? How has Dayton made this progress, this 50 percent reduction? Well, the New York Times highlights a number of reasons for it. They talk about greater community involvement, the ability for more Medicaid recipients to get treatment, and more [[Page S7176]] Narcan being distributed throughout the community. Narcan, of course, is this miracle drug that reverses the effects of an overdose. They talked about helping to deal with the stigma. In other words, by reducing the stigma that is associated with addiction, more people will step forward to get treatment for it, and their families will be more willing to push them forward. That helps to unite communities against what is the biggest public health crisis we face in Ohio and around the country. I would like to highlight tonight some of the things we have done here in this body just in the last couple of years that contribute to some of the success that we are seeing. Again, are we there yet? No, we are not. Last year was worse than the year before, but I do believe that we are going to begin to make progress, and, frankly, I think we would already have seen some of these efforts at the Federal level, State level, and local level, which are taking root, make a bigger difference but for one thing, and that is this big influx of synthetic opioids--fentanyl. Fentanyl, carfentanil, and other synthetics have taken over. I remember being in Dayton, OH, the city we are talking about tonight, about 4 years ago when, for the first time, I heard from a law enforcement official that fentanyl was pushing out heroin. At that time, the big issue was heroin. It wasn't fentanyl. In fact, very few people knew about fentanyl. Fentanyl has hit my State and our country so hard over the past several years--the last 3, 4, 5 years--that it has sort of overwhelmed the system. So as we have begun to make progress on better education, better treatment, better recovery options, and more Narcan, we have also had this big influx of this incredibly powerful drug that is 50 times more powerful than heroin on average--an inexpensive drug. We will talk in a minute about what we are doing about fentanyl, but, again, I think if we had not seen that influx, we would already be seeing more progress because of some of the things that we will talk about that are happening in Dayton, OH. Back in 2016, this body, after 4 years of work, passed legislation called the Comprehensive Addiction and Recovery Act. I was proud to coauthor that with my colleague Sheldon Whitehouse. It was bipartisan. It was nonpartisan. It was based on evidence. It was based on four conferences we had here in DC. We brought in people from all over the country to talk about this: What is the best treatment option? What is the best way to ensure somebody gets through treatment successfully? How can we do a better job with our veterans? How can we ensure that we are bringing our first responders into this, working with them, and helping them to be able to deal with this crisis? All of that led to this Comprehensive Addiction and Recovery Act legislation. The first thing the legislation did, actually, was it said: Let's look at this like a disease. That may be--of all the things that are in that legislation, including significant new ***funding*** for our communities--maybe the most important thing, and it is beginning to change the paradigm, so that we don't look at this as a moral failing but rather look at it as something that is a disease. Something changes in your brain when you become addicted. I can't tell you the number of people I have met in my home State of Ohio who because of an accident or an injury took an opioid, became addicted--physically addicted--shifted to heroin or fentanyl because the prescription drugs were hard to find or too expensive, and then overdosed, and, in some cases, overdosed and died. But having said that, this legislation--this Comprehensive Addiction and Recovery Act legislation--focusing on prevention, focusing on treatment, focusing on recovery, focusing on providing Narcan to our communities, has made a difference. There will be $608 million spent this year on these CARA programs. Our first year it was about $182 million. It has gone up every year since. Why? Because it is working. It was based on good evidence, and it is helping to offer innovative solutions to this stubborn addiction challenge we face in our country. Dayton, OH, and Montgomery County have received $3.5 million in CARA ***funding***. So part of the reason they have had some success is that they have taken this ***funding*** and used it in innovative ways. It includes $2 million for first responders and about $500,000 for the city of Dayton to develop partnerships between first responders and treatment providers responding to overdoses as a team. Somebody overdoses, Narcan is applied, and their lives are saved. Unfortunately, still in America in most cases, the person goes back to the community, to the old team, the old gang, and often there is no followup. In Dayton, what they have said is this: Do you know what? If somebody overdoses and Narcan is applied, we are going to follow up with them, and the team will include law enforcement, but it also will include treatment providers and maybe social workers. This ***funding*** has allowed them to pursue that. Also, there is $1 million from Montgomery County Public Health to analyze substance abuse issues and identify potential solutions to come up with more innovative and creative ways to deal with this. Also, in 2016, this Congress passed another piece of legislation. The Comprehensive Addiction and Recovery Act, remember, is ***funding*** that goes straight to programs to help on prevention, education, and innovative solutions. The second one was called the 21st Century Cures Act, and this provides ***funding*** directly back to the States, and the States then decide how it is spent. That ***funding*** is also making a big difference. In each of the last 2 years, Ohio has received $26 million in Cures ***funding*** to affect the opioid crisis. All of your States have received ***funding*** too. The ***funding*** is based on the degree to which you have a problem. So the States like my State of Ohio, West Virginia, and Kentucky have gotten significant amounts of money from this because we need it. Again, the Montgomery County Alcohol, Drug Addiction, and Mental Health Services Board, or the ADAMHS Board, has received about $2 million in Cures ***funding*** over the last 2 years in Dayton, OH. I have seen and heard about how that ***funding*** is being put to good use. Just a couple months ago, I was in Dayton. I took part in a roundtable discussion with the Montgomery County ADAMHS Board and discussed how they are using their Cures money and their CARA money. They are using their Cures money to ***fund*** a community-based treatment team. They are partnering with Dayton and Montgomery County Public Health Addiction Services to provide 24/7 ambulance withdrawal support--a community treatment team to help people gripped by addiction get treatment in their own homes and primary care for high-risk addicts, including pregnant women and more. They are finding that is working. It is working not just to have people be saved from an overdose by Narcan but getting these people directed into treatment to actually help them with their addiction problem longer term. They are implementing impressive programs to help with some of the most vulnerable groups that are affected by this crisis, and that is mothers who are addicted and their babies, who are too often being born with what is called neonatal abstinence syndrome. Because the mom is addicted, the baby is born with this syndrome which requires the baby-- tiny innocent babies--to go through withdrawal. It is a very sad situation. It is happening in hospitals all over our country. Go to your neonatal unit in your hospital, and you will find out that, unfortunately, the numbers of these babies has increased dramatically. We don't know the impact longer term on these babies who are born to moms who are addicted, but there is a great risk there. What we do know is that hospitals across the country are being filled up with these innocent babies, and they need our help. After these babies get out of the hospital, by the way, often they can't go back to their moms or their dads because they are addicted, nor should they. The moms and dads sometimes are in treatment. They can't take their babies with them. What happens to these kids? Well, there are some groups that have started. Community volunteers have stepped up in Dayton, OH, as an example, and started a group called Brigid's Path. Brigid's Path is a shining example of an organization that is [[Page S7177]] dedicated to helping newborns who are dependent on drugs be able to recover longer term. As these innocent babies are taken through the withdrawal, they also need to be surrounded by love and support. Earlier this year, I had the opportunity to visit Brigid's Path. It provides short-term inpatient care in a home-like setting for these newborns who are suffering from prenatal drug exposure. A lot of volunteers are involved. Some of the volunteers do something really important and really simple. You know what it is? They hold the babies. Literally, it is the human contact. Based on all of the psychological studies and looking at how you create a healthy, well- adjusted baby, you have got to have that human contact. For these babies who can't be with their parents because their parents are addicted or maybe the dad isn't around and the mom is addicted, volunteers come in and literally hold the babies, love these babies, and support these babies. We need to provide as much care and treatment as possible to help these kids so that they can achieve their God-given potential in life. By the way, the opioid legislation that the President signed into law just last month, which this Congress passed, provides for the first time that organizations like Brigid's Path in Dayton, OH--entirely ***funded*** up to this point with volunteers, with money from the community, but, frankly, they don't have the resources they need to take care of all the babies who need the help--for these babies whose families qualify for Medicaid, will now be able to get Medicaid reimbursement under what is called the CRIB Act, which the President just signed into law. It provides $60 million in ***funding*** for babies and recognizes residential pediatric recovery facilities like Brigid's Path as providers under Medicaid. This is a huge difference. It is going to enable not just Brigid's Path but other organizations like this to pop up around our State. So that may not be affecting the overdose rate per se, but that is affecting something really important, which is the ability for these infants--these babies--to be able to have a normal life and to be able to achieve whatever God has in mind for them in their life, which is not to be growing up in a family with addiction but rather to be able to escape the grips of addiction. I believe, perhaps most importantly, that the legislation we just passed in Congress recently--adding to Cures, CARA and the CRIB Act--is dealing with fentanyl and will help in Dayton, OH, and around our country. I mentioned fentanyl earlier, a synthetic opioid 50 times more powerful than heroin and inexpensive. Sadly, while, again, Dayton has made progress, fentanyl remains the No. 1 killer in Dayton. They told me when I was there a couple months ago that cocaine and meth deaths--crystal meth--are rising in the Dayton area. That is deaths from cocaine and crystal meth. Why is that? Typically, you don't hear about people overdosing on cocaine, but you certainly do when fentanyl is mixed in with cocaine, and that is what law enforcement is telling me around Ohio is happening. These drugs, often mixed with fentanyl, are now deadlier than ever. Fentanyl was involved in more than 70 percent of Ohio's overdose deaths last year. From January until April of this year, despite the overall reduction in overdose deaths, about 77 percent of the overdose deaths in Montgomery County, in Dayton, OH, involved fentanyl. So, again, we are making progress, but not nearly as much as we all want to make, and a major reason for this is this influx of this deadly synthetic substance. Unbelievably, we know that fentanyl is mostly manufactured in China, and mostly comes to our country through our own United States mail system. Up to now, up until last month when the President signed this legislation, we did not have a way to screen these packages coming in from overseas, specifically from China, coming in through the mail system into our communities, causing all of these deaths and destruction. Now we have in place something that closes the loophole in the international mail screening. It requires the post office to do what the other carriers have had to do since 9/11, which is to provide law enforcement with advanced electronic data to be able to identify these suspect packages and get them offline. I think that is going to make a huge difference, not just because it is going to stop drugs from coming into our country but because, by reducing the supply, you are going to see the costs go up on the street, which has been one of our great challenges. That is not the ultimate answer. The answer is prevention and education, reducing the demand for these drugs, better treatment and longer term recovery options--all of those things we talked about in terms of taking care of those moms and babies. But we also have to do everything we can to reduce the supply of these drugs, and that legislation that the President just signed is going to help. We are also going to be helped by a new law that the President just signed last month which says that with regard to residential treatment programs, they are no longer going to be capped by an arbitrary limit of 16 beds. This is a vestige of the 1960s and 1970s, when we wanted to deinstitutionalize these people, and we said: You can't get reimbursement from Medicaid unless you have less than 16 beds for mental health and substance abuse treatment. Then the opioid crisis hits us, and suddenly we find ourselves with no room at the inn. Literally, people are being turned away at treatment centers and, in the ***period*** they are waiting to get in, overdosing and dying. I have heard these stories. I have heard the moms and dads talk about the pain of a child who finally says: I am ready. In one case, a dad takes his daughter to a treatment center. This was in a tele-townhall meeting I had. We have them every month, and I hear these stories. These are people who aren't calling to tell these stories, but they end up telling it because we are talking about this issue. In this case, the dad's heart was heavy. He said: We took her. She was ready. There was no room. They couldn't accept her in the treatment center. So we took her back home. In the 4 weeks that she was waiting to get a slot in the treatment center, what happened? She succumbed, once again, to shooting up--in her case, heroin--and an overdose in her own bedroom. So this arbitrary limit doesn't make any sense. If the treatment center is doing a good job, don't limit it to 16 beds. If it is not doing a good job, by the way, it shouldn't be getting any reimbursement. But if it is doing a good job and successfully helping people to get beyond their addiction and into recovery, we shouldn't be limiting it. This legislation does that. It actually takes off the cap. It has a 5-year life because it has a cost to it, and I am convinced it is going to work well. Five years from now, we will extend that even further, but this is something some of us have been working on for many years, and it is now done. So, again, progress is being made incrementally. Some of this legislation we talked about tonight is contributing to that. We need to ensure that if we implement this, we cannot at this point take our eye off the ball. I think when we look back at this year, 2018--and we are coming to the end of the calendar year now--we will see for the first time in the last dozen years a reduction in overdose deaths. I predict that is going to happen. I say that in part because I spoke to the Director of the Centers for Disease Control and Prevention. I also say that because back in Ohio I am seeing these programs work. I am seeing us finally beginning to turn the tide, despite the influx of fentanyl. But I would just state tonight, if that is true, and if we begin to see some progress--and I see it on the ground and see it in reports from coroners and medical directors around Ohio--if that happens, let's not take our eye off the ball. We succeeded. Let's move on. We did that back in the 1990s with regard to cocaine; we had solved the problem. We never solved the problem. It is like the tide. It keeps coming in. We have to be vigilant. We have to maintain the support we have provided here in the U.S Congress to push back against this terrible addiction, this disease, and we have to ensure that we are not just pushing down on one drug and having another drug pop up. As we make progress on fentanyl or make progress on heroin, let's also be [[Page S7178]] mindful of the disastrous impact of cocaine, crystal meth, and drugs we haven't even heard of yet--the new synthetic drugs that are coming our way. I believe that Federal programs like CARA and Cures are making a difference. We are working with our States that are passing their own legislation and helping in many ways. Our local communities are jumping in and figuring out innovative and creative ways of taking that Federal dollar and leveraging it with private sector money and with State and local money. I believe we are going to make progress with the STOP Act in reducing the supply and therefore raising the cost of the drug on the streets. I think what you have seen in Dayton, OH, which was reported in the New York Times, can continue--and not just in Dayton, but in Toledo, Columbus, Akron, Cincinnati, and St. Clairsville--all over our State and all over our country. We have a role to play here, and that is to continue to be better partners, as we have been over the last 2\1/2\ years here in Congress-- better partners with our States and with our local communities and with our families because, ultimately, this is an issue of the heart, isn't it? This is about the future. We have some pages with us tonight. They are young people who are 16, 17 years old who come to this town because they are selected as bright, young people. They are listening--at least they are acting as though they are listening tonight; thank you. It is about you. It is about what kind of future you are going to have and what kind of future we are going to have, having safe and healthy communities. Thank you. I yield back my time. The PRESIDING OFFICER. The Senator from Ohio.

**Load-Date:** November 30, 2018

**End of Document**



[***Warning against ‘Great Fracture’, Secretary-General Opens Annual General Assembly Debate with Call to Avoid Zero-Sum Politics, Revive United Nations Values***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5X4T-M4K1-F0YC-N443-00000-00&context=1516831)

Impact News Service

September 25, 2019 Wednesday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 23663 words

**Body**

New York: The United Nation has issued the following press release:

Amid fears of the largest economies creating two competing worlds — each with its own currency, trade rules, financial norms and zero-sum geopolitics — the United Nations Secretary-General called today upon global leaders gathered for the General Assembly’s annual general debate to maintain a multipolar world in which universal respect for international law and multilateral institutions remains undeniable.

“We must do everything possible to avert the great fracture,” Secretary-General António Guterres said as he described populations across the globe living in a world of disquiet. “A great many people fear getting trampled, thwarted, left out and left behind,” as machines take jobs, traffickers take dignity, demagogues take rights, warlords take lives and fossil fuels take the future. “People have a right to live in peace.”

Laying out the global landscape, he described the climate emergency as a race the world is losing, but one it can win “if we change our ways now” by reducing emissions, limiting global temperature rise to 1.5°C. New forms of authoritarianism are flourishing, while alienation and distrust are being weaponized. Rights defenders and journalists are being targeted, breaches that are playing out at a deeper level, shredding the fabric of “our common humanity”.

“We see borders and hearts closing” to refugees and displaced people, he said, families torn apart and the right to seek asylum flouted. He described diversity as a richness, not a threat, and gender equality as a question of power, which still overwhelmingly lies with men — from parliaments to boardrooms. While the problems are real, “we are here to serve”, and he called for reconnecting with the vision of the United Nations founders, restoring trust and moving ahead together.

Tijjani Muhammad-Bande (Nigeria), President of the seventy-fifth General Assembly, also underscored the need to prioritize cooperation, mutual respect and efforts to avoid relapse into bitter rivalries. “Evidence abounds that we can do great things if we are courageous, steadfast and show empathy,” he said, describing today’s gathering to achieve a collective dream as “a remarkable feat” in itself. “We have no room for either cynicism or apathy,” he emphasized.

Throughout the day, leaders from 37 countries outlined their visions, challenges and achievements, with many contrasting such appeals for openness and inclusion with warnings against “erasing and replacing” national foundations and indisputable rights to sovereignty. “The future does not belong to globalists,” said United States President Donald J. Trump, but rather to patriots. Wise leaders always place the good of their people and country first.

“Our time is one of great contests, high stakes and clear choices,” he said, with historic divides again playing out between those who believe they are destined to rule over others, and those nations wanting only to rule themselves. The United States prizes self-government above all, he said, describing a national renewal programme intended to empower people through new trade relationships — most importantly with China — new controls on migration and refusal to ratify an international arms trade treaty sponsored by the United Nations. “Globalism exerted a religious pull over past leaders, causing them to ignore their own national interests,” he said.

Striking a similar tone, President Jair Messias Bolsonaro of Brazil said the United States Administration epitomizes the spirit that must prevail among Member States: respect for freedom and sovereignty. To make that point, he said the Amazon has been mistakenly called a “world heritage” and its forests “the lungs of the world”. In so doing, countries have disrespected Brazil in a colonialist spirit, questioning its most sacred principle, “our sovereignty”. He disputed that the Amazon is being consumed by fire, as the media claims. “We are not here to erase nationalities and overrule sovereignty in the name of an abstract global interest,” he stressed.

Differing views on what distinguishes national, regional and global interests played out over various issues, with Egypt’s President Abdel Fattah al Sisi outlining his country’s ownership of solutions to national problems, and African solutions to African ones. He said Egypt still hopes for an agreement with Ethiopia and Sudan that will respect the common interests of all Blue Nile Basin peoples, recalling the understanding it demonstrated to Ethiopia over the latter’s proposed construction of the Renaissance Dam, without having undertaken the requisite studies to ensure the water interests of downstream countries.

What really matters is what countries can achieve together, said Turkey’s President Recep Tayyip Erdoğan, who recalled that he has warned for years that the fate of humanity cannot be left to the decisions of a few. “The world is bigger than five,” he said, pointing out that inequities between nuclear and non-nuclear weapons States undermine global balances.

“By standing alone and isolated, one fails,” said Croatia’s President Kolinda Grabar-Kitarović, who was among numerous delegates advocating collective action to reverse the harmful repercussions of climate change. She recalled how environment enthusiasts organized residents on Zlarin island to declare it the first Adriatic island free from single-use plastic within a year. “Their action was local, but their efforts were global,” she said.

New Zealand’s Prime Minister, Jacinda Ardern, said the idea of countries existing in isolation from each other has become obsolete, as the world has become interdependent, with domestic decisions having global ramifications. Her country experienced this worldwide connectedness first-hand on 15 March 2019, when an alleged terrorist “undertook the most horrific attack on a place of worship, taking the lives of 51 innocent people, devastating our Muslim community and challenging our sense of who we are as a country.” New Zealanders united in solidarity, and within 10 days of the attacks, the country banned semi-automatic weapons and assault rifles. The alleged terrorist’s broadcast of his crimes online, uploaded to YouTube as fast as once every second, demonstrated the need for global problem-solving. Two months after the attack, leaders gathered in Paris for the Christchurch Call, bringing together companies, countries and civil society, and committing to a range of actions to reduce the harm such content can cause.

President Marcelo Rebelo de Sousa of Portugal, reflecting on the world’s failure to embrace multilateralism in the form of the League of Nations and the subsequent war that followed, stated that it is worth fighting for international law, international organizations and a multilateral vision shared by everyone. Citing the many global and regional problems facing the international community — such as the rising tensions between leading players on the international scene, the rush to economic and cyber warfare and a disinvestment in international law and international organizations — he said that only those that do not know history — “and therefore do not mind repeating the mistakes of the past” — minimize the role of the United Nations. He urged the international community not to repeat the mistakes of the League of Nations, stressing: “We need more, and not less, United Nations.”

The Republic of Korea’s President, Moon Jae-In, said his country has benefited immensely from the United Nations, which together with the international community helped it overcome the scourge of war. Over the past year and a half, dialogue and negotiations have produced significant results on the Korean Peninsula. Once a symbol of division, Panmunjom has become a demilitarized area “in which not even a single pistol exists”, he said, proposing that it become an international peace zone recognized as a United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Site.

However, much work remains to be done, said Angola’s President João Manuel Gonçalves Lourenço. Outlining several areas requiring urgent, collaborative action, he said Africa was being ravaged by terrorism, and the international community and the African Union should focus particular attention on the need to normalize the situation in Libya, as territories controlled by different militias are the source of arms and ammunition of fundamentalist groups on the continent.

Similarly, Niger’s President Mahamadou Issoufou suggested the appointment of a joint United Nations-African Union Special Envoy for Libya, emphasizing that the international community bears serious responsibility in dealing with this crisis alongside the one in the Sahel, where terrorist groups are spreading. Acknowledging the direct link between poverty, terrorism and climate change, he appealed to all Member States to implement agreements made at the Climate Action Summit on 23 September. Calling for a new global governance model to replace the one adopted following the Second World War, which is now no longer enough to help the world overcome its current challenges, he said all States must engage in win-win cooperation — not in a zero-sum approach — because national interests benefit from cooperation among nations.

France’s President, Emmanuel Macron, said the world faces “unprecedented” challenges on many fronts, particularly climate change and biodiversity. Addressing the “constant paradox” on climate, he said it is leading to people becoming collectively jaded. “We give young people the possibility of speaking their minds, but then we act as we have in the past; that cannot continue,” he said, highlighting a need for concrete steps to change the collective approach and to work towards a carbon-neutral economy by 2050. Consistency in words and actions are also needed, he said, adding that “We have no other choice in any case.”

Also speaking today were Heads of State and Government of Nigeria, Maldives, Qatar, Switzerland, Bolivia, Jordan, Burkina Faso, Chile, Bosnia and Herzegovina, Rwanda, Finland, Monaco, Netherlands, Argentina, Latvia, Slovakia, Kazakhstan, Poland, Liechtenstein, Peru, Senegal, Italy, Spain, Japan, United Kingdom and Morocco.

The General Assembly will reconvene at 9 a.m on Wednesday, 25 September, to continue its general debate.

Opening Remarks

ANTÓNIO GUTERRES, Secretary‑General of the United Nations, noted that the Organization’s Charter sends a clear message to “put people first”, while recalling that during the first half of his mandate, he met and listened to people around the world who fear getting trampled, thwarted, left out and left behind. “We are living in a world of disquiet,” he said. People still believe in the spirit and ideas that underpin the United Nations, but the leaders of its Member States must deliver for them, he emphasized. There have been several positive developments over the past 12 months, including agreement just yesterday on a credible constitutional committee for Syria, yet across the global landscape, conflicts persist, terrorism is spreading and the risk of a new arms race is growing, he said, citing, among other things, unilateral actions that threaten a two‑State solution in the Middle East, as well as the alarming prospect of armed conflict in the Gulf, “the consequences of which the world cannot afford”.

Expressing hope that for the possibility of preserving the progress on non‑proliferation represented by the Joint Comprehensive Plan of Action, he emphasized the importance of preventing crises as well as the need for mediation and a surge of diplomacy for peace, while paying tribute to the 80 peacekeepers, humanitarian workers and others who have died in 2019 while trying to better the lives of others. He went on to recall that he has advanced a new disarmament agenda, emphasizing that the new Strategic Arms Reduction Treaty, known as the New START Treaty, must be extended in the near term. Efforts must also be made to address the heightened threat posed by ballistic missiles and to ensure a successful review of the Treaty on the Non-Proliferation of Nuclear Weapons in 2020. He noted that the situation on the Korean Peninsula remains uncertain and expressed his full support for efforts towards a new summit between the leaders of the United States and the Democratic People’s Republic of Korea.

He expressed fear, however, of a possible “great fracture”, with the world’s two largest global economies creating two separate and competing worlds, each with its own dominant currency, trade and financial rules, their own Internet and artificial intelligence capacities and its own zero‑sum geopolitical and military strategies. Everything possible must be done to stop the world from splitting in two and to maintain a universal system governed by respect for international law and strong multilateral institutions, he stressed. Describing human rights as universal and indivisible, he noted that they permeate the 2030 Agenda for Sustainable Development and are among the best tools for preventing conflict, yet the world is not on track to fulfil the Sustainable Development Goals (SDGs).

Inequality is exploding and, sadly, one’s chances of living a life free of want depends more on one’s circumstances of birth than on their innate circumstances, he continued. Today’s Sustainable Development Goals Summit and tomorrow’s Dialogue on Development Financing provide opportunities to intensify ambition and maximize the promise of technology and innovation, he said. He went on to describe the climate emergency as a race that the world is losing, but which it can win “if we change our ways now”. What used to be called climate change is now a climate crisis and global warming is more accurately global heating, he emphasized. The international community must build on the momentum from the Climate Action Summit, which highlighted some solutions intended to reduce emissions, limit global temperature rise to 1.5°C and ensure carbon neutrality by 2050.

Emphasizing that people have a right to fundamental freedoms, he pointed out that decades of progress are being restricted, reversed, misinterpreted and mistrusted, amid impunity for violations of international humanitarian law, flourishing new forms of authoritarianism and narrowing civic space. Surveillance systems are expanding their reach, shredding the fabric of common humanity, he noted. With numbers of refugees and internally displaced persons at record levels, solidarity is on the run, he cautioned, underlining that the integrity of the international refuge‑protection regime must be restored, the promise of the global compact on refugees fulfilled and the adoption of the Global Compact for Safe, Orderly and Regular Migration reinforced. The human rights of all migrants must be respected, he stressed.

Reiterating that fear is gaining ground throughout the world, he called attention to United Nations initiatives to tackle hate speech and support efforts to uphold the right to religious freedom. Diversity is a richness, not a threat, and it is unacceptable in the twenty‑first century that women and men are persecuted due to their identity, beliefs or sexual orientation, he said. Gender equality is a question of power, which still lies overwhelmingly with men, and given current trends, he noted, it will take two centuries to close the economic empowerment gap. Turning to his efforts to reform and make the United Nations more effective, he said the Organization’s seventy‑fifth anniversary will provide an opportunity to renew the international community’s common project. The world’s problems are real, but so too is hope, he emphasized, urging Member States to restore trust, rebuild hope and move ahead together.

TIJJANI MUHAMMAD-BANDE (Nigeria), President of the seventy‑fourth session of the General Assembly, said it is deplorable that “we have remained far too long at the crossroads of human development”, emphasizing the need to join efforts to finding solutions to the untold hardships arising from violent conflict, terrorism, natural disasters, drugs and sex trafficking and illiteracy, among others, from which millions of people around the world suffer. Rising from the ashes of the Second World War in 1945, the United Nations was created to ensure that humankind will never again traverse such a destructive path, he recalled, pointing out that, despite occasional failings, the Organization helped humanity achieve much good, including the adoption of the 2030 Agenda. Implementing the Agenda’s 17 SDGs by 2030 must be a priority in the interest of the billions of people hoping that the work undertaken in the Assembly will galvanize efforts to eradicate poverty while ensuring zero hunger, quality education, climate action and inclusion, he said, adding that challenges will not be resolved by individual countries. Overcoming them requires focused cooperation, he stressed.

Outlining his presidency’s priorities for the seventy‑fourth session, he emphasized the need to ensure that the United Nations peace and security architecture is fit for the twenty‑first century while making prevention a priority. Eradicating poverty remains a great challenge globally, he said, urging countries to improve social‑protection systems and channel a significant proportion of Government spending into the marginalized or excluded groups most affected by poverty. Further, he called for the formation or strengthening of coalitions undertaking climate resilience and mitigation actions, pointing out that climate change exacerbates poverty and food shortages. It is also vital to ensure access to free quality primary and secondary education, as well as affordable and inclusive vocational and technical education. Underlining that no nation can develop beyond its educational capacity, particularly the capacity of its teachers, he said that ensuring inclusion, particularly as it relates to the rights and empowerment of youths, women and the disabled is the right thing to do, he pointed out, describing it as “a guarantor of the expansion of the economy”.

He went on to stress the need to prioritize cooperation, mutual interest and respect, and to avoid relapsing into the bitter rivalries of the past, also underscoring the importance of pooling resources and energies to address major global challenges confronting humanity. “Evidence abounds that we can do great things if we are courageous, steadfast and show empathy,” he said, citing historical and contemporary figures who reminded humanity that hope is not lost, including Mahatma Gandhi, Nelson Mandela, Martin Luther King, Jr., Greta Thunberg, Malala Yousafzai and Imam Abubakar Abdullahi. “We should not forget that the fact that we stand in this magnificent Hall today, in the presence of leaders from around the globe, to debate how best to achieve the world of our collective dream, is a remarkable feat in itself,” he said, calling for focused attention to the suffering of billions of people around the world while stressing that crafting stronger cooperation is essential to creating a more peaceful and prosperous world. “We have no room for either cynicism or apathy,” he stressed. “We should strive, together, to deliver for all.”

JAIR MESSIAS BOLSONARO, President of Brazil, presented “a new Brazil, one that re-emerges from a brink of socialism”, an ideology which has put his country in a state of widespread corruption, serious economic recession, high criminality rates and unending attacks on the family and religious values. Recalling the agreement between the Workers’ Party Government and the Cuban dictatorship which brought 10,000 physicians to Brazil, he said they lacked professional certification and basic freedoms. He pointed out that before he took office, almost 90 per cent of these physicians left Brazil due to unilateral action by the Cuban regime and those who remained underwent medical qualification. That is how Brazil stopped supporting the Cuban dictatorship, he added.

He went on to point out Cuba’s long‑standing practice of establishing dictatorships, recalling that a few decades ago, Cuba unsuccessfully attempted effect regime change in Brazil and other Latin American countries. He added that 60,000 Cuban agents control society in Venezuela, where they were invited by Hugo Chávez. Condemning the rise of socialism in that country, he stressed the impact of the Venezuelan dictatorship on Brazil, explaining how his country became — through Operation Welcome — the host of 4 million people fleeing hunger and violence in Venezuela. The forum of São Paulo, a criminal organization established in 1990 by Fidel Castro, former president Luiz Inácio Lula da Silva and Hugo Chávez, remains alive and must be fought, he added.

Noting that political and economic freedom go hand in hand, he said the free market and privatization are all present today in Brazil, a country recovering from the vices resulting from almost two decades of fiscal recklessness and widespread corruption. Brazil is opening the economy, he said, adding that in only eight months, the country concluded the two biggest trade agreements in its history — those between the Southern Common Market (MERCOSUR) and the European Union, and between MERCOSUR and the European Free Trade Area. He also mentioned Brazil’s readiness to start the process to accede to the Organization for Economic Cooperation and Development (OECD). He went on to reiterate his Government’s commitment to environmental preservation and sustainable development, pointing out that Brazil is one of the richest countries in terms of biodiversity. Its Amazon rainforest is larger than Western Europe and remains virtually untouched. This demonstrates that Brazil is one of the countries that protects its environment the most, he said. It is dry weather and winds that favour both spontaneous and criminal fires, he said, adding that indigenous and local populations use fire in their cultural and survival practices.

Referring to the “sensationalist attacks” Brazil has endured from the media due to the rainforest fires, he expressed concern over the tendency to characterize the Amazon as the lung of the world. Such misconceptions lead to disrespectful and colonialist behaviour on the part of some countries that question Brazil’ s sovereignty and suggest imposing sanctions, he said. He expressed gratitude to President Donald Trump of the United States, saying he respects the freedom and sovereignty of nations. Today, 14 per cent of Brazilian territory is demarcated as indigenous land and the Government refuses to increase it to 20 per cent, he emphasized. The views of indigenous leaders are not representative of the country’s entire indigenous population, and some of these leaders are used by foreign Governments to advance their own interests in the Amazon. “Indigenous people do not want to be poor landowners on rich lands,” he stressed, pointing out that those who attack Brazil are not concerned with indigenous rights, but with mineral wealth and biodiversity.

He pointed out that France and Germany use more than 50 per cent of their respective territories for ***agriculture*** while Brazil uses only 8 per cent, preserving 61 per cent of its territory. Any initiative to help the preservation of the Amazon rainforest must fully respect Brazilian sovereignty, he reiterated. Underlining the importance of building a world free of impunity, with no safe havens for criminals, he said there is no chance for terrorists to operate under the guise of political persecution victims to find asylum in Brazil. Stressing his Government’s positive effect on safety in the country, he cited measures implemented in fighting countless violent crimes and killings, saying they successfully cut murder rates. He also underlined Brazil’s concern about the growing persecution and violence against missionaries and religious minorities. He reaffirmed Brazil’s willingness to uphold its contributions to United Nations peacekeeping as well as its openness to the world and eagerness to establish partnerships.

DONALD J. TRUMP, President of the United States, said that the essential divide seen throughout history is once again thrown into stark relief between those whose thirst for control deludes them into thinking they are destined to rule over others, and those nations that only wish to rule themselves. The United States prizes liberty, freedom and self‑government above all, he said, adding that after spending $2.5 trillion since his election to rebuild the military, it is the world’s most powerful nation. “Hopefully, it will never have to use this power.” Where others seek conquest, the United States must be strong in wealth, might and spirit, defending the traditions and customs that have made it what it is today, he said, adding that each nation has a cherished history, culture and heritage that is worth defending and celebrating. “The free world must embrace its national foundations,” he said. “It must not attempt to erase or replace them.” Looking around the planet, the truth is plain to see, he added. “If you want freedom, take pride in your country. If you want democracy, hold onto your sovereignty. And if you want peace, then love your nation.” Wise leaders always place the good of their people and country first, he said, emphasizing that the future belongs not to globalists but to patriots, to sovereign independent nations that protect their citizens, respect their neighbours and honour the differences that make each nation special and unique.

In that context, the United States has embarked on a new programme of national renewal, focused on empowering the dreams of its citizens, he continued. Thanks to pro‑growth economic policies, domestic unemployment has fallen to its lowest level in half a century, fuelled by tax and regulation cuts. Six million people have been added to employment rolls in less than three years, while African‑American, Hispanic and Asian unemployment reached the lowest rates ever recorded. He went on to describe the United States as the largest producer of natural gas and oil in the world, adding that the country is revitalizing the unrivalled might of its military and its alliances to demonstrate to partners that they are required to pay their fair share of their defence burdens. At the heart of the country’s renewal campaign is an effort to reform international trade, he continued, emphasizing that the United States has been exploited for decades by nations acting in bad faith. “We want balanced trade that is both fair and reciprocal,” he said, noting that his country is working with Mexico and Canada to replace the North American Free Trade Agreement (NAFTA) as well as with Japan to finalize a new trade accord. The United States stands ready to complete a new agreement with the United Kingdom that will bring “tremendous” benefits to both countries, he added.

He went on to state that the most important difference in his country’s new approach to trade is its new relationship with China, recalling that country’s admission to the World Trade Organization (WTO) in 2001. United States leaders then argued that this decision would compel China to liberalize its economy and would be good for both private property and the rule of law, he recalled. “This theory has been tested and proven wrong,” he emphasized, saying China has declined to adopt reforms, embracing instead an economic model dependent on market barriers, subsidies, currency manipulation, product dumping, forced technology transfer and trade secrets on a grand scale. Describing the experience of Micron Technology, he said the company was banned from selling its goods in China after a firm partially owned by that country’s Government stole its intellectual property and obtained a patent for a nearly identical product. “We are seeking justice,” he said. Stressing that the world’s second‑largest economy should not be allowed to declare itself a developing country in order to “game the system”, he noted that such abuse was ignored for years, declaring: “Those days are over.” Washington, D.C placed tariffs on $500 billion worth of Chinese‑made goods and, as a result, supply chains are relocating back to the United States and other countries, he said. As for the situation in Hong Kong, he said the United States expects China to respect its binding treaty with the United Kingdom — and registered with the United Nations — which requires it to respect that territory’s legal system.

He went on to stress that the United States does not seek conflict with any nation, but rather, desires peace, cooperation and mutual gain for all. Pointing to the threat posed by the repressive regime in Iran, he said its record of death and destruction is well‑known. He went on to describe Iran as the number one State sponsor of terrorism, fuelling wars in Syria and Yemen while its leaders squander its wealth in a fanatical quest to build nuclear weapons and the means to deliver them. “We must never allow this to happen,” he emphasized, explaining why the United States withdrew from the “terrible” Iran nuclear deal, which does not provide for the inspection of important sites or cover ballistic missiles. In response to Iran’s attack against Saudi Arabia’s oil facilities, the United States imposed the highest level of sanctions on Tehran’s central bank and sovereign wealth ***fund***, he said. Iran’s leaders have turned a proud nation into another cautionary tale of what happens when a ruling class abandons its people and embarks on a crusade for personal power and riches, he said. For 40 years, the world has listened to Iran’s rulers decry problems that they alone have created, he added, accusing Tehran of trafficking in “monstrous” anti‑Semitism, while underlining that the United States will not tolerate anti‑Semitic hate.

Thankfully, he continued, there is growing recognition in the Middle East that countries in the region share a common interest in fighting terrorism and unleashing economic opportunity, making fully normalized relations between Israel and its neighbours all the more important. Indeed, the United States has never believed in permanent enemies, he said, clarifying: “We want partners, not adversaries.” Whereas anyone can make war, only the most courageous can make peace, which is why the United States has pursued peace on the Korean Peninsula, he said, pressing the Democratic People’s Republic of Korea” to denuclearize. The United States is also pursuing the hope of a brighter future in Afghanistan, with the goal of extricating itself from endless wars, but since the Taliban continue their attacks, the United States will engage its partners to stamp out terrorism, he said. Noting that illegal immigration continues to undermine prosperity, empower criminal cartels and rip societies apart, he emphasized that each country has the right to protect its borders. He called for concerted action to end human smuggling and to put criminal networks out of business for good. The United States is working with Mexico, Canada, Honduras, El Salvador, Panama and others to uphold border integrity, and has taken unprecedented action to stop illegal immigration, he said, stressing: “If you make it here you will not be allowed in. You will be promptly returned home.” The United States will also support those living under repression in Cuba, Nicaragua and Venezuela, he said.

The United States is taking steps to protect its data and security, he said, urging all countries to do the same in the knowledge that freedom and democracy must be protected from abroad and from within. He encouraged scepticism of those eager for conformity and control, pointing out that a handful of social media platforms are acquiring immense power over what people see and say, and decrying a political class that openly defies the will of the people. Social media giants must be prevented from silencing people’s voices, he stressed. More broadly, the United States is working with other countries to stop the criminalization of homosexuality, and stands in solidary with lesbian, gay, bisexual, transgender and queer communities worldwide, he said. It is also championing the role of women in society, promoting freedom of worship and religion for all from a standpoint of defending innocent life. The United Nations has asserted a right to “taxpayer abortion”, he added, emphasizing that “global bureaucrats have no business attacking nations that want to protect innocent life”. He went on to emphasize that the United States will not ratify the Arms Trade Treaty, but rather uphold the right to keep and bear arms under the rights enshrined in the Second Amendment of its constitution.

ABDEL FATTAH AL SISI, President of Egypt, stressed his country’s pioneering experience in terms of respect for the principle of national ownership of solutions to national problems. Egypt’s plan to advance society entails fighting terrorism and launching the most ambitious economic reform programme in its modern history. As the current Chair of the African Union, he cited regional efforts to consolidate the principle of “African solutions to African problems” and to lay the foundations for development through a continent‑wide vision based on common history. To this end, the “African Union Centre for Reconstruction and Development” — a new mechanism focused on post‑conflict reconstruction — has been launched in Cairo, he said.

He went on to state that success in implementing national ownership is also reflected in the peace agreement signed in the Central African Republic as well as the formulation of a common vision among various parties to manage the transition phase in South Sudan. African countries are also fully aware of the importance of establishing partnerships in order to address political and economic challenges while moving towards achieving the African Union’s Agenda 2063, he said, emphasizing, in this regard, Africa’s potential to become a new engine of growth for the entire global economy, supported by — among others — Egypt’s initiative to convene the first edition of the “Aswan Forum for Sustainable Peace and Development”.

Turning to the Palestinian question, he described it as the longest‑standing crisis in the Middle East, expressing disappointment over the absence of a just solution based on international resolutions calling for the establishment of an independent Palestinian State with East Jerusalem as its capital. Arabs are open to the realization of a just and comprehensive peace and the Arab Peace Initiative is still on the table, he said. In this regard, he underscored the need to restore Palestinian rights and to establish a security and economic system in the Middle East based on peace, security and cooperation. Expressing concern over the protracted crisis in Libya, he urged all parties concerned to stop the conflict and address its root causes by fully implementing the United Nations plan adopted by the Security Council in October 2017, and by addressing the imbalance in the distribution of wealth and power. He further underlined the need to unify all national institutions, avoid the ensuing chaos by militias, and prevent the intervention of external actors in Libya’s internal affairs.

Calling for a political solution to the crisis in Syria, he emphasized that the international community can no longer afford to continue the vicious cycle that Syria has endured for more than eight years. As for the crisis in Yemen, he said it also calls for a decisive stance and a political solution to end foreign interventions by non‑Arab regional parties and to address threats facing the Gulf region, including the recent attacks on oil installation in Saudi Arabia. He went on to stress the importance of combating terrorism and the need to confront all terrorist organizations without exception. He reiterated Egypt’s readiness to intensify cooperation with other countries in countering the terrorist ideologies, stressing in this context, the importance of implementing Security Council resolution 2354 (2017) on implementation of the comprehensive international framework to counter terrorist narratives, adopted on the basis of an Egyptian initiative. In relation to the Security Council, he expressed concern over the imbalance in its composition and over shortcomings in its decision‑making process, stressing that the historical injustice to which the African continent has been subjected must be rectified.

Recalling his country’s long‑term relations with other Nile Basin countries, he expressed Egypt’s understanding of Ethiopia’s construction of the Renaissance Dam. Explaining that Egypt took the initiative to bring forth the Agreement on the Declaration of Principles signed in Khartoum on 23 March 2015, he said it launched negotiations to reach an agreement governing the filling and operation of the Renaissance Dam. Unfortunately, the negotiations have not brought the desired results, he noted, adding, however, that despite recent developments, Egypt remains hopeful with regard to an agreement that will fulfil the common interests of the all the peoples of the Blue Nile in Ethiopia, Sudan and Egypt. While recognizing Ethiopia’s right to development, the Nile’s waters represent a matter of life for Egypt, he stressed, calling for a mutually satisfactory agreement.

RECEP TAYYIP ERDOĞAN, President of Turkey, said that the challenges the world faces are the result of injustice on a global scale generating instability, power struggles and crises. Recalling that the creation of the United Nations was intended to eradicate such injustice, he pointed out the international community’s failure to solve such problems as terrorism, hunger, misery and climate change. Affirming that solutions must be found collectively, he emphasized that it is unacceptable that one part of the world lives in luxury and enjoys the benefits of prosperity while those in other parts suffer poverty, misery and illiteracy. He went on to point out that the inequality between nuclear-weapon-States and those without nuclear weapons undermines global balance, declaring: “The world is bigger than five.” Weapons of mass destruction are used as leverage and are not under discussion with a view to their total elimination. “The possession of nuclear power should either be forbidden for all or permissible for all.”

Calling for strengthening of the capacity and efficiency of the United Nations, he praised Turkey’s role in the international arena as “the most generous country” in terms of humanitarian assistance, noting that his country hosts more than five million asylum-seekers, 3.6 of them Syrian refugees, at a cost of $40 billion over the last eight years. Urging an end to the crisis in Syria, he praised the efforts made at the Ankara Summit with the Russian Federation and Iran. He went on to call for the “elimination of PKK-YPG terrorist structure” and announced Tukey’s intention to establish a Peace Corridor to enable the settlement of up to three million Syrians coming from Turkey, Europe and other parts of the world. Turkey’s other initiatives will include dialogue with Lebanon, Iraq and Jordan, with a view to allowing the return of more Syrian refugees, he said.

As for the situation in Cyprus, he said it has not been resolved “due to the uncompromising position of the Greek Cypriot side”. Calling for a solution that guarantees the security and rights of the Turkish Cypriot people, he said “the Greek Cypriot side pursues an inequitable and unjust policy of imposition which refuses to share the political power and prosperity with Turkish Cypriots”. He went on to mention the situation in Libya, the interventions in Yemen, the murder of Saudi journalist Jamal Khashoggi and the death of former president Mohammed Morsi of Egypt. As for Iran, he expressed hope that discussions about its activities will be resolved in a rational framework. He also called for the immediate establishment of an independent Palestinian State within the 1967 borders and with East Jerusalem as its capital.

He went on to note that Israel disregards all human values through acts of aggression, such as the inhuman blockade of Gaza, the illegal construction of settlements and attacks against the historical and legal status of Jerusalem. In the South Caucasus, the occupation of Nagorno-Karabakh, Azerbaijani territory, is unacceptable, he said, emphasizing that the dispute over Kashmir is a problem that the international community ignores. The fate of Myanmar’s Rohingya community is another matter of concern for Turkey, he said, recalling the “genocidal intent” behind the actions of that country’s military against the Rohingya minority in Rakhine State. He went on to point out that Afghanistan has not lived in peace for almost 40 years.

Warning against racism, xenophobia and anti-Islamic hatred, he recalled the terrorist attacks against Muslims in New Zealand, the attacks against Christians in Sri Lanka and against Jews in the United States. He also warned against populist politicians and hate speech, urging statesmen and stateswomen to adopt inclusive and tolerant public discourse. Urging the designation of 15 March, the day of the attack against Muslims in New Zealand, as the “International Day of Solidarity against Islamophobia”, he expressed hope for a reformed United Nations, particularly of the Security Council, based on justice, moral values and good conscience.

TIJJANI MUHAMMAD-BANDE (Nigeria), speaking in his national capacity, said it is deplorable that “we have remained far too long at the crossroads of human development”, emphasizing the need to join efforts to finding solutions to the untold hardships arising from violent conflict, terrorism, natural disasters, drugs and sex trafficking and illiteracy, among others, from which millions of people around the world suffer. Rising from the ashes of the Second World War in 1945, the United Nations was created to ensure that humankind will never again traverse such a destructive path, he recalled, pointing out that, despite occasional failings, the Organization helped humanity achieve much good, including the adoption of the 2030 Agenda. Implementing the Agenda’s 17 SDGs by 2030 must be a priority in the interest of the billions of people hoping that the work undertaken in the Assembly will galvanize efforts to eradicate poverty while ensuring zero hunger, quality education, climate action and inclusion, he said, adding that challenges will not be resolved by individual countries. Overcoming them requires focused cooperation, he stressed.

Outlining his presidency’s priorities for the seventy‑fourth session, he emphasized the need to ensure that the United Nations peace and security architecture is fit for the twenty‑first century while making prevention a priority. Eradicating poverty remains a great challenge globally, he said, urging countries to improve social‑protection systems and channel a significant proportion of Government spending into the marginalized or excluded groups most affected by poverty. Further, he called for the formation or strengthening of coalitions undertaking climate resilience and mitigation actions, pointing out that climate change exacerbates poverty and food shortages. It is also vital to ensure access to free quality primary and secondary education, as well as affordable and inclusive vocational and technical education. Underlining that no nation can develop beyond its educational capacity, particularly the capacity of its teachers, he said that ensuring inclusion, particularly as it relates to the rights and empowerment of youths, women and the disabled is the right thing to do. It is “a guarantor of the expansion of the economy”.

He went on to stress the need to prioritize cooperation, mutual interest and respect, and to avoid relapsing into the bitter rivalries of the past, also underscoring the importance of pooling resources and energies to address major global challenges confronting humanity. “Evidence abounds that we can do great things if we are courageous, steadfast and show empathy,” he said, citing historical and contemporary figures who reminded humanity that hope is not lost, including Mahatma Gandhi, Nelson Mandela, Martin Luther King, Jr., Greta Thunberg, Malala Yousafzai and Imam Abubakar Abdullahi. “We should not forget that the fact that we stand in this magnificent Hall today, in the presence of leaders from around the globe, to debate how best to achieve the world of our collective dream, is a remarkable feat in itself,” he said, calling for focused attention to the suffering of billions of people around the world while stressing that crafting stronger cooperation is essential to creating a more peaceful and prosperous world. “We have no room for either cynicism or apathy,” he stressed. “We should strive, together, to deliver for all.”

IBRAHIM MOHAMED SOLIH, President of Maldives, said that the United Nations is more necessary than ever due to the signs of strain affecting the Organization, such as trade wars, populism, extremism, racism, xenophobia and terrorism. The climate crisis is looming larger than ever, “heightened by our collective inability to address it”, he noted. Recalling the creation of the United Nations after the Second World War, he emphasized that it is needed to face the current global problems, which can only to be solved though collective efforts. He went on to recall the recent political changes in his country, which ended a ***period*** of autocracy prevailing since 2008, when the judiciary was hijacked, Parliament brought to a standstill and the media gagged.

During that ***period***, he continued, the Maldives also broke off from the Commonwealth, but has now begun the process of re‑joining it. Praising the new political landscape following his victory exactly a year ago in September 2018, he cited education, good governance, the creation of business opportunities and the protection of ecosystems and coral reefs as some of his country’s most important undertakings. The Government is also extending reform efforts to the judicial and police systems, the fight against corruption, murder investigations and human rights abuses, which are crucial for a “meaningful democracy” to serve its citizens beyond the celebration of elections, he said.

Describing terrorism and violent extremism as among the most pressing issues of modern times, he said their origins can be traced not only to disaffection and disenchantment brought on by a fast‑changing world, but also to the efforts of opportunists “who twist religion and poison young minds”. Recalling the terrorist attacks carried out on 29 April against Christians in Sri Lanka, he called for global action through the sharing of intelligence as well as counter‑terrorism training and reforming financial systems in order to starve terrorist networks of ***funding***.

Spotlighting the question of Palestine, he affirmed that the inalienable rights of Palestinians have been “acutely and blatantly dismissed by Israel, marginalized and discriminated against, in complete disregard of international law”. Expressing support for a two‑State solution, he called for a genuine and meaningful dialogue between Arab countries and Israel, urging the United Nations and Member States to undertake every effort to work towards settlement of the issue.

He went on to state that climate change remains the most pressing issue for the Maldives, an insular State, emphasizing: “It threatens our very existence as a nation.” The Government has revised and scaled up its national determined contributions arising from the Paris Agreement, he said, explaining that his country has presented a plan that seeks to utilize natural solutions, promote innovation and introduce such measures as a complete ban on single‑use plastics by 2023 and further protection of marine areas, hopefully with the support of the international community. He also called for peace and security in the Indian Ocean, noting that the South Asian Core is “one of the least integrated regions in the world, lacking regional governance and unable to reap the benefits of an effective multilateral order”.

TAMIM BIN HAMAD AL-THANI, Amir of Qatar, said the world faces enormous and diverse cross‑border challenges requiring multilateral action. In such a situation, nothing can replace the wisdom contained in the United Nations Charter. Emphasizing his country’s determination to address problems in the Gulf region through dialogue, he emphasized that blockades and sanctions are in no one’s interest. Reiterating the need to work towards a regional security system that maintains security and stability throughout the Middle East, and particularly in the Gulf region, he said the unjust, unlawful and unjustified blockade imposed by some countries on Qatar continues. Unconditional dialogue based on mutual respect and the lifting of the blockade are the only means by which to end the crisis, he emphasized, thanking the Amir of Kuwait, among others, for his efforts to resolve it.

Israel’s occupation of Palestinian territory as well as its settlement activity, Judaization of Jerusalem and blockade of Gaza are happening in defiance of United Nations resolutions, he noted. Permanent peace requires guaranteeing the rights of the Palestinian people on the basis of the pre‑1967 borders and with East Jerusalem as the capital of a Palestinian State, and the end of Israeli occupation, he noted. Qatar will not stop supporting any effort aimed at realizing a just peace, he said, adding that his Government will continue to provide Palestinians with political and humanitarian support. The tragedy in Syria is a major scandal and disgrace on humanity, he said, emphasizing that failure to impose a political solution is basically due to the Security Council’s inability to protect civilians and to the Syrian regime’s intransigence. “Everyone listening to me knows that when we refer to the Security Council, we mean the major Powers,” he noted. It is time for the Syrian people to have security, justice and a decent life through a political solution that fulfils their aspirations, in line with the Geneva Communiqué and Security Council resolutions, he stressed.

Turning to Yemen, he said that until that country’s people can implement agreed solutions without foreign intervention, there is no option but to support United Nations efforts to end the conflict as well as the Organization’s humanitarian efforts. Turning to Libya, he called upon all actors to respect its people’s wish for a peaceful solution. Intervention in that country’s affairs complicates the crisis, deters national reconciliation and contravenes Security Council resolutions, he said. Noting his country’s hosting of negotiations between the United States and the Taliban, he said the talks made significant progress towards peace in Afghanistan before the United States decided to halt them. He called upon the international community and effective regional States to join forces to achieve peace and stability in that country.

He went on to express confidence that the people of Sudan will move past their country’s current ***transitional*** phase, calling upon the United States, in that regard, to remove Sudan from its list of State sponsors of terrorism. He noted that many countries are realizing the mistake of linking terrorism to a particular religion after they found themselves subjected to terrorist acts motivated by racism and ideology. There is a political and moral need to go beyond confining terrorism to individuals and groups, and to deal with State crimes against unarmed civilians, he emphasized, adding that it is also necessary to distinguish between terrorism and resistance against occupation.

Recalling that the Qatar News Agency was subjected to digital piracy and espionage, he said the misuse of new communications technologies threatens the security of States and cordial relations among countries. Qatar renews its proposal for an international conference on ways to address the issue in terms of international law, he said, adding that Qatar stands ready to host such a meeting under United Nations auspices. He went on to underline the negative impact of climate change on implementation of the 2030 Agenda as well as Qatar’s consistent policy of protecting and promoting human rights on the basis of Arab and Islamic principles and values. In that regard, Qatar has made significant achievements in terms of workers’ rights and working conditions, in coordination with the International Labour Organization (ILO), he said.

UELI MAURER, President of the Swiss Confederation, described a fast‑changing world in which the people have lost trust in politics, economics and international organizations like the United Nations. Noting that the Organization’s Charter guarantees equality among the world’s nations, he expressed concern that for small countries, the principle of inequality is violated and the strength of larger States often prevails, reminding the latter that the ***smooth*** functioning of the international community depends on respect for those principles. Noting that 2019 marks the seventieth anniversary of the signing of the Geneva Conventions, he said humanitarian commitment is at the heart of his country’s policy.

Urging the international community to act against hunger, ensure the availability of water supplies and education, fight climate change and reduce armed conflict, he expressed hope that humanity will use technology for the common good, and that knowledge will be shared and not limited by borders. Digital technologies have the potential to transform the world, he said, emphasizing the key importance of research and innovation, although dangers and challenges include cyberattacks. Rights like privacy must be protected and use of technologies should therefore rely on ethical principles and values.

He went on to hail the United Nations as “the only platform for change” and the only global institution, while stressing that it must be reformed in order to be stronger. He also emphasized Geneva’s role as “one of the capitals of humankind”, hosting United Nations headquarters, the International Red Cross and Red Crescent Movement as well as more the 400 non‑governmental organizations.

KOLINDA GRABAR-KITAROVIĆ, President of Croatia, said multilateralism is facing serious challenges but it provides the chance for reaching common goals. “By standing alone and isolated, one fails,” she emphasized. There is, however, room for improvement at the United Nations, she said, expressing support for the Organization’s reform agenda and the Secretary‑General’s continued efforts in that regard. Croatia remains fully committed to implementing the 2030 Agenda as well as to the fight against climate change by implementing solutions that will transform its economy and society.

“Just as European Union accession provided a blueprint for the transformation of governance, economy and society, Croatia sees the SDGs as a matrix for our future and an obligation to our citizens and the international community,” she stressed. As both a Central European and Mediterranean country, Croatia is endowed with great biodiversity and is home to some 40,000 species, many of which are threatened species. The country is focused on marine and coastal environmental preservation and recovery, biodiversity protection and the sustainable use of the sea and coastal areas.

However, climate change and pollution threaten Croatia’s natural resources and the delicate ecosystem of the Adriatic Sea, she said. Marine litter is a problem of increasing concern, threating marine life and having already impacted more than 700 marine species. Plastic pollution in the seas and oceans is one of the greatest threats to humanity. “Without the preservation of our waters and our marine life, there will be nothing to leave to future generations,” she warned, pointing to a recent study showing that on average people could be ingesting approximately 5 grams of plastic every week, about the weight of a credit card.

In the Croatian part of the Adriatic Sea, 97 per cent of the waters on the beaches are of exceptional quality, she said, also adding: “This we do not take for granted, nor can we allow ourselves to do so.” Action is needed. The clock is ticking. “So today, instead of a lengthy speech, I want to use the remaining time to give real people a voice and emphasize again real action which inspires,” she emphasized. The people of Zlarin, a Croatian island of 300, are dedicated to the preservation of their environment and home. In 2018, young environmental enthusiasts gathered the entire local community to encourage the island’s residents to “take a break from plastic” to make Zlarin the first Adriatic island free of single‑use plastic and plastic waste within 12 months.

“Their action was local, but their efforts were global,” she said. Within one year, the island has transformed. By signing a symbolic declaration, all residents, caterers and merchants have rid disposable plastics from every day use. Today, children on Zlarin educate hundreds of visiting tourists that plastic is not welcome on their island. “In this Chamber here, we are running out of excuses for not following the example of the people of Zlarin,” she added.

EVO MORALES AYMA, President of Bolivia, expressed concern that the multilateral system is deteriorating due to unilateral measures by some States which have decided to ignore global agreements, international law and basic principles of the United Nations Charter. Fires, droughts, earthquakes and rising temperatures are threatening mankind and life on the planet. “Mother Earth is our only home and it’s irreplaceable,” he stressed, warning that if the status quo continues, by 2100 the global temperature will increase 3 degrees. Climate change would condemn millions to poverty and hunger, and lead to forced displacements, armed conflicts and refugee crises. Noting the impact of forest fires in the Amazon, Oceania and Africa on flora, fauna and biodiversity, he said that in recent weeks Bolivia spent $15 million trying to extinguish forest fires at home. He thanked the international community for its support toward that end and during the post‑recovery phase.

He went on to express concern about the arms trade, and the inequitable and unstable economic system that favors tax havens, perpetuating the dependency of economically weaker countries. Inequality, hunger, poverty, the migrant crisis, epidemics and unemployment are not local, but global problems. Human creativity and technological advances offer solutions to complex problems. The United Nations must establish norms in this area, in which all States have a say. A global oligarchy exists in which a handful of people define the political and economic destiny of humanity; 26 people have the same amount of money as 3.8 million. “This is unjust, this is immoral, this is unacceptable,” he said, adding, “The root of the problem lies with capitalism.” That is why the United Nations is more relevant and important than ever. Only joint action will help mankind overcome the problem, he asserted.

In contrast, he highlighted Bolivia’s positive developmental and economic indicators, which have been improving. The country experienced the highest economic growth rate in South America — 4.9 per cent annually over the last six years — and recent years had seen declines in unemployment, illiteracy and extreme poverty. At the same time, life expectancy and the minimum wage have increased. The country benefits from free healthcare. Moving on to women’s empowerment, he noted that land ownership by women has increased, and that half of parliamentarians are women. He credited the role of indigenous social movements, their community‑based socio‑economic model and the nationalization of natural resources for the country’s progress, which helped Bolivians “take control of our destiny”. “We can say with pride and optimism that Bolivia can look forward to its future,” he added.

Moving on to Bolivia’s ongoing efforts to secure access to the Pacific Ocean from Chile, which had suffered a setback after an unfavorable decision by the International Court of Justice in 2018, he said, “We will never renounce the right to sovereign access to the Pacific Ocean.” He called upon the United Nations to help promote good neighborly relations and to facilitate a mutually acceptable and lasting solution to the issue. He reiterated his disapproval of the economic and financial blockade on Cuba, which he characterized as “an assault on all human rights”. He concluded by underlining his commitment to peace, social justice, well‑being and harmony with Mother Earth.

ABDULLAH II IBN AL HUSSEIN, King of Jordan, questioned what the future would look like if young people continued to be denied the rich fruits of new technology and global wealth, calling for fair and inclusive global growth. He also questioned the outcome if people did not work together for a healthy and safe environment. Water‑scarce countries like Jordan already know the dangers of climate change, he remarked.

“A global crisis demands global action” without a delay, he continued, also questioning what tomorrow would look like if crises continued to displace millions of people and if people were still being disrespected and victimized for their faith. Noting the dark criminal ideas that fuel the numerous atrocities at mosques, churches, synagogues and temples, he urged that “hard work by all of us is needed to defeat these groups and their message of hate and mistrust”.

Turning to the Palestinian‑Israeli conflict, he stressed that no crisis has done more global damage than that and called for the end of the occupation; its continuation is a global moral tragedy. It is time to demonstrate that global justice and human rights belong to the Palestinians. It begins with respect for the holy sites and rejecting all attempts to alter the legal status of East Jerusalem and the authentic historic character of the Holy City.

“As Hashemite Custodian, I am bound by a special duty to protect Jerusalem’s Islamic and Christian holy sites,” he declared, also calling for an end to the conflict and for a just, lasting and durable peace through the realization of the two‑State solution. Tolerance, compassion and the equality of all human beings are the values that make global harmony and collection action possible. They are the values that permeate the United Nations Charter.

MOON JAE-IN, President of the Republic of Korea, said it has benefited immensely from the United Nations, which together with the international community helped his country overcome the scourge of war. Today, the Republic of Korea is working with the international community to bring peace and prosperity to East Asia and the world. Despite initial concerns about security, the PyeongChang Olympic Winter Games became a “peace Olympics” that created an opportunity to resume inter‑Korean talks and, later, dialogue between the United States and the Democratic People’s Republic of Korea. Decisions made by United States President Trump and Democratic People’s Republic of Korea Chairman Kim Jong-Un provided the momentum behind dramatic change on the Korean Peninsula, he said, adding that his country, the Democratic People’s Republic of Korea and the United States are setting their sights not only on denuclearization and peace, but also on the economic cooperation that will follow. The Republic of Korea intends to create a “peace economy” modelled after the European Coal and Steel Community and the Organization for Security and Cooperation in Europe (OSCE), creating a virtuous cycle of peace and economic cooperation.

Peace on the Korean Peninsula and peace throughout the world are inextricably linked, he continued, emphasizing that his country will continue dialogue with the Democratic People’s Republic of Korea and find a way toward complete denuclearization and permanent peace while also maintaining cooperation with other Member States. Over the past year and a half, he said, dialogue and negotiations have produced significant results on the Korean Peninsula. Once a symbol of division, Panmunjom has become a demilitarized area “in which not even a single pistol exists”. Not a single confrontation has occurred since the signing of the inter‑Korean comprehensive military agreement on 19 September 2018. He drew attention to the fact that 177 sets of remains have so far been recovered from Arrowhead Ridge, scene of the fiercest battle of the Korean War. The easing of military tensions and solid trust among the leaders of both Koreas and the United States also set the stage for a momentous trilateral meeting at Panmunjom.

He said the principles to which he has firmly held in resolving issues related to the Korean Peninsula remain unchanged. The first principle is zero tolerance for war, he said, adding that the longest‑running armistice in history must come to an end. The second principle is a guarantee of mutual security that would make it possible to speed up denuclearization, create a regime of peace and, at the very least, suspend hostile acts while dialogue is ongoing. The third principle, co‑prosperity, will involve enhancing mutual inclusiveness and inter‑dependence while also contributing to regional and global economic development.

He proposed that the demilitarized zone be turned into an international peace zone. Stretching 250 kilometres across the Korean Peninsula, it represents military confrontation and the tragedy of division, but paradoxically it is also a pristine ecological treasure trove. “The demilitarized zone is the common heritage of humankind and its value must be shared with the whole world,” he said, adding that once peace is established, he will work together with the Democratic People’s Republic of Korea to inscribe the zone as a United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Site. He acknowledged there are 380,000 anti‑personnel mines in the demilitarized zone but added that international cooperation can guarantee the stability and transparency of such an endeavour.

Emphasizing that free trade and fair competition are the foundations of East Asia’s post‑colonial prosperity, he said further progress can be achieved if States cooperate while also safeguarding those two principles and reflect on past history. He underscored the considerable efforts his Government is making vis‑à‑vis the SDGs and the Paris Agreement on Climate Change, as well as its contribution of military personnel to United Nations peacekeeping missions and its support for the Action for Peacekeeping initiative. One hundred years after the Korean people launched the March First Independence Movement against Japan’s colonial rule, the Republic of Korea is leading efforts towards peaceful coexistence and equality, he said, adding that it will continue to work to ensure that international peace and security are realized on the Korean Peninsula.

ROCH MARC CHRISTIAN KABORÉ, President of the Faso and President of the Council of Ministers of Burkina Faso, said it is imperative to strengthen multilateralism and the role of the United Nations to address the world’s common problems, including terrorism and poverty. Since 2016, Burkina Faso has faced ongoing terrorist attacks, unprecedented in scope, and the surge in violence and insecurity has provoked an unparalleled humanitarian crisis. He expressed appreciation for the United Nations support, including access to the Peacebuilding ***Fund***, adding that his Government is awaiting the recommendations of an evaluation carried out earlier this year by the African Development Bank, the European Union and the World Bank. More than ever, the international community must intensify its efforts to eradicate poverty, which remains the sine qua non condition for sustainable and inclusive development.

Expressing concern about the security situation in the G5 Sahel (Burkina Faso, Chad, Mali, Mauritania, and Niger) countries, and speaking as that entity’s current President, he said the activities of armed terrorist groups are spreading throughout the subregion and beyond. The Accra Initiative on Health and the recent security summit of the Economic Community of West African States (ECOWAS) indicate that the struggle against terrorism needs to be at the regional level. He urged the Security Council to give the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) a more robust and offensive mandate and to grant a Chapter VII mandate to the G5 Sahel Joint Force to ensure it has ongoing resources. He also called all partners to back a proposed international partnership for security and stability in the Sahel, as presented at the most recent Group of Seven summit in Biarritz, France.

Underscoring the link between security and development, he reiterated his call for bilateral and international solidarity in providing the G5 Sahel Joint Force with the equipment and financial resources it requires. There can be no stability in the Sahel without a political solution to the crisis in Libya, he added. On the situation within his country, he said his Government is pursuing its programme to meet the basic needs of the population, strengthen democracy and consolidate the rule of law. He also noted the progress that resulted from dialogue with the political opposition in July.

He went on to stress the connection between climate change and desertification, emphasizing that for his country, the latter has resulted in population displacements as well as friction between farmers and herders. Burkina Faso’s response includes a five‑year reforestation programme and a disaster preparation plan. He added that despite its difficult security context, his country is contributing troops to peacekeeping operations in Mali, Darfur and Guinea‑Bissau, with efforts being made to increase the contribution of women to those missions.

The security crisis in the Sahel is the direct result of the breakdown of the Libyan State, he said, calling on the international community to find a solution for lasting peace in that country. He commended United Nations mediation efforts and strongly recommended that the African Union be involved as well. He went on to reiterate support for the peace process in Western Sahara and called on the Organization to appoint a representative who understands the situation there well. He also emphasized that the proliferation of small arms and light weapons are weighing down the ability of the Sahel to achieve the SDGs. More ***funding*** for official development assistance (ODA)and the Green Climate ***Fund*** will give millions the prospect of a better future, he said.

SEBASTIÁN PIÑERA, President of Chile, said that while each generation faces its own set of challenges, none have faced the existential threat of climate change and global warming. “What is at stake is not the planet itself, but the survival of the whole human race,” he stressed, adding that over 99 of every 100 species that ever existed are long gone. This is not an environmental challenge but a moral one. Future generations have a right to live in a better planet than the one this generation inherited. “And we will be judged, rightfully and harshly, on how we faced global warming, the ultimate challenge, as the first generation that had to — and the last one able to act in order to avoid a catastrophe,” he declared.

As host of COP25 [Conference of the Parties to the United Nations Framework Convention on Climate Change] in December, Chile will aim to bring countries into compliance with more ambitious goals to combat climate change and will promote the engagement of Governments, non-governmental organizations, private companies and civil society, he continued. For its part, Chile has committed to becoming a carbon neutral country by the year 2050. It will embark on this goal by replacing fossil fuels with clean, renewable energies by 2040 and protecting its forests. “We have to leave this ‘throwaway culture’ behind to embrace a recycling culture instead,” he emphasized, urging countries to transition from a linear economy to a circular one that reuses waste.

Turning to the great contamination issues that the Quintero and Punchucaví communities face in Chile, he said his Government is implementing a demanding and updated plan to decontaminate those areas. Chile is dealing with the complex challenge caused by droughts and water scarcity by passing decrees and ***agricultural*** emergency that will allow the procurement of safe drinking water, pumps, and water ponds. However, droughts do not only occur in Chile; in fact, they are affecting vast territories and segments of the global population, he added, underscoring the need for urgent and efficient action all over the world. “Without water, there can be no life,” he said.

Turning to the global economy, he expressed concern for trade and international investment stagnation, the long-standing price war between the two major economic powers, the rise of protectionism, and the growing trade embargo measures of the World Trade Organization (WTO). Such matters damage countries’ ability to expand, create employment and improve the life quality of every people around the world. The international community needs to rebuild a respected rules-based multilateral economic order that promotes free trade, stands against protectionism, erases trade barriers and bans unilateral action that goes against the international order. It is paramount to reform, upgrade and strengthen the WTO to allow for better dialogue among the international community.

Touching on matters concerning the wider Latin American region, he said for those countries to truly profit from the enormous potential of the Fourth Industrial Revolution, they must work to combat corruption and populism. Governments must invest in science and technology; modernize the State; and move toward inclusive societies. A major challenge for Latin America is ending the Venezuelan dictatorship which remains a tyranny that has no respect for human rights and is highly connected to drug trafficking. “The country with the world’s biggest oil reserves, and until two decades ago, the highest development rates in Latin America, today is literally watching its citizens die due to a lack of food and medications or migrate by the million hoping to have a chance for a better life,” he pointed out. The solution, as interim president Juan Guaidó has set out, is to appoint a ***transitional*** Government through free and democratic elections.

EMMANUEL MACRON, President of France, said the world faces “unprecedented” challenges on many fronts, particularly climate change and biodiversity. This could lead to a feeling of pessimism and a sense that this is “the age of impunity”, in the words of David Miliband. Despite having abundant scientific knowledge to meet prevailing challenges, courage and a sense of responsibility are lacking, he said. Referring to growing tensions in the Gulf, thanks to “the American strategy on Iran”, he emphasized that courage does not translate to “provocations and reprisals”. The 14 September attacks against Saudi Arabia changed the situation, he said, adding: “The consequences for the region are too serious for us to live on the edge of a cliff.” Calling for signatories to the Joint Comprehensive Plan of Action to begin renegotiations, he said the aim should be to ensure Iran never gains access to nuclear weapons, to seek a solution to the crisis in Yemen, and to forge a regional security plan.

Moving on to the situations in Syria and the Sahel, he stressed the importance of building peace through lasting political solutions. France applauds the establishment of the Syrian Constitutional Committee by the United Nations, he said, while underlining the need for vigilance regarding the humanitarian situation in Idlib Governorate, to ensure the voluntary safe return of refugees, and to facilitate a free electoral process. Turning to Libya, he reiterated France’s commitment to building lasting peace in the Sahel and called upon member States of the G5 Sahel to stabilize the region by engaging their armed forces in fighting terrorism and by changing the mandate of MINUSMA.

Highlighting progress on the situation in Sudan, thanks to the work of the African Union and the “clairvoyance” of Ethiopia, he said lasting peace can only be built through effective cooperation between States. “Going back to what President Trump said today, I don’t think crises can be solved by isolationism,” he added. Emphasizing the importance of strong multilateralism, based on cooperation, he recalled that such an approach was used effectively during climate negotiations at the One Planet Summit. “Contemporary capitalism is dysfunctional; it has produced unprecedented inequality across regions, gender, health and climate,” he said, stressing the need to move away from narrow or short-term interests to actions based on facts.

France is committed to combating inequality, he said, highlighting the Africa-France Summit to be held in June, with the support of the African Development Bank. It will feature an initiative to support women entrepreneurs, he said. He went on to assail “backsliding” on gender inequality, including in France, where “the killing of women continues”. There is also backsliding on access to health care around the world, he said, expressing support for the Global ***Fund*** to Fight AIDS, Tuberculosis and Malaria. “It is inconceivable that people should lack access to prevention or cures for diseases for financial reasons.”

Addressing the “constant paradox” on climate, he said it is leading to people becoming collectively jaded. “We give young people the possibility of speaking their minds, but then we act as we have in the past,” he added. “That cannot continue.” There is need for concrete steps to change the collective approach and to work towards a carbon-neutral economy by 2050, he said, noting in that regard that COP25 in Chile and COP26 in Europe will be decisive events. He went on to express concern that building new polluting facilities in developing countries, some of which are financed by developed countries, is “inconsistent and irresponsible”. However, it is not as though France is doing fantastically well on this front since it continues to import products that lead to deforestation, he noted. Underlining the need for consistency in words and actions, he said: “We have no other choice in any case.”

ZELJKO KOMSIC, Chairman, Presidency of Bosnia and Herzegovina, emphasized his country’s commitment to sustainable development and to integrating social, economic and environmental dimensions, as evinced by its first voluntary review during the 2019 High-Level Political Forum on Sustainable Development. Strongly committed to implementing the 2030 Agenda Goals — including eradicating poverty, reducing world hunger, protecting the environment and “handling of the evident climate changes” — Bosnia and Herzegovina is also committed to regional stability and to accelerating reform processes, which are required for the country’s application for membership of the European Union. Some reforms call for eliminating systematic discrimination, “which, unfortunately, is set out in certain provisions of various legislative acts”, he said, adding that his country will need to undergo a “process of maturation” in order to implement necessary reforms without “major socio-political strains”.

Bosnia and Herzegovina is an active contributor to regional security, he continued, noting that it is particularly committed to fighting organized crime, violent extremism and illegal migration. Highlighting his country’s role in strengthening regional participation through infrastructure projects as well as regional initiatives, such as the Council of Europe, he nonetheless criticized certain neighbouring countries for seeking to realize their own political interests within Bosnia and Herzegovina, causing unrest and destabilization. Turning to the “progressively more complex conflicts” in the Middle East and Africa, he noted the role of preventive diplomacy in the peaceful resolution of disputes.

He went on to express Bosnia and Herzegovina’s commitment to fighting terrorism, narcotics production and human trafficking. Emphasizing the “direct correlation between security and sustainable development” in bringing stability to post-conflict societies, he pledged to support United Nations activities in that regard. He also highlighted his country’s commitment to combating the proliferation of weapons of mass destruction and their means of delivery. In addition, he explicitly opposed support to non-State actors seeking to develop, transfer or use nuclear, chemical or biological weapons.

Spotlighting his country’s commitment to fighting all forms of sexual exploitation and abuse, as evinced by his signing of an agreement with the United Nations, he said he will also implement policies to strengthen the rights of children. However, he expressed concern that the Constitution of Bosnia and Herzegovina insufficiently regulates racial discrimination, while emphasizing nonetheless that such “deviant phenomena” are addressed through criminal legislation. Constitutional and legal reforms must be undertaken in order to meet European standards, which is the equality of all citizens of Bosnia and Herzegovina, he said, stressing that for that to be possible, domestic political actors must agree to remove obstacles to integration into the European Union.

Underlining Bosnia and Herzegovina’s commitment to ensuring that all those suspected of committing war crimes in the territory of the former Yugoslavia are brought to justice, he noted his country’s full co-operation with the International Residual Mechanism Criminal Tribunals. Turning to the Security Council, he pointed out that developing countries are underrepresented. “Given that the number of Eastern European countries has more than doubled, we expect that the reformed Security Council will be expanded with additional seats for non-permanent members of the Eastern European group of countries,” he said.

JOÃO MANUEL GONÇALVES LOURENÇO, President of Angola, called for common action to tackle such global challenges as hunger, poverty, endemic diseases, human and drug trafficking, illegal immigration and terrorism. In order to create an environment conducive for social progress and development, all nations must focus on the peaceful resolution of conflicts that can lead to a permanent climate of tension and imminent war. Underlining the importance of multilateralism in international relations — “as it alone contributes effectively to the world’s peace and security” — he called for a reform of the United Nations aimed at allowing the Organization to better fulfil its responsibilities. In that regard, he reiterated the need to increase the number of permanent members of the Security Council, including seats for Africa and South America in particular, to render the organ fairer and more reflective of global geographic balance.

Spotlighting tensions on the Korean Peninsula as a major concern and a continuing threat to world peace, he welcomed diplomatic efforts on that front and went on to voice further concern about the ongoing Israeli-Palestinian conflict and rising tensions in the Persian Gulf, appealing for moderation from all parties. Turning to Africa, he said the continent has been ravaged by terrorism, especially that of a religious fundamentalist nature which affects countries including Mali, Niger, Cameroon, Chad and Somalia. The international community and the African Union should pay particular attention to the need to normalize the situation in Libya, as territories controlled by different militias are the logistical source of arms and ammunition of the fundamentalist groups in Africa. He also outlined Angola’s contributions to conflict prevention and resolution efforts in the Southern African Development Community (SADC) subregion, as well as the Great Lakes and Central Africa.

“The world is helplessly watching the phenomenon of climate change and global warming,” he continued, citing such devastating consequences as typhoons, tsunamis, flood and severe droughts. Also drawing attention to the irresponsibility of those who persist in ignoring those signs and feel entitled to continue supporting polluting industries, he welcomed recent climate protests in hundreds of countries around the globe “which have become a true human cordon […] in defence of our planet, our common home”. In that vein, he called on Member States to work together to preserve remaining rain forests in South America, Africa and Asia and spotlighted the importance of advancing the Sustainable Development Goals. While noble and fair, those targets do not in themselves guarantee better results; in order to achieve the desired sustainable development, positive brainstorming is needed to identify actions appropriate to the concrete realities of countries.

Indeed, he stressed, conflicts, hunger, misery and disease are not only eliminated through political and bureaucratic solutions. Above all, good governance and action to combat corruption are required, as are efforts to protect the environment and strengthen the values of human dignity, responsible and inclusive citizenship, social justice and equality of opportunity. Highlighting the critical role of youth — “the only driving force capable of overcoming all challenges” — he called for initiatives aimed at deepening the quality of education. He went on to outline Angola’s ongoing reforms, aimed at building a democratic State guided by the rule of law, a culture of accountability and a business environment attractive to foreign and domestic investors. Among other things, he said, the country is working to increase its domestic production of goods and services and reduce imports of basic necessities, thereby boosting employment.

MARCELO REBELO DE SOUSA, President of Portugal, reflecting on the world’s failure to embrace multilateralism in the form of the League of Nations and the subsequent war that followed, stated that it is worth fighting for international law, international organizations and a multilateral vision shared by everyone. The lessons of history must be learned and, as the world changes, “the most prudent stance” is to support the United Nations and to facilitate networking, dialogue and conflict prevention.

He called for multilateralism, investment in international organizations, timely payments of assessed contributions and participation in peacekeeping operations. He also called for a readjustment of the Security Council’s membership — demanding, at the very least, the presence of Africa, Brazil and India — and for adoption of a resolution condemning the death penalty and for the implementation of, and engagement in, several international agreements including the Paris Agreement and the Twenty-fifth Conference of the Parties to the United Nations Framework Convention on Climate Change, or COP25.

Highlighting Portugal’s participation in eight peacekeeping operations and European Union capacity-building missions, he stated that the protection of civilians is an international responsibility and affirmed Portugal’s unconditional support for the Global Compact for Safe, Orderly and Regular Migration and the Global Compact on Refugees. As a country of migrants, Portugal “welcomes those who come to us,” and rejects xenophobia and intolerance. Education is a priority, he said, noting the Global Support Platform for Syrian Students, an initiative of his predecessor. He also advocated inclusive and sustainable development as a “decisive factor” in combating terrorism and safeguarding peace and the rights of people and communities.

Citing the many global and regional problems that the international community currently faces — such as the rising tensions between leading players on the international scene, the rush to economic and cyber warfare and a disinvestment in international law and international organizations — he stated that only those that do not know history — “and therefore do not mind repeating the mistakes of the past” — minimize the role of the United Nations. Urging the international community not to repeat the same mistakes of the League of Nations, he stated that “we need more, and not less, United Nations.”

PAUL KAGAME, President of Rwanda, said the international community stands at a crossroads. The world is now at either a turning point or at a moment when multilateralism has lost its way. At a time when there are clear pathways forward in terms of climate change and other critical issues, he said the climate, sustainable development and the global health challenge are now in the spotlight. In Rwanda, more than 90 per cent of the population is covered by health insurance. While the 2030 Agenda objectives are also Africa’s goals, the continent continues to lag in achieving the Sustainable Development Goals, even when some African countries are experiencing exponential economic growth. However, prosperity must be evenly distributed and countries must work together.

African countries are working towards taking climate action with a view acknowledging that sustainable development does not mean slower economic growth, he continued. Security and stability are the key to more rapid progress. As such, African countries and the rest of the international community must work together on peacekeeping and peacebuilding efforts with mutual respect.

For its part, Rwanda is taking steps in various areas, including by preparing to welcome refugees from Libya, he said. Indeed, African countries are working together on a range of issues. Moreover, Africa is a source of solutions, and Rwanda stands ready to do its part. This includes by guaranteeing the rights and opportunity of women and girls, he said, adding that Kigali will host the Global Gender Summit in November.

SAULI NIINISTÖ, President of Finland said that crucial questions about the international community’s trust in a sustainable future are at the heart of the two major summits in New York this week. Despite the joint commitments made to the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change, the results are far too meagre. The inability to keep promises in matters of such magnitude will inevitably erode trust, not just that of citizens in their leaders, but also between generations, he cautioned.

The scientific evidence on climate change has been clear for a long time, he continued. Melting glaciers, large-scale forest fires, and extreme weather events, across the globe, from the Arctic to the Amazon, prove that climate change is here already. Even if the international community were able to stop all CO2 emissions tomorrow, it would have to live, for decades to come, with the climate change already caused. Finland has recently set new climate targets, he added, highlighting his Government’s commitment to achieve carbon neutrality by 2035. The country has banned the energy use of coal by 2029 and will stop using fossil fuel in heating by 2030.

Turning to multilateralism, he noted that the concept is increasingly under threat, from great-power competition and from lack of respect for existing agreements. “Passively complaining about the crisis of multilateralism will not help,” he said, emphasizing the responsibility of the United Nations. The disappearing trust in institutions and regimes is particularly dangerous in the field of arms control, he pointed out, expressing support for the Secretary‑General’s efforts to bring the disarmament agenda back to the core of the Organization.

Also calling on the international community to seek solutions to the many ongoing wars and conflicts in the Middle East, in Africa, in Ukraine and elsewhere, he added that his country has always emphasized the value of dialogue in its own diplomatic relations. Trust in each other is also closely linked to equality between genders and generations, and women and youth need to be included in peace processes, conflict prevention and mediations.

Noting the approaching twenty-fifth anniversary of the Beijing Declaration and Platform for Action, “the most progressive policy document for advancing the rights of women,” he lamented that “unfortunately there is not much cause for celebration”. Respect for universal human rights is the key to a just and peaceful world. Finland has announced its candidature to the Human Rights Council. “Our common global problems call for common global solutions,” he said, and there is no Organization better placed to lead that work than the United Nations.

ALBERT II of Monaco said the world must respond to the call to action from young people at the recent Climate Action Summit. Monaco aims to reduce carbon levels by, among other things, adopting proactive policies that also focus on preserving health, fighting climate change and fostering a low-carbon economy. Monaco will also participate in the Green ***Fund*** and has committed itself to actions that respond to biodiversity challenges, including through projects to protect forests and preserve the seas and oceans. It is up to the world today to follow the scientists’ recommendations.

While commending the Secretary-General’s related efforts, he said international institutions and civil servants cannot be held responsible for Member States’ inaction. “Our common future must include sustainable development by 2030,” he said, adding that working together is essential. The Global Report on Sustainable Development cited critical challenges that may be at a point of no return unless action is taken. However, favourable development can already be seen in the reduction of extreme poverty and improvements in children’s health. Still, environmental degradation is speeding up, more than half the global population remains deprived of basic services and too many children do not attend school.

Monaco supports efforts to create a more harmonious world, he said, noting that sustainable development must guide the way forward. At the same time, women and girls must not be side-lined in the move towards a more sustainable future, he said, noting that Monaco had hosted an event addressing a range of related challenges. Turning to other concerns, he said new technology is a double-edged sword, with benefits and drawbacks. In an interconnected world, cooperative efforts must ensure that nations large and small benefit from such technological developments, with multilateral institutions helping to manage interdependence, which will only reinforce each State’s sovereignty. The United Nations Charter outlines common goals, and Member States have made important leaps forward, including through adopting resolutions, from disarmament to human rights. The strength of States is demonstrated in their unity, he said, underlining the importance of working together.

MAHAMADOU ISSOUFOU, President of Niger, said the current Assembly session’s theme is pertinent for several reasons, including by demonstrating that multilateralism is critical and more important than ever before. The world must engage in win-win cooperation — not in a zero-sum approach — because national interests benefit from cooperation among nations, he said, citing a range of common challenges — from increased migratory flows to the impact of climate change. Yet many disparities exist, he said, adding that “we are in a world where some die of obesity and others die of hunger”, where the “1 per cent” enjoy the vast majority of wealth at a time when inequalities are increasing. Reform measures must be implemented to galvanize multilateralism, including steps to ensure an equitable representation in the Security Council and to improve economic institutions.

In fact, without reforms, achieving the 2030 Agenda will be impossible, he went on to say. Despite progress, the world is not on track, and nations must commit to specific actions that will collectively have a positive impact on several Sustainable Development Goals. Financial resources are essential, as are plugging financing gaps and redirecting resources to focus on achieving gains in areas such as education and health care. Turning to the African Union’s Agenda 2063, he said gains must be made in terms of developing infrastructure, education and ***agriculture***. All this can be achieved only with deep reforms. For its part, Niger has implemented the Agenda 2063, including by creating jobs for young people.

Turning to the threat of terrorism, he said the international community has taken steps in Afghanistan and other nations to combat its spread, yet much remains to be done in the Sahel region. The international community bears serious responsibility in dealing with the crises in Libya and in the Sahel, where Boko Haram and other terrorist groups operate. Appointment of a joint United Nations-African Union Special Envoy for Libya would be one step, and, in the Lake Chad Basin region, efforts must tackle the spread of terrorist groups that are fuelling inter-communal conflict. Niger participated in a regional conference on these challenges, he said, highlighting recent discussions on extending the MINUSMA mandate. Welcoming the joint French-German partnership on a security plan for the Sahel region, he thanked all partners that are contributing to regional stability.

Acknowledging the direct link between poverty, terrorism and climate change, he appealed to all Member States to implement agreements made at the Climate Action Summit on 23 September. Immediate commitments underpin the survival of humanity. Niger is highlighting climate change resilience across sectors, from local planning to ***agriculture***, and is adopting measures to integrate carbon reduction efforts in energy sectors. The climate investment plan for the Sahel region is another productive step, he said, calling for the international community’s support.

The Global Compact for Safe, Orderly and Regular Migration, adopted in Marrakech in 2018, outlines steps needed to address the issues of migration, he said, underlining a need to examine its implementation and expressing hope that the root causes are addressed. More broadly, strategies must adapt to the changing world — from migration to climate action — with the United Nations strengthening its role through reform so it can carry out its mission. Calling for a new global governance model, he said the one adopted following the Second World War model is now no longer enough to help the world overcome its current challenges.

WILLEM-ALEXANDER, King of the Netherlands stated that close multilateral cooperation within a broad partnership of States offers the best guarantee of freedom, security and prosperity for all. He said that such cooperation is under pressure, should be cherished as a precious achievement, and therefore Member States need each other more than ever.

Citing “The Future We Want, the United Nations System We Need” — the theme of all activities, meetings and conferences in 2020 — he stressed the importance of the voice of youth, calling for a fair, clean and sustainable world where no one is left behind and there is no fear of violence, want or oppression. Expressing concern that young people in several countries and regions risk losing all hope for a better future, he pointed to Venezuela and stated the importance of free and fair elections as a way out of the current stalemate.

The rights and opportunities of minorities are not respected in many places, he continued, noting the importance of firm support of the freedom of religion and belief, especially where the majority professes a different faith. In contrast, he welcomed the fact that the rights of lesbian, gay and transgender people and other minority communities are increasingly affirmed in countries worldwide. “The fight against discrimination, whether open or hidden, must continue on every continent”, he said. Adding that human rights are for everyone, even those who have committed crimes, he called for the abolition of the death penalty worldwide.

Addressing the plight of refugees and victims of war and violence, he highlighted his country’s involvement in the Secretary-General’s efforts to make United Nations peace missions more effective. Those guilty of genocide, war crimes, terrorism or human trafficking must be held to account. In addition, as it is unacceptable for those responsible for international crimes to escape just punishment, he underscored that Security Council resolution 2166 (2014) calls for all countries, including the Russian Federation, to cooperate fully with efforts to establish the truth about the downing of Malaysia Airlines flight 17 on 17 July, 2014.

Turning to the Sustainable Development Goals, he observed that in 30 years, the number of people living in extreme poverty had been lowered from one in three to one in ten. However, championing sustainable development requires championing climate action, one of the biggest threats to those goals. Given the difficulty of transitioning to a sustainable circular economy, international cooperation is paramount. The Netherlands aims to cut emissions almost in half by 2030 compared to 1990 levels and is partnering with Costa Rica to help developing countries raise their climate ambitions and take action.

MAURICIO MACRI, President of Argentina, highlighted the need for the international community to work together to address global challenges, search for consensus and build collective action. Indeed, he stated, the “world is much more of an opportunity than it is a threat.” Pointing out that Argentine’s area diverse, multicultural people who co-exist peacefully, he said that Argentina wants to be a part of the international order of the twenty-first century, to promote dialogue and respect as principles with which to build a shared future.

Argentina’s commitment to multilateralism goes further, he continued, highlighting the country’s positive role in strengthening international peace and security by promoting the peaceful use of nuclear energy, pursuing the development of outer space and fighting terrorism and transnational organized crime. On this, he expressed Argentina’s robust commitment to non-proliferation. He added that his country’s commitment to fighting terrorism in all its forms is “firmer than it has ever been,” as it has taken steps to strengthen the exchange of information and measures aimed at preventing the financing of terrorist activities.

Despite this, however, he pointed to Argentina’s still-open wounds – namely, the 1992 attack on the Israeli embassy and the 1994 attack on the Asociación Mutual Israelita Argentina building in Buenos Aires. He called on Iran to cooperate with Argentine authorities in resolving these matters. Argentina has made positive steps in domestic security, he said, such as fighting drug trafficking and money laundering, seizing drugs, capturing fugitives, dismantling criminal networks and reducing corruption. In this area, he highlighted Argentina’s work with other Latin American and Caribbean States to build the consensus necessary to create a regional legal body to address transnational organized crime.

Turning to climate change, he committed to sustainable development and called on the world to act in accordance with the Paris Agreement. For Argentina’s part, he pointed out his country’s efforts to engage in low-emission policy with an eye towards achieving carbon neutrality by 2050, supported by current efforts to increase energy efficiency, conserve ecosystems, promote renewable energy, increase forestation and encourage sustainable ***agriculture*** and animal husbandry.

Referencing the region’s profound appreciation of democracy, freedom and human rights, he condemned the human rights violations in Venezuela under the dictatorship of Nicolás Maduro. As the mass exodus of people from Venezuela affects the stability of region, he called on the international community to “use all diplomatic and legal tools available” to help Venezuelans live in peace and democracy. He also reaffirmed Argentine sovereignty over the Malvinas Islands, South Georgia Islands and South Sandwich Islands and the surrounding maritime areas, calling on the United Kingdom to renew bilateral negotiations to find a peaceful and lasting solution to the dispute. Given trends towards fragmentation in the international community, he said that the path to a better future lies in more cooperation and better multilateralism, urging that “the outcome depends on us.”

EGILS LEVITS, President of Latvia, said a strong multilateral, inclusive and rules-based international order is essential for global peace and security, and that the multilateral order demands respect for territorial integrity and sovereignty by all Member States. However, the Russian Federation continues to show open disrespect for the principles of international law through violation of Ukraine’s and Georgia’s territorial integrity, which must not be accepted as the “new normal”.

Turning to hybrid threats to States and democracy, he noted that international law is no longer violated solely through direct military force, but increasingly through disinformation, cyber-attacks, economic influence and election interference. As hybrid threats recognize no national borders, no country is immune and international cooperation and national development are at risk. The United Nations must therefore play a significant global role in promoting peace, security and stability in cyberspace.

He affirmed that digital technologies have helped humanity progress, but the international community must prevent malicious use of them. With vast amounts of personal data in every domain collected every second by State and non-State actors, and the emergence of facial recognition, everyone coming under constant surveillance, and yet the rules protecting that data are opaque. He stressed the humans must retain control over artificial intelligence, never allowing it to make legally-binding decisions over people.

Climate change is also global, he noted, and must be tackled on international, State and individual levels. He cited the pivotal role of youth in climate action, as witnessed in the recent Youth Climate Summit. He added that technology and innovation have a leading role in healing the planet, pointing out that Latvian information technology companies have joined the Green Pledge launched by neighbouring Estonia. His Government is committed to the Paris Agreement goals, having reduced greenhouse gas emissions by almost 60 per cent compared to 1990 levels, and is working on a low carbon development strategy to reach climate neutrality by 2050.

Stating that his Government’s committed to Agenda 2030 and the Sustainable Development Goals, he stressed the importance of gender equality and the empowerment of women, which is “not only the right thing to do, but also the smart thing from the economic perspective”. Latvia is one of the few countries to have closed the gender gap in health and educational attainment, ranking above the 80 per cent milestone for economic participation and opportunity according to the 2018 World Economic Forum Global Gender Gap Report. Pointing to the impressive change in Latvia since the end of the Cold War, he said the United Nations can also resolve the global challenges of today but must evolve to remain effective, notably through Security Council reform.

ZUZANA ČAPUTOVÁ, President of Slovakia, recalled the many great achievements of the United Nations as a result of respect for rules and principles. The best way to build trust is to respect, live and act by the rules. Mutual trust is the invisible silver linking that holds societies together. However, speaking as a lawyer and long-time activist, she noted that many rules and principles are under immense pressure, including dangerous attempts to twist or break them.

When one country strips territory from another, it must be seen as occupation and not mistaken as peace-making, she continued. Suppressing human rights of minorities cannot be confused with combating extremism. Spreading hate or false propaganda cannot be called freedom of speech and the use of chemical weapons cannot be justified as fighting terrorism. These, among other examples, are reasons for a strong United Nations acting as a guardian of rules.

The international community faces serious difficulties in agreeing on new rules, particularly those concerning climate change and new technologies such as artificial intelligence, she said. More than ever, responsible Governments must draw their legitimacy from the trust of their people, refrain from populism and “keep their own ego under control”, she added. Increasingly, leaders talk about putting national interests before the global good. Yet the best way to be patriotic lies not in national egoism, but in cooperation.

She went on to say that the one thing that worries her the most at the global level is denial that climate change exists or that it is not so serious. The scientific evidence is clear: climate change is a fact and the world is running out of time. Overcoming such fears means changing the old mind-set that going green is costly and unprofitable because, in the long run, green is far less costly and far more efficient. For many years, it was politically unthinkable in Slovakia to close its subsidized coal mines, but now it has a credible plan to shutter those facilities, transform the entire coal-mining region and achieve carbon neutrality by 2050, she said.

The Paris Agreement is central to staying on the right track on climate change, but there must be rapid and profound change in the way the world generates power, manages transportation and makes investments, she stressed, adding “we are in debt to this planet and to our children and we need to pay it back.” Everyone must benefit from climate action, especially the most vulnerable, because the bottom line of development is the well-being and dignity of every human being. United action on climate change can generate a new sense of solidarity in other areas, creating the basis for overcoming divisions among countries while also bringing forth new opportunities, she said.

KASSYM-JOMART TOKAYEV, President of Kazakhstan, said that achieving a world free of nuclear weapons remains a top priority for his country. To that end, Kazakhstan closed the Semipalatinsk Test Site in 1991 and “voluntarily renounced the fourth-largest nuclear weapons arsenal in the world”. The Government was involved in the establishment of the nuclear-weapon-free zone in Central Asia and the recent ratification of the Treaty on the Prohibition of Nuclear Weapons. He emphasized that current issues on Iran’s Joint Comprehensive Plan of Action and the denuclearization of the Korean Peninsula should be settled exclusively by political means.

Noting the growing economic might of the region, he said the Conference on Interaction and Confidence Building Measures in Asia must be transformed into a full-fledged regional organization for security and development. In peacekeeping, his Government has joined India in co-deploying a 120-member unit to the United Nations Interim Force in Lebanon (UNIFIL). Pointing to the “mutual hatred and violence” plaguing the Middle east, he stated Kazakhstan is ready to support bilateral and multilateral actions to find viable solutions for peace. He noted the importance of the Astana Process in the cessation of Syrian hostilities and establishing de-escalation zones to facilitate the safe return of refugees.

Turning to economic growth, he said formerly weak ties between Central Asian States are improving but require close political dialogue among all five regional countries. As the largest economy in Central Asia, Kazakhstan has a vital interest in strengthening mutually beneficial cooperation. He noted the situation in Afghanistan directly impacts the region and expressed hope that “the Afghan-owned and Afghan-led peace process, assisted by all key stakeholders, will produce a lasting peace and prosperity”.

Noting that the full implementation of the 2030 Agenda is crucial to avoiding the “notorious middle-income country trap”, he said Kazakhstan has integrated the Sustainable Development Goals by 80 per cent into its strategic government programmes. As one of the largest transit and transport hubs in Eurasia, Kazakhstan aims to play a pivotal role in promoting transcontinental trade as a member of the Eurasian Economic Union and partner in the One Belt One Road initiative. On the domestic front, he stressed his Government’s commitment to building a modern welfare State but acknowledged that profound political transformation is still needed. Democracy in Kazakhstan is a work in progress requiring regular scrutiny.

ANDRZEJ DUDA, President of Poland, said that peace, environmental protection and welfare are the three concepts that should bind the entire international community. Peace must be achieved through respect for the law, environmental protection through cooperation and responsibility-sharing, and welfare through engaging for sustainable development.

The Second World War began with an attack on Poland by two totalitarian States and two criminal ideologies, he recalled, underscoring that despite the progress made in civilization and terrible lessons learnt, there are acts of incomprehensible barbarity perpetrated all over the world, including ethnic cleansing, mass murders and even genocide, as well as attempts to undermine sovereignty and territorial integrity of States.

Unfortunately, “not all of us have learnt from the cruel lesson of World War II,” he noted, stressing that every country has an equal right to self-determination. Citing the situations in Ukraine and Georgia, State borders must not be changed by force, he warned. In the last few years, international law has been often challenged and disavowed. The law is not only for the benefit of States, but for humanity as a whole and for each individual.

Turning to the challenge of caring for the natural environment, he noted that Poland assumed the presidency of the United Nations Framework Convention on Climate Change (UNFCCC) over the past year. That presidency has produced a significant contribution to global climate policy, including the adoption of the Katowice Rulebook — a set of guidelines to operationalize the Paris Agreement. Poland has also tabled five initiatives, including those to reduce emissions from households and from public transport, large-scale afforestation programs, plans for adapting cities to climate change and a long-term program to change economic profile of the economically strong Silesia region. Environmental policy must be understood as a social policy and cannot be instrumentalized to gain economic advantages, he added.

It is also time to launch an international discussion on the modern model of welfare policy, he said. Welfare policy should be based on the concept of sustainable development as set out in the 2030 Agenda. In other words, it means responsibility, solidarity and justice, he emphasized, pointing out that education is fundamental, and the level of health protection must be raised. It is time to introduce the concept of common wealth into the language of economic debate. Shared responsibility should be the starting point for efforts to achieve a better future for incoming generations, he said.

ALOIS, Acting Head of State of Liechtenstein, said diplomacy and an active foreign policy have been crucial for his country’s survival as one of Europe’s smallest States. Without its international connections, it would not have been recognized as a sovereign State nor could it have retained its sovereignty during two world wars. Joining the United Nations in 1990 enabled Liechtenstein — a poor agrarian country of emigration just 60 years ago, but now a highly diversified and innovative economy — to help develop a rules-based international order and the rule of law. Today, more than ever, it is committed to the purposes and principles of the United Nations Charter.

The 2030 Agenda, with the challenge of climate change at its core, remains the central blueprint for the common future of the world, he said, underscoring the overwhelming need to involve the private sector, cities and local communities, among others. One of Liechtenstein’s sustainability initiatives is a public-private partnership to create a tool kit — to be unveiled on 27 September — for financial institutions to combat modern forms of slavery. He added that the strong engagement of young people on questions of sustainability should be welcomed, as they are calling for inter-generational justice to be a fundamental principle of policy-making.

Strengthening international law entails not only respect for agreed norms, but also developing new norms when necessary, he said. For Liechtenstein, the International Criminal Court remains at the heart of the international fight against impunity, but its performance has not always matched expectations. It is also exposed to the headwinds of isolationist and nationalist trends. Hailing the Assembly’s creation of the International Impartial and Independent Mechanism to Assist in the Investigation and Prosecution of Persons Responsible for the Most Serious Crimes under International Law Committed in the Syrian Arab Republic since March 2011, he said political discussions on a post-conflict Syria must take on broad accountability for atrocities. Such discussions will not be easy, but they are necessary to create sustainable peace.

The success of the United Nations in preventing conflict has been mixed, due to divisions among permanent members of the Security Council and, recently, the excessive use of their veto power, he said. But today, and more so than in a long time, there is a real danger of armed conflict with unforeseeable consequences, with the existence of nuclear weapons and the prospects of cyber warfare. All Member States have subscribed to the strict rules on the use of force embodied in the Charter and the most serious forms of the illegal use of force have become criminal offenses through the Rome Statute and in many domestic legal systems. Such new legal norms are needed more than ever. Many conflicts today have, at their root, claims of self-determination. Models for the innovative application of the right of self-determination need to be found in cases where independence is not a political option, he said, adding that his country is aiming to make this part of its contribution to achieving the Sustainable Development Goals.

MARTIN VIZCARRA CORNEJO, President of Peru, calling on the international community to promote sustainable development while protecting the planet, said that growing social and economic inequality and the high levels of corruption and impunity across the globe are a major source of unrest. The economic uncertainty that has dragged on since the major global financial crisis of 2008 has worsened due to tensions between major players. Calling for multilateral solutions to these global problems, he reminded the international community of the lessons learned during the negotiations of 2015 that had led to historic agreements such as the 2030 Agenda.

Highlighting an initiative his country launched with Colombia, aimed at producing a United Nations mandate to organize in 2021 a special session of the General Assembly on corruption, he said that the fight against corruption must become “a global crusade.” Noting that a year ago his country had been in the middle of a serious political crisis, he said his Government is seeking to restore the legitimacy of the country’s institutions and has established key norms aimed at political and judicial reform. These include standards for the registration and financing of political parties as well as parity and alternation in the list of candidates for the Congress.

Peru’s economy continues to remain resilient despite challenges, he said, adding that the Government has undertaken participatory and inclusive reforms to tackle the challenges of development. Recently established national plans for competitiveness, productivity and infrastructure include measures to bolster long-term and medium-term economic growth. Stressing Peruvians’ capacity to overcome difference and work together, he said these plans will strengthen human capital, develop the capacity for innovation and promote foreign trade in goods and services.

Turning to Venezuela, he said that the “illegitimate regime” in that country has led to an exodus of more than 4 million people. Noting that in August 2019, Peru hosted the International Conference for Democracy in Venezuela, he said the gathering illustrated the level of global concern about a crisis whose impact has crossed borders in the region. The Conference recognized the urgent need to rectify the humanitarian situation in Venezuela, he said, also encouraging the international community to improve the World Trade Organization in order to increase transparency and stability in the multilateral trading system.

Noting that Peru is especially vulnerable to climate change, he said that the country has drawn up a realistic work plan for the next two years, in line with the Paris Agreement and the 2030 Agenda. As one of the 10 mega-diverse countries, he said, Peru has witnessed huge biodiversity losses, especially in the Amazon rainforest. Reaffirming his country’s commitment to the rights of indigenous peoples who live there, he invited Governments to support the Leticia Pact to protect the Amazon. Also highlighting Peru’s work during its July Presidency of the Security Council, he reaffirmed the country’s commitment to multilateralism as the only way to resolve climate change, the arms trade and other global problems.

MACKY SALL, President of Senegal, said that for all the difficulties posed by climate change and poverty, for millions of victims of war and terrorism the issues of peace and security loom larger, as existential questions. In the Sahel region, deadly attacks by terrorist groups occur daily, displacing thousands of people and destroying basic social services. A troop-contributor to MINUSMA, Senegal stands in solidarity with members of the G5 Sahel Joint Force. Since terrorism knows no border, a counter-terrorism solution must be global. The peace, security and stability of the Sahel is crucial to the security of world, he said, calling on the Security Council to give MINSUMA a robust mandate and adequate equipment to fight terrorism in the region. Stressing that terrorism negates humanity and must be stopped, he said Senegal joined the Christchurch Call initiative launched by France and New Zealand in May aimed at eliminating terrorist and violent extremist content online. His Government also firmly rejects populist discourse that feeds hate, racism and xenophobia.

The United Nations remains the best hope for global compromise, he stressed, calling for more equitable representation of Africa in the Security Council. “Africa does not need tutoring. Africa needs partnerships,” he stressed. That means fair exchanges that do not exaggerate the perceived risk of investing in the continent, protecting the rights of host countries as well as those of investors, and promoting the creation of local value chains. Similarly, Senegal calls for a reform of the international tax system to counter tax fraud and evasion and money laundering which deprives Africa of $100 billion annually from economic activity on the continent.

Senegal is pursuing its goal of becoming an emerging market economy by 2035 through infrastructure development projects and public investments begun in 2014, he said. It is committed to boosting fisheries, livestock, transport infrastructure, energy, education, the digital economy, and new housing. In addition, he continued, it is working to make public spending and government more efficient. That compliments Senegal’s vision of a more inclusive country, investments in universal health coverage, family security grants for the most vulnerable groups, and an office to boost entrepreneurship.

Senegal will host the World Water Forum in 2021 and the fourth Youth Olympic Games in 2022, the first African country to host the Olympics, he said, expressing hope the events will boost peace and fraternity among people and build a better, more welcoming world.

GIUSEPPE CONTE, President of the Council of Ministers of Italy, noting that a few months ago, the Secretary-General used the expression “a world of trouble” to describe the myriad challenges facing the international community, from climate change to trade disputes, called for an inclusive humanism to tackle them. The recognition of personal and social dignity is crucial, he said, because without that foundation, multilateralism becomes merely technique. His Government aims at establishing a truly human democracy, he said, adding that the country has launched “a new season of reforms” aimed at improving the life of its citizens.

Highlighting the need to accelerate implementation of the 2030 Agenda, he said Italy is expressing its commitment to that agreement in all walks, from the private sector to civil society. Referring to the recent news of a glacier melting and putting at risk one of the most majestic mountains in the Alps, he said, “we cannot be indifferent.” The Paris Agreement is a crucial starting point and the international community has a moral duty to deliver to its children a planet in the best health. Italy, he pointed out, has already achieved the European Union goal of reducing emissions by 2020 and is working on a climate neutrality strategy.

Migration has deep causes for which immediate action as well as a long-term vision are necessary, he said. Promotion of human rights is a priority for his Government, he added, stressing that as a member of the Human Rights Council, Italy’s action is inspired by the motto “Human Rights for Peace.” The country has contributed its best armed forces and technology to peacekeeping, he noted, calling on the international community to make systematic steps for recourse at the first sign of conflict. All sectors of society must be involved in mediation, he stressed.

Reaffirming Italy’s support for the Mediterranean Women Mediators Network, he highlighted another initiative in which every year hundreds of young people from countries in conflict are invited to live together and experience everyday dialogue in a small neighborhood in Tuscany. Turning to Libya, he lamented that the country still did not have an opportunity to live in peace. The international community must act in support of the United Nations Support Mission in Libya (UNSMIL) and the Secretary-General’s Special Representative to that country, he said, adding that reaching a ceasefire is only the first step. Further, all United Nations Member States must conform with the arms embargo in Libya, he said.

Calling for coordinated action between Europe and Africa, he highlighted a private project to promote socio-economic development in Africa involving an Italian energy company. “We cannot forget the strategic importance of the Horn of Africa,” he said, adding that new threats to international security called for full implementation of all the non-proliferation regimes. Imploring Iran to abide by its commitments under the Joint Comprehensive Plan of Action, he said that the international community must keep open the necessary channels of dialogue with that country.

PEDRO SÁNCHEZ, President of Spain, said “the Earth is bleeding”, requiring urgent action on multiple fronts given that the challenges of the millennium exceed the limits and capacities of nations to deal with them. Stressing that the need for sustainability is “not an ideological position, but an irrefutable scientific fact”, he called for multilateralism in addressing the emergency of climate change as witnessed in Hurricane Dorian, flooding in Spain and desertification in Libya. His Government has set the goal of decarbonization by 2050 and will contribute €150 million to the Green Climate ***Fund*** over the next four years. He said decades of efforts under the Montreal Protocol are regenerating the ozone layer and called for dialogue on the Green New Deal.

Noting a rising inequality gap, he said some recent reports indicate that by 2030, 1 per cent of the world’s population will have accumulated two-thirds of the planet’s total wealth, and that data from the Food and ***Agriculture*** Organization (FAO) indicates over 800 million people worldwide suffer from hunger. His Government will contribute €100 million over five years to the United Nations joint ***fund*** for the Sustainable Development Goals, and €100 million during the next three years to the Global ***Fund*** to Fight Aids, Tuberculosis and Malaria.

Turning to technological transformation and the digital revolution, he noted that only a part of the world has access to the advantages presented therein. Fighting to close the digital gap is therefore also a Sustainable Development Goal. He added that a just world also requires gender equality, stating he is “honoured to form part of a feminist Government”. Spain will continue to promote a European Strategy on Gender in the European Union.

Noting that the Office of the United Nations High Commissioner for Refugees (UNHCR) reports that 70.8 million people are victims of forced displacement, 26 million of them being refugees, he stressed the potential regional impact of the crisis in Libya. He added, however, that “Africa is synonymous with hope” and home to 6 of the 10 countries with the highest growth rates in the world. On the Israeli-Palestinian conflict, his Government remains committed to the two-State solution. Pointing to rising tensions in the Persian Gulf, he called on regional parties to act with restraint.

He expressed sadness at the decision by the United Kingdom to withdraw from the European Union and hoped it will do so in an orderly manner. He said that departure will have consequences for Gibraltar and stated an area of prosperity should be developed, encompassing neighbouring Campo de Gibraltar, generating social and economic convergence for the entire region.

JACINDA ARDERN, Prime Minister of New Zealand, said that the idea of countries existing in isolation from each other has become obsolete. The world has become interdependent, with domestic decisions having global ramifications. New Zealand experienced this worldwide connectedness first-hand on 15 March 2019, when an alleged terrorist “undertook the most horrific attack on a place of worship, taking the lives of 51 innocent people, devastating our Muslim community and challenging our sense of who we are as a country.” New Zealanders united in solidarity. Within 10 days of the attacks, the country banned semi-automatic weapons and assault rifles. A second package of reforms, to register weapons and change licensing, is being considered, she said.

To truly feel safe, however, means living free from racism, bullying, and discrimination; feeling loved, included and able to be exactly who you are, she said. These conditions must be universal to be effective, because bigoted words and actions are not “neatly confined behind boundaries,” she said. “They are felt globally.” The alleged terrorist broadcast his crimes online, uploaded to YouTube as fast as once every second. The instantaneous worldwide circulation of the video of the attacks demonstrates the need for global problem-solving, she said. Two months after the attack, leaders gathered in Paris for the Christchurch Call, bringing together companies, countries and civil society, and committing to a range of actions to reduce the harm such content can cause. “In doing so we have kept our focus on the deeper aim we all want: technology that unleashes human potential, not the worst in us,” she said.

Climate change illustrates the same degree of international interdependence, she said, noting that 7 of the 15 most climate-affected nations in the world are in the Pacific region. That’s why New Zealand is transforming its economy in a greener direction. Since taking office two years ago, her Administration has produced zero carbon legislation; created a $100 million green investment ***fund***; stopped issuing new offshore oil and gas exploration permits; and is working with its Pacific neighbours to increase solar power and reduce the use of diesel generators.

In addition, New Zealand is supporting a global end to fossil fuel subsidies, she said. This week, the country will, with like-minded States, announce a new initiative that applies trade levers to climate-related goods, services and technologies. Trade deals must support climate action instead of allowing perverse subsidies that incentivise pollution, and finally remove tariffs on green technology. Without subsidies, fossil fuels will face strong competition from green energy, she said.

SHINZO ABE, Prime Minister of Japan, underscoring that reform of the United Nations, especially the Security Council, is absolutely imperative, called for Member States’ support for his country’s election to that organ as a non-permanent member. In October, a new emperor will accede to the imperial throne, an opportunity for Japan to redefine its role in the world and leave behind a long-standing economic slump. As well, some landmark events will be taking place in Japan, including the Olympic and Paralympic Games; the 2025 World Expo; and the United Nations “Crime Congress”.

He recalled the recent visit to Tokyo by the activist Malala Yousafzai who explained that as many as 100 million women do not receive education beyond the age of 12 and that if they did, they could add up to $30 trillion to the global economy. The labour participation of women in his country has improved the national economy and he pledged to promote inclusive quality education for girls and women. In addition, Japan has, through its international cooperation agency, shared educational materials aimed at preventing teenage pregnancy with school girls.

In Arusha, close to Mount Kilimanjaro, thanks to the efforts of a group of Japanese people an all-girls junior high-school was opened, he continued. In Cambodia a Japanese entrepreneur has also started an initiative to educate young women and girls, focusing on science, technology, engineering and mathematics. Japan aims to provide enriched education for at least 9 million children and young people in sub-Saharan and Asian nations, such as Rwanda and Sri Lanka.

He also voiced support in regard to the approach taken by President Donald Trump of the United States with Chairman Kim Jong-un of the People’s Democratic Republic of Korea, an approach where the two leaders could talk candidly with each other. He, too, was determined to meet Chairman Kim Jong-un in a face-to-face encounter without any preconditions, he added. The goal is to normalize relations with this country and resolve issues like abductions, nuclear energy and weapons and missile issues as well as settling the past among the two countries.

Noting his concern for the recent attacks against oil facilities in Saudi Arabia, he hailed the pronouncement made personally to him by Ali Khamenei, Supreme Leader of Iran, to not possess, produce or use nuclear weapons. He emphasized efforts by his country to reach agreement in the negotiations of the Trans-Pacific Partnership Agreement and the Japan-European Union Economic Partnership Agreement and the Regional Comprehensive Economic Partnership. “The world will become more connected, leading more people to escape from poverty”, he said, recalling that Japan has chaired Group of Seven and Group of 20 summits as well as the Tokyo International Conference on African Development, which aims for investment and growth in the African continent.

BORIS JOHNSON, Prime Minister, First Lord of the Treasury and Minister for the Civil Service of the United Kingdom, stated “no one can ignore the gathering force affecting every Member of this Assembly” that is digitalization. Addressing the future of privacy, he said that in the emerging future people may keep their personal secrets from friends, family, their doctors or others, “but it is difficult to conceal them from Google”.

Citing the comprehensive and pervasive effects of this technology, pushing humanity towards “an urban environment as antiseptic as a Zurich pharmacy”, he said in the future and even the present, it places every citizen under surveillance. A “future Alexa” of connectivity will monitor every aspect of daily human life. With a cloud of data lowering ever more oppressively over the human race, he said people may have no control “over how or when the precipitation will take place”. He described data as the crude oil of the present day, with no one knowing who owns or can use it.

Expressing concern about whether the machines will decide if people are eligible for a mortgage or insurance, he wondered: “How do you plead with an algorithm?” Digital authoritarianism is already a reality in some countries. While the United Kingdom is a global leader in technology, he noted that some States have been caught unaware by the effects of the Internet, the most momentous invention since print. Like nuclear power, it is capable of both great good and harm, but he wondered whether artificial intelligence will be a boon for humanity or produce “pink-eyed terminators” here to “cull the human race”. He cited the deep human impulse to mistrust any technological innovation, noting the influence of anti-vaxxers.

However, he pivoted to express a total rejection of any anti-science pessimism. Highlighting the rise of nanotechnology and neural interface technology, he cited breakthrough developments “helping the deaf to hear and the blind to see”. In the developing world, he noted that millions of people in Africa without bank accounts can now use an app to fill that gap. The values that inform tech design will shape the future of humanity, which will either face an Orwellian world of suppression or one of learning, threatening famine and disease but not freedoms.

The mission of the United Kingdom and all who share its values is to ensure that emerging technologies must promote that freedom, openness and pluralism, he said. On that point, he called on the United Nations to guarantee that no one is left behind, calling for a common set of global principles to shape the norms and standards of emerging technologies. The United Kingdom has by far the biggest tech sector anywhere in Europe, with half a million people working in it, he said, and invited Member States to attend a technology summit in London in 2020.

M. SAAD-EDDINE EL OTHMANI, Prime Minister of Morocco, highlighted his country’s role as a place for meeting and cooperation between Europe, Africa and the rest of the world. Morocco’s stability and security in a volatile region is a result of his country’s promotion of democratic values and economic openness. In an international arena where States with various interests and different strategies take immediate action “rather than thinking”, he said that multilateral action is the most effective way to respond to new challenges such as climate change, achieving sustainable development, addressing flows of migration and combating terrorism and violent extremism.

He added that the multilateral action the international community aspires to should guarantee Africa the place it deserves on the international stage, and that the Organization should direct all necessary attention to Africa’s renaissance and ambition. As the second-largest investor in Africa, Morocco aims to promote the transfer of technology and to establish a free trade centre on the continent to create new horizons for the African economy.

Turning to the issue of migration, he pointed out that no country can face the challenges it entails alone and highlighted Morocco’s role in the adoption of the Global Compact for Safe, Orderly and Regular Migration. Stating that the agreement represents a joint vision in which each party has its interests represented without stigma, he urged the international community to work together to implement the accord. He also committed to addressing climate change and sustainable development through South-South cooperation and at the national level, pointing to Morocco’s efforts to promote a better economic system and reduce social inequality.

He stated his country’s preoccupation with the lack of a promising avenue for peace between Israel and Palestine, citing this situation as a source of instability and tension in the Middle East. Morocco stands with the Palestinian people, and he rejected Israel’s settlement policy and any changes to the nature or status of Jerusalem. Sustainable peace requires that Palestinians are able to enjoy rights to an independent State with its capital in East Jerusalem.

He also called on the international community to find a genuine solution to regional disagreements on the “Moroccan Sahara”, stressing that this issue is one of national unity, territorial integrity and sovereignty. Every country has a right and duty to protect its citizens and territory, he said, and therefore Morocco seeks a practical and sustainable political solution for this regional conflict. Drawing attention to the “lamentable situation” of the inhabitants of the Tindouf refugee camps, he encouraged the host country to fulfil its legal and humanitarian responsibilities to conduct a census and register the people inside the camp.

**Load-Date:** September 27, 2019

**End of Document**



[***AMENDING THE WHITE MOUNTAIN APACHE TRIBE WATER RIGHTS QUANTIFICATION ACT OF 2010 (House of Representatives - November 27, 2018)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TVD-1N11-JDG9-Y3G0-00000-00&context=1516831)

Impact News Service

November 28, 2018 Wednesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 82029 words

**Body**

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

 Mr. SHUSTER. Mr. Speaker, I move to suspend the rules and concur in the Senate amendment to the House amendment to the bill (S. 140) to amend the White Mountain Apache Tribe Water Rights Quantification Act of 2010 to clarify the use of amounts in the WMAT Settlement ***Fund***. The Clerk read the title of the bill. The text of the Senate amendment to House amendment is as follows: Senate amendment to House amendment: In lieu of the matter proposed to be inserted by the House amendment to the text of the bill, insert the following: SECTION 1. SHORT TITLE. This Act may be cited as the ``Frank LoBiondo Coast Guard Authorization Act of 2018''. SEC.

2. TABLE OF CONTENTS. The table of contents of this Act is as follows: Sec. 1. Short title. Sec. 2. Table of contents. TITLE I--REORGANIZATION OF TITLE 14, UNITED STATES CODE Sec. 101. Initial matter. Sec. 102. Subtitle I. Sec. 103. Chapter 1. Sec. 104. Chapter 3. Sec. 105. Chapter 5. Sec. 106. Chapter 7. Sec. 107. Chapter 9. Sec. 108. Chapter 11. Sec. 109. Subtitle II. Sec. 110. Chapter 19. Sec. 111. Part II. Sec. 112. Chapter 21. Sec. 113. Chapter 23. Sec. 114. Chapter 25. Sec. 115. Part III. Sec. 116. Chapter 27. Sec. 117. Chapter 29. Sec. 118. Subtitle III and chapter 37. Sec. 119. Chapter 39. Sec. 120. Chapter 41. Sec. 121. Subtitle IV and chapter 49. Sec. 122. Chapter 51. Sec. 123. References. Sec. 124. Rule of construction. TITLE II--AUTHORIZATIONS Sec. 201. Amendments to title 14, United States Code, as amended by title I of this Act. Sec. 202. Authorizations of appropriations. Sec. 203. Authorized levels of military strength and training. Sec. 204. Authorization of amounts for Fast Response Cutters. Sec. 205. Authorization of amounts for shoreside infrastructure. Sec. 206. Authorization of amounts for aircraft improvements. TITLE III--COAST GUARD Sec. 301. Amendments to title 14, United States Code, as amended by title I of this Act. Sec. 302. Primary duties. Sec. 303. National Coast Guard Museum. Sec. 304. Unmanned aircraft. Sec. 305. Coast Guard health-care professionals; licensure portability. Sec. 306. Training; emergency response providers. Sec. 307. Incentive contracts for Coast Guard yard and industrial establishments. Sec. 308. Confidential investigative expenses. Sec. 309. Regular captains; retirement. Sec. 310. Conversion, alteration, and repair projects. Sec. 311. Contracting for major acquisitions programs. Sec. 312. Officer promotion zones. Sec. 313. Cross reference. Sec. 314. Commissioned service retirement. Sec. 315. Leave for birth or adoption of child. Sec. 316. Clothing at time of discharge. Sec. 317. Unfunded priorities list. Sec. 318. Safety of vessels of the Armed Forces. Sec. 319. Air facilities. TITLE IV--PORTS AND WATERWAYS SAFETY Sec. 401. Codification of Ports and Waterways Safety Act. Sec. 402. Conforming amendments. Sec. 403. ***Transitional*** and savings provisions. Sec. 404. Rule of construction. Sec. 405. Advisory committee: repeal. Sec. 406. Regattas and marine parades. Sec. 407. Regulation of vessels in territorial waters of United States. Sec. 408. Port, harbor, and coastal facility security. TITLE V--MARITIME TRANSPORTATION SAFETY Sec. 501. Consistency in marine inspections. Sec. 502. Uninspected passenger vessels in St. Louis County, Minnesota. Sec. 503. Engine cut-off switch requirements. Sec. 504. Exception from survival craft requirements. Sec. 505. Safety standards. Sec. 506. Fishing safety grants. Sec. 507. Fishing, fish tender, and fish processing vessel certification. Sec. 508. Deadline for compliance with alternate safety compliance program. Sec. 509. Termination of unsafe operations; technical correction. Sec. 510. Technical corrections: Licenses, certificates of registry, and merchant mariner documents. Sec. 511. Clarification of logbook entries. Sec. 512. Certificates of documentation for recreational vessels. Sec. 513. Numbering for undocumented barges. Sec. 514. Backup national timing system. Sec. 515. Scientific personnel. Sec. 516. Transparency. TITLE VI--ADVISORY COMMITTEES Sec. 601. National maritime transportation advisory committees. Sec. 602. Maritime Security Advisory Committees. TITLE VII--FEDERAL MARITIME COMMISSION Sec. 701. Short title. Sec. 702. Authorization of appropriations. Sec. 703. Reporting on impact of alliances on competition. Sec. 704. Definition of certain covered services. Sec. 705. Reports filed with the Commission. Sec. 706. Public participation. Sec. 707. Ocean transportation intermediaries. Sec. 708. Common carriers. Sec. 709. Negotiations. Sec. 710. Injunctive relief sought by the Commission. Sec. 711. Discussions. Sec. 712. Transparency. Sec. 713. Study of bankruptcy preparation and response. Sec. 714. Agreements unaffected. TITLE VIII--MISCELLANEOUS Sec. 801. Repeal of obsolete reporting requirement. Sec. 802. Corrections to provisions enacted by Coast Guard Authorization Acts. Sec. 803. Officer evaluation report. Sec. 804. Extension of authority. Sec. 805. Coast Guard ROTC program. Sec. 806. Currency detection canine team program. Sec. 807. Center of expertise for Great Lakes oil spill search and response. Sec. 808. Public safety answering points and maritime search and rescue coordination. Sec. 809. Ship shoal lighthouse transfer: repeal. Sec. 810. Land exchange, Ayakulik Island, Alaska. Sec. 811. Use of Tract 43. Sec. 812. Coast Guard maritime domain awareness. Sec. 813. Monitoring. Sec. 814. Reimbursements for non-Federal construction costs of certain aids to navigation. Sec. 815. Towing safety management system fees. Sec. 816. Oil spill disbursements auditing and report. Sec. 817. Fleet requirements assessment and strategy. Sec. 818. National Security Cutter. Sec. 819. Acquisition plan for inland waterway and river tenders and bay-class icebreakers. Sec. 820. Great Lakes icebreaker acquisition. Sec. 821. Polar icebreakers. Sec. 822. Strategic assets in the Arctic. Sec. 823. Arctic planning criteria. Sec. 824. Vessel response plan audit. Sec. 825. Waters deemed not navigable waters of the United States for certain purposes. Sec. 826. Documentation of recreational vessels. Sec. 827. Equipment requirements; exemption from throwable personal flotation devices requirement. Sec. 828. Visual distress signals and alternative use. Sec. 829. Radar refresher training. Sec. 830. Commercial fishing vessel safety national communications plan. Sec. 831. Atlantic Coast port access route study recommendations. Sec. 832. Drawbridges. Sec. 833. Waiver. Sec. 834. Fire-retardant materials. Sec. 835. Vessel waiver. Sec. 836. Temporary limitations. Sec. 837. Transfer of Coast Guard property in Jupiter Island, Florida, for inclusion in Hobe Sound National Wildlife Refuge. Sec. 838. Emergency response. Sec. 839. Drawbridges consultation. TITLE IX--VESSEL INCIDENTAL DISCHARGE ACT Sec. 901. Short title. Sec. 902. Purposes; findings. Sec. 903. Standards for discharges incidental to normal operation of vessels. TITLE X--HYDROGRAPHIC SERVICES AND OTHER MATTERS Sec. 1001. Reauthorization of Hydrographic Services Improvement Act of 1998. Sec. 1002. System for tracking and reporting all-inclusive cost of hydrographic surveys. Sec. 1003. Homeport of certain research vessels. TITLE I--REORGANIZATION OF TITLE 14, UNITED STATES CODE SEC. 101. INITIAL MATTER. Title 14, United States Code, is amended by striking the title designation, the title heading, and the table of parts at the beginning and inserting the following: ``TITLE 14--COAST GUARD ``Subtitle Sec. ``I. Establishment, Powers, Duties, and Administration.........101 .... [[Page H9605]] ``II. Personnel...............................................1901 .... ``III. Coast Guard Reserve and Auxiliary......................3701 .... ``IV. Coast Guard Authorizations and Reports to Congress....4901''..... SEC. 102. SUBTITLE I. Part I of title 14, United States Code, is amended by striking the part designation, the part heading, and the table of chapters at the beginning and inserting the following: ``Subtitle I--Establishment, Powers, Duties, and Administration ``Chap. Sec. ``1. Establishment and Duties..................................101 .... ``3. Composition and Organization..............................301 .... ``5. Functions and Powers......................................501 .... ``7. Cooperation...............................................701 .... ``9. Administration............................................901 .... ``11. Acquisitions..........................................1101''..... SEC. 103. CHAPTER 1. (a) Initial Matter.--Chapter 1 of title 14, United States Code, is amended by striking the chapter designation, the chapter heading, and the table of sections at the beginning and inserting the following: ``CHAPTER 1--ESTABLISHMENT AND DUTIES ``Sec. ``101. Establishment of Coast Guard. ``102. Primary duties. ``103. Department in which the Coast Guard operates. ``104. Removing restrictions. ``105. Secretary defined. ``106. Commandant defined.''. (b) Redesignations and Transfers.-- (1) Requirement.--The sections of title 14, United States Code, identified in the table provided in paragraph (2) are amended-- (A) by redesignating the sections as described in the table; and (B) by transferring the sections, as necessary, so that the sections appear after the table of sections for chapter 1 of such title (as added by subsection (a)), in the order in which the sections are presented in the table. (2) Table.--The table referred to in paragraph (1) is the following: ------------------------------------------------------------------------ Title 14 Title 14 section Section heading (provided for section number before identification purposes only-not amended) number after redesignation redesignation ------------------------------------------------------------------------ 1 Establishment of Coast Guard.............. 101 ------------------------------------------------------------------------ 2 Primary duties............................ 102 ------------------------------------------------------------------------ 3 Department in which the Coast Guard 103 operates................................. ------------------------------------------------------------------------ 652 Removing restrictions..................... 104 ------------------------------------------------------------------------ 4 Secretary defined......................... 105 ------------------------------------------------------------------------ 5 Commandant defined........................ 106 ------------------------------------------------------------------------ SEC. 104. CHAPTER 3. (a) Initial Matter.--Chapter 3 of title 14, United States Code, is amended by striking the chapter designation, the chapter heading, and the table of sections at the beginning and inserting the following: ``CHAPTER 3--COMPOSITION AND ORGANIZATION ``Sec. ``301. Grades and ratings. ``302. Commandant; appointment. ``303. Retirement of Commandant or Vice Commandant. ``304. Vice Commandant; appointment. ``305. Vice admirals. ``306. Retirement. ``307. Vice admirals and admiral, ***continuity*** of grade. ``308. Chief Acquisition Officer. ``309. Office of the Coast Guard Reserve; Director. ``310. Chief of Staff to President: appointment. ``311. Captains of the port. ``312. Prevention and response workforces. ``313. Centers of expertise for Coast Guard prevention and response. ``314. Marine industry training program. ``315. Training course on workings of Congress. ``316. National Coast Guard Museum. ``317. United States Coast Guard Band; composition; director. ``318. Environmental Compliance and Restoration Program.''. (b) Redesignations and Transfers.-- (1) Requirement.--The sections of title 14, United States Code, identified in the table provided in paragraph (2) are amended-- (A) by redesignating the sections as described in the table; and (B) by transferring the sections, as necessary, so that the sections appear after the table of sections for chapter 3 of such title (as added by subsection (a)), in the order in which the sections are presented in the table. (2) Table.--The table referred to in paragraph (1) is the following: ------------------------------------------------------------------------ Title 14 Title 14 section Section heading (provided for section number before identification purposes only-not amended) number after redesignation redesignation ------------------------------------------------------------------------ 41 Grades and ratings........................ 301 ------------------------------------------------------------------------ 44 Commandant; appointment................... 302 ------------------------------------------------------------------------ 46 Retirement of Commandant or Vice 303 Commandant............................... ------------------------------------------------------------------------ 47 Vice Commandant; appointment.............. 304 ------------------------------------------------------------------------ 50 Vice admirals............................. 305 ------------------------------------------------------------------------ 51 Retirement................................ 306 ------------------------------------------------------------------------ 52 Vice admirals and admiral, ***continuity*** of 307 grade.................................... ------------------------------------------------------------------------ 56 Chief Acquisition Officer................. 308 ------------------------------------------------------------------------ 53 Office of the Coast Guard Reserve; 309 Director................................. ------------------------------------------------------------------------ 54 Chief of Staff to President: appointment.. 310 ------------------------------------------------------------------------ 57 Prevention and response workforces........ 312 ------------------------------------------------------------------------ 58 Centers of expertise for Coast Guard 313 prevention and response.................. ------------------------------------------------------------------------ 59 Marine industry training program.......... 314 ------------------------------------------------------------------------ 60 Training course on workings of Congress... 315 ------------------------------------------------------------------------ 98 National Coast Guard Museum............... 316 ------------------------------------------------------------------------ 336 United States Coast Guard Band; 317 composition; director.................... ------------------------------------------------------------------------ (c) Additional Changes.-- (1) In general.--Chapter 3 of title 14, United States Code, is further amended-- (A) by inserting after section 310 (as so redesignated and transferred under subsection (b)) the following: ``Sec. 311. Captains of the port ``Any officer, including any petty officer, may be designated by the Commandant as captain of the port or ports or adjacent high seas or waters over which the United States has jurisdiction, as the Commandant deems necessary to facilitate execution of Coast Guard duties.''; and (B) by inserting after section 317 (as so redesignated and transferred under subsection (b)) the following: ``Sec. 318. Environmental Compliance and Restoration Program ``(a) Definitions.--For the purposes of this section-- ``(1) `environment', `facility', `person', `release', `removal', `remedial', and `response' have the same meaning they have in section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C 9601); ``(2) `hazardous substance' has the same meaning it has in section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C 9601), except that it also includes the meaning given `oil' in section 311 of the Federal Water Pollution Control Act (33 U.S.C 1321); and ``(3) `pollutant' has the same meaning it has in section 502 of the Federal Water Pollution Control Act (33 U.S.C 1362). ``(b) Program.-- ``(1) The Secretary shall carry out a program of environmental compliance and restoration at current and former Coast Guard facilities. ``(2) Program goals include: ``(A) Identifying, investigating, and cleaning up contamination from hazardous substances and pollutants. ``(B) Correcting other environmental damage that poses an imminent and substantial danger to the public health or welfare or to the environment. ``(C) Demolishing and removing unsafe buildings and structures, including buildings and structures at former Coast Guard facilities. ``(D) Preventing contamination from hazardous substances and pollutants at current Coast Guard facilities. ``(3)(A) The Secretary shall respond to releases of hazardous substances and pollutants-- ``(i) at each Coast Guard facility the United States owns, leases, or otherwise possesses; ``(ii) at each Coast Guard facility the United States owned, leased, or otherwise possessed when the actions leading to contamination from hazardous substances or pollutants occurred; and ``(iii) on each vessel the Coast Guard owns or operates. ``(B) Subparagraph (A) of this paragraph does not apply to a removal or remedial action when a potentially responsible person responds under section 122 of the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C 9622). ``(C) The Secretary shall pay a fee or charge imposed by a State authority for permit services for disposing of hazardous substances or pollutants from Coast Guard facilities to the same extent that nongovernmental entities are required to pay for permit services. This subparagraph does not apply to a payment that is the responsibility of a lessee, contractor, or other private person. ``(4) The Secretary may agree with another Federal agency for that agency to assist in carrying out the Secretary's responsibilities under this section. The Secretary may enter into contracts, cooperative agreements, and grant agreements with State and local governments to assist in carrying out the Secretary's responsibilities [[Page H9606]] under this section. Services that may be obtained under this paragraph include identifying, investigating, and cleaning up off-site contamination that may have resulted from the release of a hazardous substance or pollutant at a Coast Guard facility. ``(5) Section 119 of the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C 9619) applies to response action contractors that carry out response actions under this section. The Coast Guard shall indemnify response action contractors to the extent that adequate insurance is not generally available at a fair price at the time the contractor enters into the contract to cover the contractor's reasonable, potential, long-term liability. ``(c) Amounts Recovered for Response Actions.-- ``(1) All sums appropriated to carry out the Coast Guard's environmental compliance and restoration functions under this section or another law shall be credited or transferred to an appropriate Coast Guard account, as determined by the Commandant and remain available until expended. ``(2) ***Funds*** may be obligated or expended from such account to carry out the Coast Guard's environmental compliance and restoration functions under this section or another law. ``(3) In proposing the budget for any fiscal year under section 1105 of title 31, the President shall set forth separately the amount requested for the Coast Guard's environmental compliance and restoration activities under this section or another law. ``(4) Amounts recovered under section 107 of the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C 9607) for the Secretary's response actions at current and former Coast Guard facilities shall be credited to an appropriate Coast Guard account, as determined by the Commandant. ``(d) Annual List of Projects to Congress.--The Commandant shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a prioritized list of projects eligible for environmental compliance and restoration ***funding*** for each fiscal year concurrent with the President's budget submission for that fiscal year.''. (2) Conforming repeals.--Sections 634, 690, 691, 692, and 693 of title 14, United States Code, are repealed. SEC. 105. CHAPTER 5. (a) Initial Matter.--Chapter 5 of title 14, United States Code, is amended by striking the chapter designation, the chapter heading, and the table of sections at the beginning and inserting the following: ``CHAPTER 5--FUNCTIONS AND POWERS ``subchapter i--general powers ``Sec. ``501. Secretary; general powers. ``502. Delegation of powers by the Secretary. ``503. Regulations. ``504. Commandant; general powers. ``505. Functions and powers vested in the Commandant. ``506. Prospective payment of ***funds*** necessary to provide medical care. ``507. Appointment of judges. ``subchapter ii--life saving and law enforcement authorities ``521. Saving life and property. ``522. Law enforcement. ``523. Enforcement authority. ``524. Enforcement of coastwise trade laws. ``525. Special agents of the Coast Guard Investigative Service law enforcement authority. ``526. Stopping vessels; indemnity for firing at or into vessel. ``527. Safety of naval vessels. ``528. Protecting against unmanned aircraft. ``subchapter iii--aids to navigation ``541. Aids to navigation authorized. ``542. Unauthorized aids to maritime navigation; penalty. ``543. Interference with aids to navigation; penalty. ``544. Aids to maritime navigation; penalty. ``545. Marking of obstructions. ``546. Deposit of damage payments. ``547. Rewards for apprehension of persons interfering with aids to navigation. ``subchapter iv--miscellaneous ``561. Icebreaking in polar regions. ``562. Appeals and waivers. ``563. Notification of certain determinations.''. (b) Redesignations and Transfers.-- (1) Requirement.--The sections of title 14, United States Code, identified in the table provided in paragraph (2) are amended-- (A) by redesignating the sections as described in the table; and (B) by transferring the sections, as necessary, so that the sections appear after the table of sections for chapter 5 of such title (as added by subsection (a)), in the order in which the sections are presented in the table. (2) Table.--The table referred to in paragraph (1) is the following: ------------------------------------------------------------------------ Title 14 Title 14 section Section heading (provided for section number before identification purposes only-not amended) number after redesignation redesignation ------------------------------------------------------------------------ 92 Secretary; general powers................. 501 ------------------------------------------------------------------------ 631 Delegation of powers by the Secretary..... 502 ------------------------------------------------------------------------ 633 Regulations............................... 503 ------------------------------------------------------------------------ 93 Commandant; general powers................ 504 ------------------------------------------------------------------------ 632 Functions and powers vested in the 505 Commandant............................... ------------------------------------------------------------------------ 520 Prospective payment of ***funds*** necessary to 506 provide medical care..................... ------------------------------------------------------------------------ 153 Appointment of judges..................... 507 ------------------------------------------------------------------------ 88 Saving life and property.................. 521 ------------------------------------------------------------------------ 89 Law enforcement........................... 522 ------------------------------------------------------------------------ 99 Enforcement authority..................... 523 ------------------------------------------------------------------------ 100 Enforcement of coastwise trade laws....... 524 ------------------------------------------------------------------------ 95 Special agents of the Coast Guard 525 Investigative Service law enforcement authority................................ ------------------------------------------------------------------------ 637 Stopping vessels; indemnity for firing at 526 or into vessel........................... ------------------------------------------------------------------------ 91 Safety of naval vessels................... 527 ------------------------------------------------------------------------ 104 Protecting against unmanned aircraft...... 528 ------------------------------------------------------------------------ 81 Aids to navigation authorized............. 541 ------------------------------------------------------------------------ 83 Unauthorized aids to maritime navigation; 542 penalty.................................. ------------------------------------------------------------------------ 84 Interference with aids to navigation; 543 penalty.................................. ------------------------------------------------------------------------ 85 Aids to maritime navigation; penalty...... 544 ------------------------------------------------------------------------ 86 Marking of obstructions................... 545 ------------------------------------------------------------------------ 642 Deposit of damage payments................ 546 ------------------------------------------------------------------------ 643 Rewards for apprehension of persons 547 interfering with aids to navigation...... ------------------------------------------------------------------------ 87 Icebreaking in polar regions.............. 561 ------------------------------------------------------------------------ 101 Appeals and waivers....................... 562 ------------------------------------------------------------------------ 103 Notification of certain determinations.... 563 ------------------------------------------------------------------------ (c) Additional Changes.--Chapter 5 of title 14, United States Code, is further amended-- (1) by inserting before section 501 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER I--GENERAL POWERS''; (2) by inserting before section 521 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER II--LIFE SAVING AND LAW ENFORCEMENT AUTHORITIES''; (3) by inserting before section 541 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER III--AIDS TO NAVIGATION''; and (4) by inserting before section 561 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER IV--MISCELLANEOUS''. SEC. 106. CHAPTER 7. (a) Initial Matter.--Chapter 7 of title 14, United States Code, is amended by striking the chapter designation, the chapter heading, and the table of sections at the beginning and inserting the following: ``CHAPTER 7--COOPERATION ``Sec. ``701. Cooperation with other agencies, States, territories, and political subdivisions. ``702. State Department. ``703. Treasury Department. ``704. Department of the Army and Department of the Air Force. ``705. Navy Department. ``706. United States Postal Service. ``707. Department of Commerce. ``708. Department of Health and Human Services. ``709. Maritime instruction. ``710. Assistance to foreign governments and maritime authorities. ``711. Coast Guard officers as attaches to missions. ``712. Contracts with Government-owned establishments for work and material. ``713. Nonappropriated ***fund*** instrumentalities: contracts with other agencies and instrumentalities to provide or obtain goods and services. [[Page H9607]] ``714. Arctic maritime domain awareness. ``715. Oceanographic research. ``716. Arctic maritime transportation. ``717. Agreements.''. (b) Redesignations and Transfers.-- (1) Requirement.--The sections of title 14, United States Code, identified in the table provided in paragraph (2) are amended-- (A) by redesignating the sections as described in the table; and (B) by transferring the sections, as necessary, so that the sections appear after the table of sections for chapter 7 of such title (as added by subsection (a)), in the order in which the sections are presented in the table. (2) Table.--The table referred to in paragraph (1) is the following: ------------------------------------------------------------------------ Title 14 Title 14 section Section heading (provided for section number before identification purposes only-not amended) number after redesignation redesignation ------------------------------------------------------------------------ 141 Cooperation with other agencies, States, 701 territories, and political subdivisions.. ------------------------------------------------------------------------ 142 State Department.......................... 702 ------------------------------------------------------------------------ 143 Treasury Department....................... 703 ------------------------------------------------------------------------ 144 Department of the Army and Department of 704 the Air Force............................ ------------------------------------------------------------------------ 145 Navy Department........................... 705 ------------------------------------------------------------------------ 146 United States Postal Service.............. 706 ------------------------------------------------------------------------ 147 Department of Commerce.................... 707 ------------------------------------------------------------------------ 147a Department of Health and Human Services... 708 ------------------------------------------------------------------------ 148 Maritime instruction...................... 709 ------------------------------------------------------------------------ 149 Assistance to foreign governments and 710 maritime authorities..................... ------------------------------------------------------------------------ 150 Coast Guard officers as attaches to 711 missions................................. ------------------------------------------------------------------------ 151 Contracts with Government-owned 712 establishments for work and material..... ------------------------------------------------------------------------ 152 Nonappropriated ***fund*** instrumentalities: 713 contracts with other agencies and instrumentalities to provide or obtain goods and services....................... ------------------------------------------------------------------------ 154 Arctic maritime domain awareness.......... 714 ------------------------------------------------------------------------ 94 Oceanographic research.................... 715 ------------------------------------------------------------------------ 90 Arctic maritime transportation............ 716 ------------------------------------------------------------------------ 102 Agreements................................ 717 ------------------------------------------------------------------------ SEC. 107. CHAPTER 9. (a) Initial Matter.--Chapter 9 of title 14, United States Code, is amended by striking the chapter designation, the chapter heading, and the table of sections at the beginning and inserting the following: ``CHAPTER 9--ADMINISTRATION ``subchapter i--real and personal property ``Sec. ``901. Disposal of certain material. ``902. Employment of draftsmen and engineers. ``903. Use of certain appropriated ***funds***. ``904. Local hire. ``905. Procurement authority for family housing. ``906. Air Station Cape Cod Improvements. ``907. Long-term lease of special purpose facilities. ``908. Long-term lease authority for lighthouse property. ``909. Small boat station rescue capability. ``910. Small boat station closures. ``911. Search and rescue center standards. ``912. Air facility closures. ``913. Turnkey selection procedures. ``914. Disposition of infrastructure related to E-LORAN. ``subchapter ii--miscellaneous ``931. Oaths required for boards. ``932. Administration of oaths. ``933. Coast Guard ensigns and pennants. ``934. Penalty for unauthorized use of words `Coast Guard'. ``935. Coast Guard band recordings for commercial sale. ``936. Confidentiality of medical quality assurance records; qualified immunity for participants. ``937. Admiralty claims against the United States. ``938. Claims for damage to property of the United States. ``939. Accounting for industrial work. ``940. Supplies and equipment from stock. ``941. Coast Guard Supply ***Fund***. ``942. Public and commercial vessels and other watercraft; sale of fuel, supplies, and services. ``943. Arms and ammunition; immunity from taxation. ``944. Confidential investigative expenses. ``945. Assistance to film producers. ``946. User fees. ``947. Vessel construction bonding requirements. ``948. Contracts for medical care for retirees, dependents, and survivors: alternative delivery of health care. ``949. Telephone installation and charges. ``950. Designation, powers, and accountability of deputy disbursing officials. ``951. Aircraft accident investigations.''. (b) Redesignations and Transfers.-- (1) Requirement.--The sections of title 14, United States Code, identified in the table provided in paragraph (2) are amended-- (A) by redesignating the sections as described in the table; and (B) by transferring the sections, as necessary, so that the sections appear after the table of sections for chapter 9 of such title (as added by subsection (a)), in the order in which the sections are presented in the table. (2) Table.--The table referred to in paragraph (1) is the following: ------------------------------------------------------------------------ Title 14 Title 14 section Section heading (provided for section number before identification purposes only-not amended) number after redesignation redesignation ------------------------------------------------------------------------ 641 Disposal of certain material.............. 901 ------------------------------------------------------------------------ 653 Employment of draftsmen and engineers..... 902 ------------------------------------------------------------------------ 656 Use of certain appropriated ***funds***......... 903 ------------------------------------------------------------------------ 666 Local hire................................ 904 ------------------------------------------------------------------------ 670 Procurement authority for family housing.. 905 ------------------------------------------------------------------------ 671 Air Station Cape Cod Improvements......... 906 ------------------------------------------------------------------------ 672 Long-term lease of special purpose 907 facilities............................... ------------------------------------------------------------------------ 672a Long-term lease authority for lighthouse 908 property................................. ------------------------------------------------------------------------ 674 Small boat station rescue capability...... 909 ------------------------------------------------------------------------ 675 Small boat station closures............... 910 ------------------------------------------------------------------------ 676 Search and rescue center standards........ 911 ------------------------------------------------------------------------ 676a Air facility closures..................... 912 ------------------------------------------------------------------------ 677 Turnkey selection procedures.............. 913 ------------------------------------------------------------------------ 681 Disposition of infrastructure related to E- 914 LORAN.................................... ------------------------------------------------------------------------ 635 Oaths required for boards................. 931 ------------------------------------------------------------------------ 636 Administration of oaths................... 932 ------------------------------------------------------------------------ 638 Coast Guard ensigns and pennants.......... 933 ------------------------------------------------------------------------ 639 Penalty for unauthorized use of words 934 ``Coast Guard''.......................... ------------------------------------------------------------------------ 640 Coast Guard band recordings for commercial 935 sale..................................... ------------------------------------------------------------------------ 645 Confidentiality of medical quality 936 assurance records; qualified immunity for participants............................. ------------------------------------------------------------------------ 646 Admiralty claims against the United States 937 ------------------------------------------------------------------------ 647 Claims for damage to property of the 938 United States............................ ------------------------------------------------------------------------ 648 Accounting for industrial work............ 939 ------------------------------------------------------------------------ 649 Supplies and equipment from stock......... 940 ------------------------------------------------------------------------ 650 Coast Guard Supply ***Fund***................... 941 ------------------------------------------------------------------------ 654 Public and commercial vessels and other 942 watercraft; sale of fuel, supplies, and services................................. ------------------------------------------------------------------------ [[Page H9608]] 655 Arms and ammunition; immunity from 943 taxation................................. ------------------------------------------------------------------------ 658 Confidential investigative expenses....... 944 ------------------------------------------------------------------------ 659 Assistance to film producers.............. 945 ------------------------------------------------------------------------ 664 User fees................................. 946 ------------------------------------------------------------------------ 667 Vessel construction bonding requirements.. 947 ------------------------------------------------------------------------ 668 Contracts for medical care for retirees, 948 dependents, and survivors: alternative delivery of health care.................. ------------------------------------------------------------------------ 669 Telephone installation and charges........ 949 ------------------------------------------------------------------------ 673 Designation, powers, and accountability of 950 deputy disbursing officials.............. ------------------------------------------------------------------------ 678 Aircraft accident investigations.......... 951 ------------------------------------------------------------------------ (c) Additional Changes.--Chapter 9 of title 14, United States Code, is further amended-- (1) by inserting before section 901 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER I--REAL AND PERSONAL PROPERTY''; and (2) by inserting before section 931 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER II--MISCELLANEOUS''. SEC. 108. CHAPTER 11. (a) Initial Matter.--Chapter 11 of title 14, United States Code, is amended by striking the chapter designation, the chapter heading, and the table of sections at the beginning and inserting the following: ``CHAPTER 11--ACQUISITIONS ``subchapter i--general provisions ``Sec. ``1101. Acquisition directorate. ``1102. Improvements in Coast Guard acquisition management. ``1103. Role of Vice Commandant in major acquisition programs. ``1104. Recognition of Coast Guard personnel for excellence in acquisition. ``1105. Prohibition on use of lead systems integrators. ``1106. Required contract terms. ``1107. Extension of major acquisition program contracts. ``1108. Department of Defense consultation. ``1109. Undefinitized contractual actions. ``1110. Mission need statement. ``subchapter ii--improved acquisition process and procedures ``1131. Identification of major system acquisitions. ``1132. Acquisition. ``1133. Preliminary development and demonstration. ``1134. Acquisition, production, deployment, and support. ``1135. Acquisition program baseline breach. ``1136. Acquisition approval authority. ``subchapter iii--procurement ``1151. Restriction on construction of vessels in foreign shipyards. ``1152. Advance procurement ***funding***. ``1153. Prohibition on overhaul, repair, and maintenance of Coast Guard vessels in foreign shipyards. ``1154. Procurement of buoy chain. ``1155. Contract termination. ``subchapter iv--definitions ``1171. Definitions.''. (b) Redesignations and Transfers.-- (1) Requirement.--The sections of title 14, United States Code, identified in the table provided in paragraph (2) are amended-- (A) by redesignating the sections as described in the table; and (B) by transferring the sections, as necessary, so that the sections appear after the table of sections for chapter 11 of such title (as added by subsection (a)), in the order in which the sections are presented in the table. (2) Table.--The table referred to in paragraph (1) is the following: ------------------------------------------------------------------------ Title 14 Title 14 section Section heading (provided for section number before identification purposes only-not amended) number after redesignation redesignation ------------------------------------------------------------------------ 561 Acquisition directorate................... 1101 ------------------------------------------------------------------------ 562 Improvements in Coast Guard acquisition 1102 management............................... ------------------------------------------------------------------------ 578 Role of Vice Commandant in major 1103 acquisition programs..................... ------------------------------------------------------------------------ 563 Recognition of Coast Guard personnel for 1104 excellence in acquisition................ ------------------------------------------------------------------------ 564 Prohibition on use of lead systems 1105 integrators.............................. ------------------------------------------------------------------------ 565 Required contract terms................... 1106 ------------------------------------------------------------------------ 579 Extension of major acquisition program 1107 contracts................................ ------------------------------------------------------------------------ 566 Department of Defense consultation........ 1108 ------------------------------------------------------------------------ 567 Undefinitized contractual actions......... 1109 ------------------------------------------------------------------------ 569 Mission need statement.................... 1110 ------------------------------------------------------------------------ 571 Identification of major system 1131 acquisitions............................. ------------------------------------------------------------------------ 572 Acquisition............................... 1132 ------------------------------------------------------------------------ 573 Preliminary development and demonstration. 1133 ------------------------------------------------------------------------ 574 Acquisition, production, deployment, and 1134 support.................................. ------------------------------------------------------------------------ 575 Acquisition program baseline breach....... 1135 ------------------------------------------------------------------------ 576 Acquisition approval authority............ 1136 ------------------------------------------------------------------------ 665 Restriction on construction of vessels in 1151 foreign shipyards........................ ------------------------------------------------------------------------ 577 Advance procurement ***funding***............... 1152 ------------------------------------------------------------------------ 96 Prohibition on overhaul, repair, and 1153 maintenance of Coast Guard vessels in foreign shipyards........................ ------------------------------------------------------------------------ 97 Procurement of buoy chain................. 1154 ------------------------------------------------------------------------ 657 Contract termination...................... 1155 ------------------------------------------------------------------------ 581 Definitions............................... 1171 ------------------------------------------------------------------------ (c) Additional Changes.--Chapter 11 of title 14, United States Code, is further amended-- (1) by striking all subdivision designations and headings in such chapter, except for-- (A) the chapter designation and heading added by subsection (a); (B) the subchapter designations and headings added by this subsection; and (C) any designation or heading of a section or a subdivision of a section; (2) by inserting before section 1101 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER I--GENERAL PROVISIONS''; (3) by inserting before section 1131 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER II--IMPROVED ACQUISITION PROCESS AND PROCEDURES''; (4) by inserting before section 1151 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER III--PROCUREMENT''; and (5) by inserting before section 1171 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER IV--DEFINITIONS''. SEC. 109. SUBTITLE II. (a) Initial Matter.--Title 14, United States Code, is further amended by inserting after chapter 11 (as amended by section 108) the following: ``Subtitle II--Personnel ``Chap. Sec. ``19. Coast Guard Academy.....................................1901 .... ``21. Personnel; Officers.....................................2101 .... ``23. Personnel; Enlisted.....................................2301 .... ``25. Personnel; General Provisions...........................2501 .... ``27. Pay, Allowances, Awards, and Other Rights and Benefits..2701 .... ``29. Coast Guard Family Support, Child Care, and Housing...2901''..... (b) Reserved Chapter Numbers.-- (1) Chapter 13.--Chapter 13 of title 14, United States Code, is amended by striking the chapter designation, the chapter heading, and the table of sections at the beginning. (2) Chapter 14.--Chapter 14 of title 14, United States Code, is amended-- (A) by striking the chapter designation, the chapter heading, and the table of sections at the beginning; and (B) by striking the subchapter designation and the subchapter heading for each of the subchapters of such chapter. [[Page H9609]] (3) Chapter 15.--Chapter 15 of title 14, United States Code, is amended-- (A) by striking the chapter designation, the chapter heading, and the table of sections at the beginning; and (B) by striking the subchapter designation and the subchapter heading for each of the subchapters of such chapter. (4) Chapter 17.--Chapter 17 of title 14, United States Code, is amended by striking the chapter designation, the chapter heading, and the table of sections at the beginning. (5) Chapter 18.--Chapter 18 of title 14, United States Code, is amended by striking the chapter designation, the chapter heading, and the table of sections at the beginning. SEC. 110. CHAPTER 19. (a) Initial Matter.--Chapter 19 of title 14, United States Code, is amended by striking the chapter designation, the chapter heading, and the table of sections at the beginning and inserting the following: ``CHAPTER 19--COAST GUARD ACADEMY ``subchapter i--administration ``Sec. ``1901. Administration of Academy. ``1902. Policy on sexual harassment and sexual violence. ``1903. Annual Board of Visitors. ``1904. Participation in Federal, State, or other educational research grants. ``subchapter ii--cadets ``1921. Corps of Cadets authorized strength. ``1922. Appointments. ``1923. Admission of foreign nationals for instruction; restrictions; conditions. ``1924. Conduct. ``1925. Agreement. ``1926. Cadet applicants; preappointment travel to Academy. ``1927. Cadets; initial clothing allowance. ``1928. Cadets; degree of bachelor of science. ``1929. Cadets; appointment as ensign. ``1930. Cadets: charges and fees for attendance; limitation. ``subchapter iii--faculty ``1941. Civilian teaching staff. ``1942. Permanent commissioned teaching staff; composition. ``1943. Appointment of permanent commissioned teaching staff. ``1944. Grade of permanent commissioned teaching staff. ``1945. Retirement of permanent commissioned teaching staff. ``1946. Credit for service as member of civilian teaching staff. ``1947. Assignment of personnel as instructors. ``1948. Marine safety curriculum.''. (b) Redesignations and Transfers.-- (1) Requirement.--The sections of title 14, United States Code, identified in the table provided in paragraph (2) are amended-- (A) by redesignating the sections as described in the table; and (B) by transferring the sections, as necessary, so that the sections appear after the table of sections for chapter 19 of such title (as added by subsection (a)), in the order in which the sections are presented in the table. (2) Table.--The table referred to in paragraph (1) is the following: ------------------------------------------------------------------------ Title 14 Title 14 section Section heading (provided for section number before identification purposes only-not amended) number after redesignation redesignation ------------------------------------------------------------------------ 181 Administration of Academy................. 1901 ------------------------------------------------------------------------ 200 Policy on sexual harassment and sexual 1902 violence................................. ------------------------------------------------------------------------ 194 Annual Board of Visitors.................. 1903 ------------------------------------------------------------------------ 196 Participation in Federal, State, or other 1904 educational research grants.............. ------------------------------------------------------------------------ 195 Admission of foreign nationals for 1923 instruction; restrictions; conditions.... ------------------------------------------------------------------------ 181a Cadet applicants; preappointment travel to 1926 Academy.................................. ------------------------------------------------------------------------ 183 Cadets; initial clothing allowance........ 1927 ------------------------------------------------------------------------ 184 Cadets; degree of bachelor of science..... 1928 ------------------------------------------------------------------------ 185 Cadets; appointment as ensign............. 1929 ------------------------------------------------------------------------ 197 Cadets: charges and fees for attendance; 1930 limitation............................... ------------------------------------------------------------------------ 186 Civilian teaching staff................... 1941 ------------------------------------------------------------------------ 187 Permanent commissioned teaching staff; 1942 composition.............................. ------------------------------------------------------------------------ 188 Appointment of permanent commissioned 1943 teaching staff........................... ------------------------------------------------------------------------ 189 Grade of permanent commissioned teaching 1944 staff.................................... ------------------------------------------------------------------------ 190 Retirement of permanent commissioned 1945 teaching staff........................... ------------------------------------------------------------------------ 191 Credit for service as member of civilian 1946 teaching staff........................... ------------------------------------------------------------------------ 192 Assignment of personnel as instructors.... 1947 ------------------------------------------------------------------------ 199 Marine safety curriculum.................. 1948 ------------------------------------------------------------------------ (c) Additional Changes.-- (1) In general.--Chapter 19 of title 14, United States Code, is further amended-- (A) by inserting before section 1901 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER I--ADMINISTRATION''; (B) by inserting before section 1923 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER II--CADETS ``Sec. 1921. Corps of Cadets authorized strength ``The number of cadets appointed annually to the Academy shall be as determined by the Secretary but the number appointed in any one year shall not exceed six hundred. ``Sec. 1922. Appointments ``Appointments to cadetships shall be made under regulations prescribed by the Secretary, who shall determine age limits, methods of selection of applicants, term of service as a cadet before graduation, and all other matters affecting such appointments. In the administration of this section, the Secretary shall take such action as may be necessary and appropriate to insure that female individuals shall be eligible for appointment and admission to the Coast Guard Academy, and that the relevant standards required for appointment, admission, training, graduation, and commissioning of female individuals shall be the same as those required for male individuals, except for those minimum essential adjustments in such standards required because of physiological differences between male and female individuals.''; (C) by inserting before section 1926 (as so redesignated and transferred under subsection (b)) the following: ``Sec. 1924. Conduct ``The Secretary may summarily dismiss from the Coast Guard any cadet who, during his cadetship, is found unsatisfactory in either studies or conduct, or may be deemed not adapted for a career in the Coast Guard. Cadets shall be subject to rules governing discipline prescribed by the Commandant. ``Sec. 1925. Agreement ``(a) Each cadet shall sign an agreement with respect to the cadet's length of service in the Coast Guard. The agreement shall provide that the cadet agrees to the following: ``(1) That the cadet will complete the course of instruction at the Coast Guard Academy. ``(2) That upon graduation from the Coast Guard Academy the cadet-- ``(A) will accept an appointment, if tendered, as a commissioned officer of the Coast Guard; and ``(B) will serve on active duty for at least five years immediately after such appointment. ``(3) That if an appointment described in paragraph (2) is not tendered or if the cadet is permitted to resign as a regular officer before the completion of the commissioned service obligation of the cadet, the cadet-- ``(A) will accept an appointment as a commissioned officer in the Coast Guard Reserve; and ``(B) will remain in that reserve component until completion of the commissioned service obligation of the cadet. ``(b)(1) The Secretary may transfer to the Coast Guard Reserve, and may order to active duty for such ***period*** of time as the Secretary prescribes (but not to exceed four years), a cadet who breaches an agreement under subsection (a). The ***period*** of time for which a cadet is ordered to active duty under this paragraph may be determined without regard to section 651(a) of title 10. ``(2) A cadet who is transferred to the Coast Guard Reserve under paragraph (1) shall be transferred in an appropriate enlisted grade or rating, as determined by the Secretary. ``(3) For the purposes of paragraph (1), a cadet shall be considered to have breached an agreement under subsection (a) if the cadet is separated from the Coast Guard Academy under circumstances which the Secretary determines constitute a breach by the cadet of the cadet's agreement to complete the course of instruction at the Coast Guard Academy and accept an appointment as a commissioned officer upon graduation from the Coast Guard Academy. ``(c) The Secretary shall prescribe regulations to carry out this section. Those regulations shall include-- ``(1) standards for determining what constitutes, for the purpose of subsection (b), a breach of an agreement under subsection (a); ``(2) procedures for determining whether such a breach has occurred; and ``(3) standards for determining the ***period*** of time for which a person may be ordered to serve on active duty under subsection (b). ``(d) In this section, `commissioned service obligation', with respect to an officer who is a graduate of the Academy, means the ***period*** beginning on the date of the officer's appointment [[Page H9610]] as a commissioned officer and ending on the sixth anniversary of such appointment or, at the discretion of the Secretary, any later date up to the eighth anniversary of such appointment. ``(e)(1) This section does not apply to a cadet who is not a citizen or national of the United States. ``(2) In the case of a cadet who is a minor and who has parents or a guardian, the cadet may sign the agreement required by subsection (a) only with the consent of the parent or guardian. ``(f) A cadet or former cadet who does not fulfill the terms of the obligation to serve as specified under section (a), or the alternative obligation imposed under subsection (b), shall be subject to the repayment provisions of section 303a(e) of title 37.''; and (D) by inserting before section 1941 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER III--FACULTY''. (2) Conforming repeal.--Section 182 of title 14, United States Code, is repealed. SEC. 111. PART II. Part II of title 14, United States Code, is amended by striking the part designation, the part heading, and the table of chapters at the beginning. SEC. 112. CHAPTER 21. (a) Initial Matter.--Chapter 21 of title 14, United States Code, is amended by striking the chapter designation, the chapter heading, and the table of sections at the beginning and inserting the following: ``CHAPTER 21--PERSONNEL; OFFICERS ``subchapter i--appointment and promotion ``Sec. ``2101. Original appointment of permanent commissioned officers. ``2102. Active duty promotion list. ``2103. Number and distribution of commissioned officers on active duty promotion list. ``2104. Appointment of temporary officers. ``2105. Rank of warrant officers. ``2106. Selection boards; convening of boards. ``2107. Selection boards; composition of boards. ``2108. Selection boards; notice of convening; communication with board. ``2109. Selection boards; oath of members. ``2110. Number of officers to be selected for promotion. ``2111. Promotion zones. ``2112. Promotion year; defined. ``2113. Eligibility of officers for consideration for promotion. ``2114. United States Deputy Marshals in Alaska. ``2115. Selection boards; information to be furnished boards. ``2116. Officers to be recommended for promotion. ``2117. Selection boards; reports. ``2118. Selection boards; submission of reports. ``2119. Failure of selection for promotion. ``2120. Special selection boards; correction of errors. ``2121. Promotions; appointments. ``2122. Removal of officer from list of selectees for promotion. ``2123. Promotions; acceptance; oath of office. ``2124. Promotions; pay and allowances. ``2125. Wartime temporary service promotions. ``2126. Promotion of officers not included on active duty promotion list. ``2127. Recall to active duty during war or national emergency. ``2128. Recall to active duty with consent of officer. ``2129. Aviation cadets; appointment as Reserve officers. ``subchapter ii--discharges; retirements; revocation of commissions; separation for cause ``2141. Revocation of commissions during first five years of commissioned service. ``2142. Regular lieutenants (junior grade); separation for failure of selection for promotion. ``2143. Regular lieutenants; separation for failure of selection for promotion; continuation. ``2144. Regular Coast Guard; officers serving under temporary appointments. ``2145. Regular lieutenant commanders and commanders; retirement for failure of selection for promotion. ``2146. Discharge in lieu of retirement; separation pay. ``2147. Regular warrant officers: separation pay. ``2148. Separation for failure of selection for promotion or continuation; time of. ``2149. Regular captains; retirement. ``2150. Captains; continuation on active duty; involuntary retirement. ``2151. Rear admirals and rear admirals (lower half); continuation on active duty; involuntary retirement. ``2152. Voluntary retirement after twenty years' service. ``2153. Voluntary retirement after thirty years' service. ``2154. Compulsory retirement. ``2155. Retirement for physical disability after selection for promotion; grade in which retired. ``2156. Deferment of retirement or separation for medical reasons. ``2157. Flag officers. ``2158. Review of records of officers. ``2159. Boards of inquiry. ``2160. Boards of review. ``2161. Composition of boards. ``2162. Rights and procedures. ``2163. Removal of officer from active duty; action by Secretary. ``2164. Officers considered for removal; retirement or discharge; separation benefits. ``2165. Relief of retired officer promoted while on active duty. ``subchapter iii--general provisions ``2181. Physical fitness of officers. ``2182. Multirater assessment of certain personnel.''. (b) Redesignations and Transfers.-- (1) Requirement.--The sections of title 14, United States Code, identified in the table provided in paragraph (2) are amended-- (A) by redesignating the sections as described in the table; and (B) by transferring the sections, as necessary, so that the sections appear after the table of sections for chapter 21 of such title (as added by subsection (a)), in the order in which the sections are presented in the table. (2) Table.--The table referred to in paragraph (1) is the following: ------------------------------------------------------------------------ Title 14 Title 14 section Section heading (provided for section number before identification purposes only-not amended) number after redesignation redesignation ------------------------------------------------------------------------ 211 Original appointment of permanent 2101 commissioned officers.................... ------------------------------------------------------------------------ 41a Active duty promotion list................ 2102 ------------------------------------------------------------------------ 42 Number and distribution of commissioned 2103 officers on active duty promotion list... ------------------------------------------------------------------------ 214 Appointment of temporary officers......... 2104 ------------------------------------------------------------------------ 215 Rank of warrant officers.................. 2105 ------------------------------------------------------------------------ 251 Selection boards; convening of boards..... 2106 ------------------------------------------------------------------------ 252 Selection boards; composition of boards... 2107 ------------------------------------------------------------------------ 253 Selection boards; notice of convening; 2108 communication with board................. ------------------------------------------------------------------------ 254 Selection boards; oath of members......... 2109 ------------------------------------------------------------------------ 255 Number of officers to be selected for 2110 promotion................................ ------------------------------------------------------------------------ 256 Promotion zones........................... 2111 ------------------------------------------------------------------------ 256a Promotion year; defined................... 2112 ------------------------------------------------------------------------ 257 Eligibility of officers for consideration 2113 for promotion............................ ------------------------------------------------------------------------ 258 Selection boards; information to be 2115 furnished boards......................... ------------------------------------------------------------------------ 259 Officers to be recommended for promotion.. 2116 ------------------------------------------------------------------------ 260 Selection boards; reports................. 2117 ------------------------------------------------------------------------ 261 Selection boards; submission of reports... 2118 ------------------------------------------------------------------------ 262 Failure of selection for promotion........ 2119 ------------------------------------------------------------------------ 263 Special selection boards; correction of 2120 errors................................... ------------------------------------------------------------------------ 271 Promotions; appointments.................. 2121 ------------------------------------------------------------------------ 272 Removal of officer from list of selectees 2122 for promotion............................ ------------------------------------------------------------------------ 273 Promotions; acceptance; oath of office.... 2123 ------------------------------------------------------------------------ 274 Promotions; pay and allowances............ 2124 ------------------------------------------------------------------------ 275 Wartime temporary service promotions...... 2125 ------------------------------------------------------------------------ 276 Promotion of officers not included on 2126 active duty promotion list............... ------------------------------------------------------------------------ 331 Recall to active duty during war or 2127 national emergency....................... ------------------------------------------------------------------------ 332 Recall to active duty with consent of 2128 officer.................................. ------------------------------------------------------------------------ 373 Aviation cadets; appointment as Reserve 2129 officers................................. ------------------------------------------------------------------------ [[Page H9611]] 281 Revocation of commissions during first 2141 five years of commissioned service....... ------------------------------------------------------------------------ 282 Regular lieutenants (junior grade); 2142 separation for failure of selection for promotion................................ ------------------------------------------------------------------------ 283 Regular lieutenants; separation for 2143 failure of selection for promotion; continuation............................. ------------------------------------------------------------------------ 284 Regular Coast Guard; officers serving 2144 under temporary appointments............. ------------------------------------------------------------------------ 285 Regular lieutenant commanders and 2145 commanders; retirement for failure of selection for promotion.................. ------------------------------------------------------------------------ 286 Discharge in lieu of retirement; 2146 separation pay........................... ------------------------------------------------------------------------ 286a Regular warrant officers: separation pay.. 2147 ------------------------------------------------------------------------ 287 Separation for failure of selection for 2148 promotion or continuation; time of....... ------------------------------------------------------------------------ 288 Regular captains; retirement.............. 2149 ------------------------------------------------------------------------ 289 Captains; continuation on active duty; 2150 involuntary retirement................... ------------------------------------------------------------------------ 290 Rear admirals and rear admirals (lower 2151 half); continuation on active duty; involuntary retirement................... ------------------------------------------------------------------------ 291 Voluntary retirement after twenty years' 2152 service.................................. ------------------------------------------------------------------------ 292 Voluntary retirement after thirty years' 2153 service.................................. ------------------------------------------------------------------------ 293 Compulsory retirement..................... 2154 ------------------------------------------------------------------------ 294 Retirement for physical disability after 2155 selection for promotion; grade in which retired.................................. ------------------------------------------------------------------------ 295 Deferment of retirement or separation for 2156 medical reasons.......................... ------------------------------------------------------------------------ 296 Flag officers............................. 2157 ------------------------------------------------------------------------ 321 Review of records of officers............. 2158 ------------------------------------------------------------------------ 322 Boards of inquiry......................... 2159 ------------------------------------------------------------------------ 323 Boards of review.......................... 2160 ------------------------------------------------------------------------ 324 Composition of boards..................... 2161 ------------------------------------------------------------------------ 325 Rights and procedures..................... 2162 ------------------------------------------------------------------------ 326 Removal of officer from active duty; 2163 action by Secretary...................... ------------------------------------------------------------------------ 327 Officers considered for removal; 2164 retirement or discharge; separation benefits................................. ------------------------------------------------------------------------ 333 Relief of retired officer promoted while 2165 on active duty........................... ------------------------------------------------------------------------ 335 Physical fitness of officers.............. 2181 ------------------------------------------------------------------------ 429 Multirater assessment of certain personnel 2182 ------------------------------------------------------------------------ (c) Additional Changes.--Chapter 21 of title 14, United States Code, is further amended-- (1) by striking all subchapter designations and headings in such chapter, except for the subchapter designations and headings added by this subsection; (2) by inserting before section 2101 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER I--APPOINTMENT AND PROMOTION''; (3) by inserting before section 2115 (as so redesignated and transferred under subsection (b)) the following: ``Sec. 2114. United States Deputy Marshals in Alaska ``Commissioned officers may be appointed as United States Deputy Marshals in Alaska.''; (4) by inserting before section 2141 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER II--DISCHARGES; RETIREMENTS; REVOCATION OF COMMISSIONS; SEPARATION FOR CAUSE''; and (5) by inserting before section 2181 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER III--GENERAL PROVISIONS''. SEC. 113. CHAPTER 23. (a) Initial Matter.--Chapter 23 of title 14, United States Code, is amended by striking the chapter designation, the chapter heading, and the table of sections at the beginning and inserting the following: ``CHAPTER 23--PERSONNEL; ENLISTED ``Sec. ``2301. Recruiting campaigns. ``2302. Enlistments; term, grade. ``2303. Promotion. ``2304. Compulsory retirement at age of sixty-two. ``2305. Voluntary retirement after thirty years' service. ``2306. Voluntary retirement after twenty years' service. ``2307. Retirement of enlisted members: increase in retired pay. ``2308. Recall to active duty during war or national emergency. ``2309. Recall to active duty with consent of member. ``2310. Relief of retired enlisted member promoted while on active duty. ``2311. Retirement in cases where higher grade or rating has been held. ``2312. Extension of enlistments. ``2313. Retention beyond term of enlistment in case of disability. ``2314. Detention beyond term of enlistment. ``2315. Inclusion of certain conditions in enlistment contract. ``2316. Discharge within three months before expiration of enlistment. ``2317. Aviation cadets; procurement; transfer. ``2318. Aviation cadets; benefits. ``2319. Critical skill training bonus.''. (b) Redesignations and Transfers.-- (1) Requirement.--The sections of title 14, United States Code, identified in the table provided in paragraph (2) are amended-- (A) by redesignating the sections as described in the table; and (B) by transferring the sections, as necessary, so that the sections appear after the table of sections for chapter 23 of such title (as added by subsection (a)), in the order in which the sections are presented in the table. (2) Table.--The table referred to in paragraph (1) is the following: ------------------------------------------------------------------------ Title 14 Title 14 section Section heading (provided for section number before identification purposes only-not amended) number after redesignation redesignation ------------------------------------------------------------------------ 350 Recruiting campaigns...................... 2301 ------------------------------------------------------------------------ 351 Enlistments; term, grade.................. 2302 ------------------------------------------------------------------------ 352 Promotion................................. 2303 ------------------------------------------------------------------------ 353 Compulsory retirement at age of sixty-two. 2304 ------------------------------------------------------------------------ 354 Voluntary retirement after thirty years' 2305 service.................................. ------------------------------------------------------------------------ 355 Voluntary retirement after twenty years' 2306 service.................................. ------------------------------------------------------------------------ 357 Retirement of enlisted members: increase 2307 in retired pay........................... ------------------------------------------------------------------------ 359 Recall to active duty during war or 2308 national emergency....................... ------------------------------------------------------------------------ 360 Recall to active duty with consent of 2309 member................................... ------------------------------------------------------------------------ 361 Relief of retired enlisted member promoted 2310 while on active duty..................... ------------------------------------------------------------------------ 362 Retirement in cases where higher grade or 2311 rating has been held..................... ------------------------------------------------------------------------ 365 Extension of enlistments.................. 2312 ------------------------------------------------------------------------ [[Page H9612]] 366 Retention beyond term of enlistment in 2313 case of disability....................... ------------------------------------------------------------------------ 367 Detention beyond term of enlistment....... 2314 ------------------------------------------------------------------------ 369 Inclusion of certain conditions in 2315 enlistment contract...................... ------------------------------------------------------------------------ 370 Discharge within three months before 2316 expiration of enlistment................. ------------------------------------------------------------------------ 371 Aviation cadets; procurement; transfer.... 2317 ------------------------------------------------------------------------ 372 Aviation cadets; benefits................. 2318 ------------------------------------------------------------------------ 374 Critical skill training bonus............. 2319 ------------------------------------------------------------------------ SEC. 114. CHAPTER 25. (a) Initial Matter.--Chapter 25 of title 14, United States Code, is amended by striking the chapter designation, the chapter heading, and the table of sections at the beginning and inserting the following: ``CHAPTER 25--PERSONNEL; GENERAL PROVISIONS ``subchapter i--general provisions ``Sec. ``2501. Grade on retirement. ``2502. Retirement. ``2503. Status of recalled personnel. ``2504. Computation of retired pay. ``2505. Limitations on retirement and retired pay. ``2506. Suspension of payment of retired pay of members who are absent from the United States to avoid prosecution. ``2507. Board for Correction of Military Records deadline. ``2508. Emergency leave retention authority. ``2509. Prohibition of certain involuntary administrative separations. ``2510. Sea service letters. ``2511. Investigations of flag officers and Senior Executive Service employees. ``2512. Leave policies for the Coast Guard. ``2513. Computation of length of service. ``subchapter ii--lighthouse service ``2531. Personnel of former Lighthouse Service.''. (b) Redesignations and Transfers.-- (1) Requirement.--The sections of title 14, United States Code, identified in the table provided in paragraph (2) are amended-- (A) by redesignating the sections as described in the table; and (B) by transferring the sections, as necessary, so that the sections appear after the table of sections for chapter 25 of such title (as added by subsection (a)), in the order in which the sections are presented in the table. (2) Table.--The table referred to in paragraph (1) is the following: ------------------------------------------------------------------------ Title 14 Title 14 section Section heading (provided for section number before identification purposes only-not amended) number after redesignation redesignation ------------------------------------------------------------------------ 334 Grade on retirement....................... 2501 ------------------------------------------------------------------------ 421 Retirement................................ 2502 ------------------------------------------------------------------------ 422 Status of recalled personnel.............. 2503 ------------------------------------------------------------------------ 423 Computation of retired pay................ 2504 ------------------------------------------------------------------------ 424 Limitations on retirement and retired pay. 2505 ------------------------------------------------------------------------ 424a Suspension of payment of retired pay of 2506 members who are absent from the United States to avoid prosecution.............. ------------------------------------------------------------------------ 425 Board for Correction of Military Records 2507 deadline................................. ------------------------------------------------------------------------ 426 Emergency leave retention authority....... 2508 ------------------------------------------------------------------------ 427 Prohibition of certain involuntary 2509 administrative separations............... ------------------------------------------------------------------------ 428 Sea service letters....................... 2510 ------------------------------------------------------------------------ 430 Investigations of flag officers and Senior 2511 Executive Service employees.............. ------------------------------------------------------------------------ 431 Leave policies for the Coast Guard........ 2512 ------------------------------------------------------------------------ 467 Computation of length of service.......... 2513 ------------------------------------------------------------------------ 432 Personnel of former Lighthouse Service.... 2531 ------------------------------------------------------------------------ (c) Additional Changes.--Chapter 25 of title 14, United States Code, is further amended-- (1) by inserting before section 2501 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER I--GENERAL PROVISIONS''; and (2) by inserting before section 2531 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER II--LIGHTHOUSE SERVICE''. SEC. 115. PART III. Part III of title 14, United States Code, is amended by striking the part designation, the part heading, and the table of chapters at the beginning. SEC. 116. CHAPTER 27. (a) Initial Matter.--Chapter 27 of title 14, United States Code, is amended by striking the chapter designation, the chapter heading, and the table of sections at the beginning and inserting the following: ``CHAPTER 27--PAY, ALLOWANCES, AWARDS, AND OTHER RIGHTS AND BENEFITS ``subchapter i--personnel rights and benefits ``Sec. ``2701. Procurement of personnel. ``2702. Training. ``2703. Contingent expenses. ``2704. Equipment to prevent accidents. ``2705. Clothing at time of discharge for good of service. ``2706. Right to wear uniform. ``2707. Protection of uniform. ``2708. Clothing for officers and enlisted personnel. ``2709. Procurement and sale of stores to members and civilian employees. ``2710. Disposition of effects of decedents. ``2711. Deserters; payment of expenses incident to apprehension and delivery; penalties. ``2712. Payment for the apprehension of stragglers. ``subchapter ii--awards ``2731. Delegation of powers to make awards; rules and regulations. ``2732. Medal of honor. ``2733. Medal of honor: duplicate medal. ``2734. Medal of honor: presentation of Medal of Honor Flag. ``2735. Coast Guard cross. ``2736. Distinguished service medal. ``2737. Silver star medal. ``2738. Distinguished flying cross. ``2739. Coast Guard medal. ``2740. Insignia for additional awards. ``2741. Time limit on award; report concerning deed. ``2742. Honorable subsequent service as condition to award. ``2743. Posthumous awards. ``2744. Life-saving medals. ``2745. Replacement of medals. ``2746. Award of other medals. ``2747. Awards and insignia for excellence in service or conduct. ``2748. Presentation of United States flag upon retirement. ``subchapter iii--payments ``2761. Persons discharged as result of court-martial; allowances to. ``2762. Shore patrol duty; payment of expenses. ``2763. Compensatory absence from duty for military personnel at isolated duty stations. ``2764. Monetary allowance for transportation of household effects. ``2765. Retroactive payment of pay and allowances delayed by administrative error or oversight. ``2766. Travel card management. ``2767. Reimbursement for medical-related travel expenses for certain persons residing on islands in the continental United States. ``2768. Annual audit of pay and allowances of members undergoing permanent change of station. ``2769. Remission of indebtedness. ``2770. Special instruction at universities. ``2771. Attendance at professional meetings. ``2772. Education loan repayment program. ``2773. Rations or commutation therefor in money. ``2774. Sales of ration supplies to messes. ``2775. Flight rations. ``2776. Payments at time of discharge for good of service. ``2777. Clothing for destitute shipwrecked persons. ``2778. Advancement of public ***funds*** to personnel. ``2779. Transportation to and from certain places of employment.''. (b) Redesignations and Transfers.-- (1) Requirement.--The sections of title 14, United States Code, identified in the table provided in paragraph (2) are amended-- (A) by redesignating the sections as described in the table; and (B) by transferring the sections, as necessary, so that the sections appear after the table of sections for chapter 27 of such title (as added by subsection (a)), in the order in which the sections are presented in the table. (2) Table.--The table referred to in paragraph (1) is the following: [[Page H9613]] ------------------------------------------------------------------------ Title 14 Title 14 section Section heading (provided for section number before identification purposes only-not amended) number after redesignation redesignation ------------------------------------------------------------------------ 468 Procurement of personnel.................. 2701 ------------------------------------------------------------------------ 469 Training.................................. 2702 ------------------------------------------------------------------------ 476 Contingent expenses....................... 2703 ------------------------------------------------------------------------ 477 Equipment to prevent accidents............ 2704 ------------------------------------------------------------------------ 482 Clothing at time of discharge for good of 2705 service.................................. ------------------------------------------------------------------------ 483 Right to wear uniform..................... 2706 ------------------------------------------------------------------------ 484 Protection of uniform..................... 2707 ------------------------------------------------------------------------ 485 Clothing for officers and enlisted 2708 personnel................................ ------------------------------------------------------------------------ 487 Procurement and sale of stores to members 2709 and civilian employees................... ------------------------------------------------------------------------ 507 Disposition of effects of decedents....... 2710 ------------------------------------------------------------------------ 508 Deserters; payment of expenses incident to 2711 apprehension and delivery; penalties..... ------------------------------------------------------------------------ 644 Payment for the apprehension of stragglers 2712 ------------------------------------------------------------------------ 499 Delegation of powers to make awards; rules 2731 and regulations.......................... ------------------------------------------------------------------------ 491 Medal of honor............................ 2732 ------------------------------------------------------------------------ 504 Medal of honor: duplicate medal........... 2733 ------------------------------------------------------------------------ 505 Medal of honor: presentation of Medal of 2734 Honor Flag............................... ------------------------------------------------------------------------ 491a Coast Guard cross......................... 2735 ------------------------------------------------------------------------ 492 Distinguished service medal............... 2736 ------------------------------------------------------------------------ 492a Silver star medal......................... 2737 ------------------------------------------------------------------------ 492b Distinguished flying cross................ 2738 ------------------------------------------------------------------------ 493 Coast Guard medal......................... 2739 ------------------------------------------------------------------------ 494 Insignia for additional awards............ 2740 ------------------------------------------------------------------------ 496 Time limit on award; report concerning 2741 deed..................................... ------------------------------------------------------------------------ 497 Honorable subsequent service as condition 2742 to award................................. ------------------------------------------------------------------------ 498 Posthumous awards......................... 2743 ------------------------------------------------------------------------ 500 Life-saving medals........................ 2744 ------------------------------------------------------------------------ 501 Replacement of medals..................... 2745 ------------------------------------------------------------------------ 502 Award of other medals..................... 2746 ------------------------------------------------------------------------ 503 Awards and insignia for excellence in 2747 service or conduct....................... ------------------------------------------------------------------------ 516 Presentation of United States flag upon 2748 retirement............................... ------------------------------------------------------------------------ 509 Persons discharged as result of court- 2761 martial; allowances to................... ------------------------------------------------------------------------ 510 Shore patrol duty; payment of expenses.... 2762 ------------------------------------------------------------------------ 511 Compensatory absence from duty for 2763 military personnel at isolated duty stations................................. ------------------------------------------------------------------------ 512 Monetary allowance for transportation of 2764 household effects........................ ------------------------------------------------------------------------ 513 Retroactive payment of pay and allowances 2765 delayed by administrative error or oversight................................ ------------------------------------------------------------------------ 517 Travel card management.................... 2766 ------------------------------------------------------------------------ 518 Reimbursement for medical-related travel 2767 expenses for certain persons residing on islands in the continental United States. ------------------------------------------------------------------------ 519 Annual audit of pay and allowances of 2768 members undergoing permanent change of station.................................. ------------------------------------------------------------------------ 461 Remission of indebtedness................. 2769 ------------------------------------------------------------------------ 470 Special instruction at universities....... 2770 ------------------------------------------------------------------------ 471 Attendance at professional meetings....... 2771 ------------------------------------------------------------------------ 472 Education loan repayment program.......... 2772 ------------------------------------------------------------------------ 478 Rations or commutation therefor in money.. 2773 ------------------------------------------------------------------------ 479 Sales of ration supplies to messes........ 2774 ------------------------------------------------------------------------ 480 Flight rations............................ 2775 ------------------------------------------------------------------------ 481 Payments at time of discharge for good of 2776 service.................................. ------------------------------------------------------------------------ 486 Clothing for destitute shipwrecked persons 2777 ------------------------------------------------------------------------ 488 Advancement of public ***funds*** to personnel.. 2778 ------------------------------------------------------------------------ 660 Transportation to and from certain places 2779 of employment............................ ------------------------------------------------------------------------ (c) Additional Changes.--Chapter 27 of title 14, United States Code, is further amended-- (1) by inserting before section 2701 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER I--PERSONNEL RIGHTS AND BENEFITS''; (2) by inserting before section 2731 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER II--AWARDS''; and (3) by inserting before section 2761 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER III--PAYMENTS''. SEC. 117. CHAPTER 29. (a) Initial Matter.--Chapter 29 of title 14, United States Code, is amended by striking the chapter designation, the chapter heading, and the table of sections at the beginning and inserting the following: ``CHAPTER 29--COAST GUARD FAMILY SUPPORT, CHILD CARE, AND HOUSING ``subchapter i--coast guard families ``Sec. ``2901. Work-life policies and programs. ``2902. Surveys of Coast Guard families. ``2903. Reimbursement for adoption expenses. ``2904. Education and training opportunities for Coast Guard spouses. ``2905. Youth sponsorship initiatives. ``2906. Dependent school children. ``subchapter ii--coast guard child care ``2921. Definitions. ``2922. Child development services. ``2923. Child development center standards and inspections. ``2924. Child development center employees. ``2925. Parent partnerships with child development centers. ``subchapter iii--housing ``2941. Definitions. ``2942. General authority. ``2943. Leasing and hiring of quarters; rental of inadequate housing. ``2944. Retired service members and dependents serving on advisory committees. ``2945. Conveyance of real property. ``2946. Coast Guard Housing ***Fund***. ``2947. Reports.''. (b) Redesignations and Transfers.-- (1) Requirement.--The sections of title 14, United States Code, identified in the table provided in paragraph (2) are amended-- (A) by redesignating the sections as described in the table; and (B) by transferring the sections, as necessary, so that the sections appear after the table of sections for chapter 29 of such title (as added by subsection (a)), in the order in which the sections are presented in the table. (2) Table.--The table referred to in paragraph (1) is the following: [[Page H9614]] ------------------------------------------------------------------------ Title 14 Title 14 section Section heading (provided for section number before identification purposes only-not amended) number after redesignation redesignation ------------------------------------------------------------------------ 531 Work-life policies and programs........... 2901 ------------------------------------------------------------------------ 532 Surveys of Coast Guard families........... 2902 ------------------------------------------------------------------------ 541 Reimbursement for adoption expenses....... 2903 ------------------------------------------------------------------------ 542 Education and training opportunities for 2904 Coast Guard spouses...................... ------------------------------------------------------------------------ 543 Youth sponsorship initiatives............. 2905 ------------------------------------------------------------------------ 544 Dependent school children................. 2906 ------------------------------------------------------------------------ 551 Definitions............................... 2921 ------------------------------------------------------------------------ 552 Child development services................ 2922 ------------------------------------------------------------------------ 553 Child development center standards and 2923 inspections.............................. ------------------------------------------------------------------------ 554 Child development center employees........ 2924 ------------------------------------------------------------------------ 555 Parent partnerships with child development 2925 centers.................................. ------------------------------------------------------------------------ 680 Definitions............................... 2941 ------------------------------------------------------------------------ 681 General authority......................... 2942 ------------------------------------------------------------------------ 475 Leasing and hiring of quarters; rental of 2943 inadequate housing....................... ------------------------------------------------------------------------ 680 Retired service members and dependents 2944 serving on advisory committees........... ------------------------------------------------------------------------ 685 Conveyance of real property............... 2945 ------------------------------------------------------------------------ 687 Coast Guard Housing ***Fund***.................. 2946 ------------------------------------------------------------------------ 688 Reports................................... 2947 ------------------------------------------------------------------------ (c) Additional Changes.--Chapter 29 of title 14, United States Code, is further amended-- (1) by inserting before section 2901 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER I--COAST GUARD FAMILIES''; (2) by inserting before section 2921 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER II--COAST GUARD CHILD CARE''; and (3) by inserting before section 2941 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER III--HOUSING''. SEC. 118. SUBTITLE III AND CHAPTER 37. (a) Initial Matter.--Title 14, United States Code, is further amended by adding after chapter 29 (as amended by section 117) the following: ``Subtitle III--Coast Guard Reserve and Auxiliary ``Chap. Sec. ``37. Coast Guard Reserve......................................3701 ... ``39. Coast Guard Auxiliary....................................3901 ... ``41. General Provisions for Coast Guard Reserve and Auxiliary.4101 ... ``CHAPTER 1--COAST GUARD RESERVE ``subchapter i--administration ``Sec. ``3701. Organization. ``3702. Authorized strength. ``3703. Coast Guard Reserve Boards. ``3704. Grades and ratings; military authority. ``3705. Benefits. ``3706. Temporary members of the Reserve; eligibility and compensation. ``3707. Temporary members of the Reserve; disability or death benefits. ``3708. Temporary members of the Reserve; certificate of honorable service. ``3709. Reserve student aviation pilots; Reserve aviation pilots; appointments in commissioned grade. ``3710. Reserve student pre-commissioning assistance program. ``3711. Appointment or wartime promotion; retention of grade upon release from active duty. ``3712. Exclusiveness of service. ``3713. Active duty for emergency augmentation of regular forces. ``3714. Enlistment of members engaged in schooling. ``subchapter ii--personnel ``3731. Definitions. ``3732. Applicability of this subchapter. ``3733. Suspension of this subchapter in time of war or national emergency. ``3734. Effect of this subchapter on retirement and retired pay. ``3735. Authorized number of officers. ``3736. Precedence. ``3737. Running mates. ``3738. Constructive credit upon initial appointment. ``3739. Promotion of Reserve officers on active duty. ``3740. Promotion; recommendations of selection boards. ``3741. Selection boards; appointment. ``3742. Establishment of promotion zones under running mate system. ``3743. Eligibility for promotion. ``3744. Recommendation for promotion of an officer previously removed from an active status. ``3745. Qualifications for promotion. ``3746. Promotion; acceptance; oath of office. ``3747. Date of rank upon promotion; entitlement to pay. ``3748. Type of promotion; temporary. ``3749. Effect of removal by the President or failure of consent of the Senate. ``3750. Failure of selection for promotion. ``3751. Failure of selection and removal from an active status. ``3752. Retention boards; removal from an active status to provide a flow of promotion. ``3753. Maximum ages for retention in an active status. ``3754. Rear admiral and rear admiral (lower half); maximum service in grade. ``3755. Appointment of a former Navy or Coast Guard officer. ``3756. Grade on entry upon active duty. ``3757. Recall of a retired officer; grade upon release.''. (b) Redesignations and Transfers.-- (1) Requirement.--The sections of title 14, United States Code, identified in the table provided in paragraph (2) are amended-- (A) by redesignating the sections as described in the table; and (B) by transferring the sections, as necessary, so that the sections appear after the table of sections for chapter 37 of such title (as added by subsection (a)), in the order in which the sections are presented in the table. (2) Table.--The table referred to in paragraph (1) is the following: ------------------------------------------------------------------------ Title 14 Title 14 section Section heading (provided for section number before identification purposes only-not amended) number after redesignation redesignation ------------------------------------------------------------------------ 701 Organization.............................. 3701 ------------------------------------------------------------------------ 702 Authorized strength....................... 3702 ------------------------------------------------------------------------ 703 Coast Guard Reserve Boards................ 3703 ------------------------------------------------------------------------ 704 Grades and ratings; military authority.... 3704 ------------------------------------------------------------------------ 705 Benefits.................................. 3705 ------------------------------------------------------------------------ 706 Temporary members of the Reserve; 3706 eligibility and compensation............. ------------------------------------------------------------------------ 707 Temporary members of the Reserve; 3707 disability or death benefits............. ------------------------------------------------------------------------ 708 Temporary members of the Reserve; 3708 certificate of honorable service......... ------------------------------------------------------------------------ 709 Reserve student aviation pilots; Reserve 3709 aviation pilots; appointments in commissioned grade....................... ------------------------------------------------------------------------ 709a Reserve student pre-commissioning 3710 assistance program....................... ------------------------------------------------------------------------ 710 Appointment or wartime promotion; 3711 retention of grade upon release from active duty.............................. ------------------------------------------------------------------------ 711 Exclusiveness of service.................. 3712 ------------------------------------------------------------------------ 712 Active duty for emergency augmentation of 3713 regular forces........................... ------------------------------------------------------------------------ 713 Enlistment of members engaged in schooling 3714 ------------------------------------------------------------------------ 720 Definitions............................... 3731 ------------------------------------------------------------------------ 721 Applicability of this subchapter.......... 3732 ------------------------------------------------------------------------ 722 Suspension of this subchapter in time of 3733 war or national emergency................ ------------------------------------------------------------------------ 723 Effect of this subchapter on retirement 3734 and retired pay.......................... ------------------------------------------------------------------------ 724 Authorized number of officers............. 3735 ------------------------------------------------------------------------ 725 Precedence................................ 3736 ------------------------------------------------------------------------ 726 Running mates............................. 3737 ------------------------------------------------------------------------ 727 Constructive credit upon initial 3738 appointment.............................. ------------------------------------------------------------------------ [[Page H9615]] 728 Promotion of Reserve officers on active 3739 duty..................................... ------------------------------------------------------------------------ 729 Promotion; recommendations of selection 3740 boards................................... ------------------------------------------------------------------------ 730 Selection boards; appointment............. 3741 ------------------------------------------------------------------------ 731 Establishment of promotion zones under 3742 running mate system...................... ------------------------------------------------------------------------ 732 Eligibility for promotion................. 3743 ------------------------------------------------------------------------ 733 Recommendation for promotion of an officer 3744 previously removed from an active status. ------------------------------------------------------------------------ 734 Qualifications for promotion.............. 3745 ------------------------------------------------------------------------ 735 Promotion; acceptance; oath of office..... 3746 ------------------------------------------------------------------------ 736 Date of rank upon promotion; entitlement 3747 to pay................................... ------------------------------------------------------------------------ 737 Type of promotion; temporary.............. 3748 ------------------------------------------------------------------------ 738 Effect of removal by the President or 3749 failure of consent of the Senate......... ------------------------------------------------------------------------ 739 Failure of selection for promotion........ 3750 ------------------------------------------------------------------------ 740 Failure of selection and removal from an 3751 active status............................ ------------------------------------------------------------------------ 741 Retention boards; removal from an active 3752 status to provide a flow of promotion.... ------------------------------------------------------------------------ 742 Maximum ages for retention in an active 3753 status................................... ------------------------------------------------------------------------ 743 Rear admiral and rear admiral (lower 3754 half); maximum service in grade.......... ------------------------------------------------------------------------ 744 Appointment of a former Navy or Coast 3755 Guard officer............................ ------------------------------------------------------------------------ 745 Grade on entry upon active duty........... 3756 ------------------------------------------------------------------------ 746 Recall of a retired officer; grade upon 3757 release.................................. ------------------------------------------------------------------------ (c) Additional Changes.--Chapter 37 of title 14, United States Code, is further amended-- (1) by inserting before section 3701 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER I--ADMINISTRATION''; and (2) by inserting before section 3731 (as so redesignated and transferred under subsection (b)) the following: ``SUBCHAPTER II--PERSONNEL''. SEC. 119. CHAPTER 39. (a) Initial Matter.--Title 14, United States Code, is further amended by adding after chapter 37 (as added by section 118) the following: ``CHAPTER 39--COAST GUARD AUXILIARY ``Sec. ``3901. Administration of the Coast Guard Auxiliary. ``3902. Purpose of the Coast Guard Auxiliary. ``3903. Eligibility; enrollments. ``3904. Members of the Auxiliary; status. ``3905. Disenrollment. ``3906. Membership in other organizations. ``3907. Use of member's facilities. ``3908. Vessel deemed public vessel. ``3909. Aircraft deemed public aircraft. ``3910. Radio station deemed government station. ``3911. Availability of appropriations. ``3912. Assignment and performance of duties. ``3913. Injury or death in line of duty.''. (b) Redesignations and Transfers.-- (1) Requirement.--The sections of title 14, United States Code, identified in the table provided in paragraph (2) are amended-- (A) by redesignating the sections as described in the table; and (B) by transferring the sections, as necessary, so that the sections appear after the table of sections for chapter 39 of such title (as added by subsection (a)), in the order in which the sections are presented in the table. (2) Table.--The table referred to in paragraph (1) is the following: ------------------------------------------------------------------------ Title 14 Title 14 section Section heading (provided for section number before identification purposes only-not amended) number after redesignation redesignation ------------------------------------------------------------------------ 821 Administration of the Coast Guard 3901 Auxiliary................................ ------------------------------------------------------------------------ 822 Purpose of the Coast Guard Auxiliary...... 3902 ------------------------------------------------------------------------ 823 Eligibility; enrollments.................. 3903 ------------------------------------------------------------------------ 823a Members of the Auxiliary; status.......... 3904 ------------------------------------------------------------------------ 824 Disenrollment............................. 3905 ------------------------------------------------------------------------ 825 Membership in other organizations......... 3906 ------------------------------------------------------------------------ 826 Use of member's facilities................ 3907 ------------------------------------------------------------------------ 827 Vessel deemed public vessel............... 3908 ------------------------------------------------------------------------ 828 Aircraft deemed public aircraft........... 3909 ------------------------------------------------------------------------ 829 Radio station deemed government station... 3910 ------------------------------------------------------------------------ 830 Availability of appropriations............ 3911 ------------------------------------------------------------------------ 831 Assignment and performance of duties...... 3912 ------------------------------------------------------------------------ 832 Injury or death in line of duty........... 3913 ------------------------------------------------------------------------ SEC. 120. CHAPTER 41. (a) Initial Matter.--Title 14, United States Code, is further amended by adding after chapter 39 (as added by section 119) the following: ``CHAPTER 41--GENERAL PROVISIONS FOR COAST GUARD RESERVE AND AUXILIARY ``Sec. ``4101. Flags; pennants; uniforms and insignia. ``4102. Penalty. ``4103. Limitation on rights of members of the Auxiliary and temporary members of the Reserve. ``4104. Availability of facilities and appropriations.''. (b) Redesignations and Transfers.-- (1) Requirement.--The sections of title 14, United States Code, identified in the table provided in paragraph (2) are amended-- (A) by redesignating the sections as described in the table; and (B) by transferring the sections, as necessary, so that the sections appear after the table of sections for chapter 41 of such title (as added by subsection (a)), in the order in which the sections are presented in the table. (2) Table.--The table referred to in paragraph (1) is the following: ------------------------------------------------------------------------ Title 14 Title 14 section Section heading (provided for section number before identification purposes only-not amended) number after redesignation redesignation ------------------------------------------------------------------------ 891 Flags; pennants; uniforms and insignia.... 4101 ------------------------------------------------------------------------ 892 Penalty................................... 4102 ------------------------------------------------------------------------ 893 Limitation on rights of members of the 4103 Auxiliary and temporary members of the Reserve.................................. ------------------------------------------------------------------------ 894 Availability of facilities and 4104 appropriations........................... ------------------------------------------------------------------------ SEC. 121. SUBTITLE IV AND CHAPTER 49. (a) Initial Matter.--Title 14, United States Code, is further amended by adding after chapter 41 (as added by section 120) the following: ``Subtitle IV--Coast Guard Authorizations and Reports to Congress ``Chap. Sec. ``49. Authorizations...........................................4901 ... ``51. Reports..................................................5101 ... ``CHAPTER 49--AUTHORIZATIONS ``Sec. ``4901. Requirement for prior authorization of appropriations. ``4902. Authorization of appropriations. ``4903. Authorization of personnel end strengths. ``4904. Authorized levels of military strength and training.''. (b) Redesignations and Transfers.-- (1) Requirement.--The sections of title 14, United States Code, identified in the table provided in paragraph (2) are amended-- (A) by redesignating the sections as described in the table; and (B) by transferring the sections, as necessary, so that the sections appear after the table of sections for chapter 49 of such title (as added by subsection (a)), in the order in which the sections are presented in the table. (2) Table.--The table referred to in paragraph (1) is the following: [[Page H9616]] ------------------------------------------------------------------------ Title 14 Title 14 section Section heading (provided for section number before identification purposes only-not amended) number after redesignation redesignation ------------------------------------------------------------------------ 2701 Requirement for prior authorization of 4901 appropriations........................... ------------------------------------------------------------------------ 2702 Authorization of appropriations........... 4902 ------------------------------------------------------------------------ 2703 Authorization of personnel end strengths.. 4903 ------------------------------------------------------------------------ 2704 Authorized levels of military strength and 4904 training................................. ------------------------------------------------------------------------ SEC. 122. CHAPTER 51. (a) Initial Matter.--Title 14, United States Code, is further amended by adding after chapter 49 (as added by section 121) the following: ``CHAPTER 51--REPORTS ``Sec. ``5101. Transmission of annual Coast Guard authorization request. ``5102. Capital investment plan. ``5103. Major acquisitions. ``5104. Manpower requirements plan. ``5105. Inventory of real property. ``5106. Annual performance report. ``5107. Major acquisition risk assessment.''. (b) Redesignations and Transfers.-- (1) Requirement.--The sections of title 14, United States Code, identified in the table provided in paragraph (2) are amended-- (A) by redesignating the sections as described in the table; and (B) by transferring the sections, as necessary, so that the sections appear after the table of sections for chapter 51 of such title (as added by subsection (a)), in the order in which the sections are presented in the table. (2) Table.--The table referred to in paragraph (1) is the following: ------------------------------------------------------------------------ Title 14 Title 14 section Section heading (provided for section number before identification purposes only-not amended) number after redesignation redesignation ------------------------------------------------------------------------ 2901 Transmission of annual Coast Guard 5101 authorization request.................... ------------------------------------------------------------------------ 2902 Capital investment plan................... 5102 ------------------------------------------------------------------------ 2903 Major acquisitions........................ 5103 ------------------------------------------------------------------------ 2904 Manpower requirements plan................ 5104 ------------------------------------------------------------------------ 679 Inventory of real property................ 5105 ------------------------------------------------------------------------ 2905 Annual performance report................. 5106 ------------------------------------------------------------------------ 2906 Major acquisition risk assessment......... 5107 ------------------------------------------------------------------------ SEC. 123. REFERENCES. (a) Definitions.--In this section, the following definitions apply: (1) Redesignated section.--The term ``redesignated section'' means a section of title 14, United States Code, that is redesignated by this title, as that section is so redesignated. (2) Source section.--The term ``source section'' means a section of title 14, United States Code, that is redesignated by this title, as that section was in effect before the redesignation. (b) Reference to Source Section.-- (1) Treatment of reference.--A reference to a source section, including a reference in a regulation, order, or other law, is deemed to refer to the corresponding redesignated section. (2) Title 14.--In title 14, United States Code, each reference in the text of such title to a source section is amended by striking such reference and inserting a reference to the appropriate, as determined using the tables located in this title, redesignated section. (c) Other Conforming Amendments.-- (1) Reference to section 182.--Section 1923(c) of title 14, United States Code, as so redesignated by this title, is further amended by striking ``section 182'' and inserting ``section 1922''. (2) References to chapter 11.--Title 14, United States Code, is further amended-- (A) in section 2146(d), as so redesignated by this title, by striking ``chapter 11 of this title'' and inserting ``this chapter''; and (B) in section 3739, as so redesignated by this title, by striking ``chapter 11'' each place that it appears and inserting ``chapter 21''. (3) Reference to chapter 13.--Section 3705(b) of title 14, United States Code, as so redesignated by this title, is further amended by striking ``chapter 13'' and inserting ``chapter 27''. (4) Reference to chapter 15.--Section 308(b)(3) of title 14, United States Code, as so redesignated by this title, is further amended by striking ``chapter 15'' and inserting ``chapter 11''. (5) References to chapter 19.--Title 14, United States Code, is further amended-- (A) in section 4901(4), as so redesignated by this title, by striking ``chapter 19'' and inserting ``section 318''; and (B) in section 4902(4), as so redesignated by this title, by striking ``chapter 19'' and inserting ``section 318''. (6) Reference to chapter 23.--Section 701(a) of title 14, United States Code, as so redesignated by this title, is further amended by striking ``chapter 23'' and inserting ``chapter 39''. SEC. 124. RULE OF CONSTRUCTION. This title, including the amendments made by this title, is intended only to reorganize title 14, United States Code, and may not be construed to alter-- (1) the effect of a provision of title 14, United States Code, including any authority or requirement therein; (2) a department or agency interpretation with respect to title 14, United States Code; or (3) a judicial interpretation with respect to title 14, United States Code. TITLE II--AUTHORIZATIONS SEC. 201. AMENDMENTS TO TITLE 14, UNITED STATES CODE, AS AMENDED BY TITLE I OF THIS ACT. Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision of title 14, United States Code, the reference shall be considered to be made to title 14, United States Code, as amended by title I of this Act. SEC. 202. AUTHORIZATIONS OF APPROPRIATIONS. (a) In General.--Section 4902 of title 14, United States Code, is amended to read as follows: ``Sec. 4902. Authorizations of appropriations ``(a) Fiscal Year 2018.--***Funds*** are authorized to be appropriated for fiscal year 2018 for necessary expenses of the Coast Guard as follows: ``(1) For the operation and maintenance of the Coast Guard, not otherwise provided for, $7,210,313,000 for fiscal year 2018. ``(2) For the acquisition, construction, renovation, and improvement of aids to navigation, shore facilities, vessels, aircraft, and systems, including equipment related thereto, and for maintenance, rehabilitation, lease, and operation of facilities and equipment, $2,694,745,000 for fiscal year 2018. ``(3) For the Coast Guard Reserve program, including operations and maintenance of the program, personnel and training costs, equipment, and services, $114,875,000 for fiscal year 2018. ``(4) For the environmental compliance and restoration functions of the Coast Guard under chapter 3 of this title, $13,397,000 for fiscal year 2018. ``(5) To the Commandant for research, development, test, and evaluation of technologies, materials, and human factors directly related to improving the performance of the Coast Guard's mission with respect to search and rescue, aids to navigation, marine safety, marine environmental protection, enforcement of laws and treaties, ice operations, oceanographic research, and defense readiness, and for maintenance, rehabilitation, lease, and operation of facilities and equipment, $29,141,000 for fiscal year 2018. ``(b) Fiscal Year 2019.--***Funds*** are authorized to be appropriated for fiscal year 2019 for necessary expenses of the Coast Guard as follows: ``(1)(A) For the operation and maintenance of the Coast Guard, not otherwise provided for, $7,914,195,000 for fiscal year 2019. ``(B) Of the amount authorized under subparagraph (A)-- ``(i) $16,701,000 shall be for environmental compliance and restoration; and ``(ii) $199,360,000 shall be for the Coast Guard's Medicare-eligible retiree health care ***fund*** contribution to the Department of Defense. ``(2) For the procurement, construction, renovation, and improvement of aids to navigation, shore facilities, vessels, aircraft, and systems, including equipment related thereto, and for maintenance, rehabilitation, lease, and operation of facilities and equipment, $2,694,745,000 for fiscal year 2019. ``(3) To the Commandant for research, development, test, and evaluation of technologies, materials, and human factors directly related to improving the performance of the Coast Guard's mission with respect to search and rescue, aids to navigation, marine safety, marine environmental protection, enforcement of laws and treaties, ice operations, oceanographic research, and defense readiness, and for maintenance, rehabilitation, lease, and operation of facilities and equipment, $29,141,000 for fiscal year 2019.''. (b) Repeal.--On October 1, 2018-- (1) section 4902(a) of title 14, United States Code, as amended by subsection (a), shall be repealed; and (2) subsection 4902(b) of title 14, United States Code, as amended by subsection (a), shall be amended by striking ``(b) Fiscal Year 2019.--''. SEC. 203. AUTHORIZED LEVELS OF MILITARY STRENGTH AND TRAINING. Section 4904 of title 14, United States Code, is amended-- (1) in subsection (a), by striking ``for each of fiscal years 2016 and 2017'' and inserting ``for fiscal year 2018 and 44,500 for fiscal year 2019''; and (2) in subsection (b), by striking ``fiscal years 2016 and 2017'' and inserting ``fiscal years 2018 and 2019''. SEC. 204. AUTHORIZATION OF AMOUNTS FOR FAST RESPONSE CUTTERS. (a) In General.--Of the amounts authorized under section 4902 of title 14, United States Code, as amended by this Act, for each of fiscal years 2018 and 2019 up to $167,500,000 is authorized for the acquisition of 3 Fast Response Cutters. (b) Treatment of Acquired Cutters.--Any cutters acquired pursuant to subsection (a) shall be in addition to the 58 cutters approved under the existing acquisition baseline. SEC. 205. AUTHORIZATION OF AMOUNTS FOR SHORESIDE INFRASTRUCTURE. Of the amounts authorized under section 4902 of title 14, United States Code, as amended by this Act, for each of fiscal years 2018 and 2019 [[Page H9617]] up to $167,500,000 is authorized for the Secretary of the department in which the Coast Guard is operating to ***fund*** the acquisition, construction, rebuilding, or improvement of Coast Guard shoreside infrastructure and facilities necessary to support Coast Guard operations and readiness. SEC. 206. AUTHORIZATION OF AMOUNTS FOR AIRCRAFT IMPROVEMENTS. Of the amounts authorized under section 4902 of title 14, United States Code, as amended by this Act, for each of fiscal years 2018 and 2019 up to $3,500,000 is authorized for the Secretary of the department in which the Coast Guard is operating to ***fund*** analysis and program development for improvements to or the replacement of rotary-wing aircraft. TITLE III--COAST GUARD SEC. 301. AMENDMENTS TO TITLE 14, UNITED STATES CODE, AS AMENDED BY TITLE I OF THIS ACT. Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision of title 14, United States Code, the reference shall be considered to be made to title 14, United States Code, as amended by title I of this Act. SEC. 302. PRIMARY DUTIES. Section 102(7) of title 14, United States Code, is amended to read as follows: ``(7) maintain a state of readiness to assist in the defense of the United States, including when functioning as a specialized service in the Navy pursuant to section 103.''. SEC. 303. NATIONAL COAST GUARD MUSEUM. Section 316 of title 14, United States Code, is amended to read as follows: ``Sec. 316. National Coast Guard Museum ``(a) Establishment.--The Commandant may establish a National Coast Guard Museum, on lands which will be federally owned and administered by the Coast Guard, and are located in New London, Connecticut, at, or in close proximity to, the Coast Guard Academy. ``(b) Limitation on Expenditures.-- ``(1) The Secretary shall not expend any ***funds*** appropriated to the Coast Guard on the construction of any museum established under this section. ``(2) The Secretary shall ***fund*** the National Coast Guard Museum with nonappropriated and non-Federal ***funds*** to the maximum extent practicable. The priority use of Federal ***funds*** should be to preserve and protect historic Coast Guard artifacts, including the design, fabrication, and installation of exhibits or displays in which such artifacts are included. ``(3) The Secretary may expend ***funds*** appropriated to the Coast Guard on the engineering and design of a National Coast Guard Museum. ``(c) ***Funding*** Plan.--Before the date on which the Commandant establishes a National Coast Guard Museum under subsection (a), the Commandant shall provide to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a plan for constructing, operating, and maintaining such a museum, including-- ``(1) estimated planning, engineering, design, construction, operation, and maintenance costs; ``(2) the extent to which appropriated, nonappropriated, and non-Federal ***funds*** will be used for such purposes, including the extent to which there is any shortfall in ***funding*** for engineering, design, or construction; and ``(3) a certification by the Inspector General of the department in which the Coast Guard is operating that the estimates provided pursuant to paragraphs (1) and (2) are reasonable and realistic. ``(d) Authority.--The Commandant may not establish a National Coast Guard museum except as set forth in this section.''. SEC. 304. UNMANNED AIRCRAFT. (a) Land-based Unmanned Aircraft System Program.--Chapter 3 of title 14, United States Code, is amended by adding at the end the following: ``Sec. 319. Land-based unmanned aircraft system program ``(a) In General.--Subject to the availability of appropriations, the Secretary shall establish a land-based unmanned aircraft system program under the control of the Commandant. ``(b) Unmanned Aircraft System Defined.--In this section, the term `unmanned aircraft system' has the meaning given that term in section 331 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 40101 note).''. (b) Limitation on Unmanned Aircraft Systems.--Chapter 11 of title 14, United States Code, is amended by inserting after section 1155 the following: ``Sec. 1156. Limitation on unmanned aircraft systems ``(a) In General.--During any fiscal year for which ***funds*** are appropriated for the design or construction of an Offshore Patrol Cutter, the Commandant-- ``(1) may not award a contract for design of an unmanned aircraft system for use by the Coast Guard; and ``(2) may lease, acquire, or acquire the services of an unmanned aircraft system only if such system-- ``(A) has been part of a program of record of, procured by, or used by a Federal entity (or ***funds*** for research, development, test, and evaluation have been received from a Federal entity with regard to such system) before the date on which the Commandant leases, acquires, or acquires the services of the system; and ``(B) is leased, acquired, or utilized by the Commandant through an agreement with a Federal entity, unless such an agreement is not practicable or would be less cost-effective than an independent contract action by the Coast Guard. ``(b) Small Unmanned Aircraft Exemption.--Subsection (a)(2) does not apply to small unmanned aircraft. ``(c) Definitions.--In this section, the terms `small unmanned aircraft' and `unmanned aircraft system' have the meanings given those terms in section 331 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 40101 note).''. (c) Clerical Amendments.-- (1) Chapter 3.--The analysis for chapter 3 of title 14, United States Code, is amended by adding at the end the following: ``319. Land-based unmanned aircraft system program.''. (2) Chapter 11.--The analysis for chapter 11 of title 14, United States Code, is amended by inserting after the item relating to section 1155 the following: ``1156. Limitation on unmanned aircraft systems.''. (d) Conforming Amendment.--Subsection (c) of section 1105 of title 14, United States Code, is repealed. SEC. 305. COAST GUARD HEALTH-CARE PROFESSIONALS; LICENSURE PORTABILITY. (a) In General.--Chapter 5 of title 14, United States Code, is amended by inserting after section 507 the following: ``Sec. 508. Coast Guard health-care professionals; licensure portability ``(a) In General.--Notwithstanding any other provision of law regarding the licensure of health-care providers, a health-care professional described in subsection (b) may practice the health profession or professions of the health- care professional at any location in any State, the District of Columbia, or a Commonwealth, territory, or possession of the United States, regardless of where such health-care professional or the patient is located, if the practice is within the scope of the authorized Federal duties of such health-care professional. ``(b) Described Individuals.--A health-care professional described in this subsection is an individual-- ``(1) who is-- ``(A) a member of the Coast Guard; ``(B) a civilian employee of the Coast Guard; ``(C) a member of the Public Health Service who is assigned to the Coast Guard; or ``(D) any other health-care professional credentialed and privileged at a Federal health-care institution or location specially designated by the Secretary; and ``(2) who-- ``(A) has a current license to practice medicine, osteopathic medicine, dentistry, or another health profession; and ``(B) is performing authorized duties for the Coast Guard. ``(c) Definitions.--In this section, the terms `license' and `health-care professional' have the meanings given those terms in section 1094(e) of title 10.''. (b) Clerical Amendment.--The analysis for chapter 5 of title 14, United States Code, is amended by inserting after the item relating to section 507 the following: ``508. Coast Guard health-care professionals; licensure portability.''. (c) Electronic Health Records.-- (1) System.--The Commandant of the Coast Guard is authorized to procure for the Coast Guard an electronic health record system that-- (A) has been competitively awarded by the Department of Defense; and (B) ensures full integration with the Department of Defense electronic health record systems. (2) Support services.-- (A) In general.--The Commandant is authorized to procure support services for the electronic health record system procured under paragraph (1) necessary to ensure full integration with the Department of Defense electronic health record systems. (B) Scope.--Support services procured pursuant to this paragraph may include services for the following: (i) System integration support. (ii) Hosting support. (iii) Training, testing, technical, and data migration support. (iv) Hardware support. (v) Any other support the Commandant considers appropriate. (3) Authorized procurement actions.--The Commandant is authorized to procure an electronic health record system under this subsection through the following: (A) A task order under the Department of Defense electronic health record contract. (B) A sole source contract award. (C) An agreement made pursuant to sections 1535 and 1536 of title 31, United States Code. (D) A contract or other procurement vehicle otherwise authorized. (4) Competition in contracting; exemption.--Procurement of an electronic health record system and support services pursuant to this subsection shall be exempt from the competition requirements of section 2304 of title 10, United States Code. SEC. 306. TRAINING; EMERGENCY RESPONSE PROVIDERS. (a) In General.--Chapter 7 of title 14, United States Code, is amended by adding at the end the following: ``Sec. 718. Training; emergency response providers ``(a) In General.--The Commandant may, on a reimbursable or a non-reimbursable basis, make a training available to emergency response providers whenever the Commandant determines that-- ``(1) a member of the Coast Guard, who is scheduled to participate in such training, is unable or unavailable to participate in such training; ``(2) no other member of the Coast Guard, who is assigned to the unit to which the member of the Coast Guard who is unable or unavailable [[Page H9618]] to participate in such training is assigned, is able or available to participate in such training; and ``(3) such training, if made available to such emergency response providers, would further the goal of interoperability among Federal agencies, non-Federal governmental agencies, or both. ``(b) Emergency Response Providers Defined.--In this section, the term `emergency response providers' has the meaning given that term in section 2 of the Homeland Security Act of 2002 (6 U.S.C 101). ``(c) Treatment of Reimbursement.--Any reimbursements for a training that the Coast Guard receives under this section shall be credited to the appropriation used to pay the costs for such training. ``(d) Status; Limitation on Liability.-- ``(1) Status.--Any individual to whom, as an emergency response provider, training is made available under this section, who is not otherwise a Federal employee, shall not, because of that training, be considered a Federal employee for any purpose (including the purposes of chapter 81 of title 5 (relating to compensation for injury) and sections 2671 through 2680 of title 28 (relating to tort claims)). ``(2) Limitation on liability.--The United States shall not be liable for actions taken by an individual in the course of training made available under this section.''. (b) Clerical Amendment.--The analysis for chapter 7 of title 14, United States Code, is amended by adding at the end the following: ``718. Training; emergency response providers.''. SEC. 307. INCENTIVE CONTRACTS FOR COAST GUARD YARD AND INDUSTRIAL ESTABLISHMENTS. Section 939 of title 14, United States Code, is amended-- (1) by inserting before ``The Secretary may'' the following: ``(a) In General.--''; (2) in subsection (a), as so designated by paragraph (1) of this section, by striking the ***period*** at the end of the last sentence and inserting ``or in accordance with subsection (b).''; and (3) by adding at the end the following: ``(b) Incentive Contracts.-- ``(1) The parties to an order for industrial work to be performed by the Coast Guard Yard or a Coast Guard industrial establishment designated under subsection (a) may enter into an order or a cost-plus-incentive-fee order in accordance with this subsection. ``(2) If such parties enter into such an order or a cost- plus-incentive-fee order, an agreed-upon amount of any adjustment described in subsection (a) may be distributed as an incentive to the wage-grade industrial employees who complete the order. ``(3) Before entering into such an order or cost-plus- incentive-fee order such parties must agree that the wage- grade employees of the Coast Guard Yard or Coast Guard industrial establishment will take action to improve the delivery schedule or technical performance agreed to in the order for industrial work to which such parties initially agreed. ``(4) Notwithstanding any other provision of law, if the industrial workforce of the Coast Guard Yard or Coast Guard industrial establishment satisfies the performance target established in such an order or cost-plus-incentive-fee order-- ``(A) the adjustment to be made pursuant to subsection (a) shall be reduced by an agreed-upon amount and distributed to such wage-grade industrial employees; and ``(B) the remainder of the adjustment shall be credited to the appropriation for such order current at that time.''. SEC. 308. CONFIDENTIAL INVESTIGATIVE EXPENSES. Section 944 of title 14, United States Code, is amended by striking ``$45,000'' and inserting ``$250,000''. SEC. 309. REGULAR CAPTAINS; RETIREMENT. Section 2149(a) of title 14, United States Code, is amended-- (1) by striking ``zone is'' and inserting ``zone, or from being placed at the top of the list of selectees promulgated by the Secretary under section 2121(a) of this title, is''; and (2) by striking the ***period*** at the end and inserting ``or placed at the top of the list of selectees, as applicable.''. SEC. 310. CONVERSION, ALTERATION, AND REPAIR PROJECTS. (a) In General.--Chapter 9 of title 14, United States Code, as amended by this Act, is further amended by inserting after section 951 the following: ``Sec. 952. Construction of Coast Guard vessels and assignment of vessel projects ``The assignment of Coast Guard vessel conversion, alteration, and repair projects shall be based on economic and military considerations and may not be restricted by a requirement that certain parts of Coast Guard shipwork be assigned to a particular type of shipyard or geographical area or by a similar requirement.''. (b) Clerical Amendment.--The analysis for chapter 9 of title 14, United States Code, is amended by inserting after the item relating to section 951 the following: ``952. Construction of Coast Guard vessels and assignment of vessel projects.''. SEC. 311. CONTRACTING FOR MAJOR ACQUISITIONS PROGRAMS. (a) General Acquisition Authority.--Section 501(d) of title 14, United States Code, is amended by inserting ``aircraft, and systems,'' after ``vessels,''. (b) Contracting Authority.--Chapter 11 of title 14, United States Code, as amended by this Act, is further amended by inserting after section 1136 the following: ``Sec. 1137. Contracting for major acquisitions programs ``(a) In General.--In carrying out authorities provided to the Secretary to design, construct, accept, or otherwise acquire assets and systems under section 501(d), the Secretary, acting through the Commandant or the head of an integrated program office established for a major acquisition program, may enter into contracts for a major acquisition program. ``(b) Authorized Methods.--Contracts entered into under subsection (a)-- ``(1) may be block buy contracts; ``(2) may be incrementally ***funded***; ``(3) may include combined purchases, also known as economic order quantity purchases, of-- ``(A) materials and components; and ``(B) long lead time materials; and ``(4) as provided in section 2306b of title 10, may be multiyear contracts. ``(c) Subject to Appropriations.--Any contract entered into under subsection (a) shall provide that any obligation of the United States to make a payment under the contract is subject to the availability of amounts specifically provided in advance for that purpose in subsequent appropriations Acts.''. (c) Clerical Amendment.--The analysis for chapter 11 of title 14, United States Code, as amended by this Act, is further amended by inserting after the item relating to section 1136 the following: ``1137. Contracting for major acquisitions programs.''. (d) Conforming Amendments.--The following provisions are repealed: (1) Section 223 of the Howard Coble Coast Guard and Maritime Transportation Act of 2014 (14 U.S.C 1152 note), and the item relating to that section in the table of contents in section 2 of such Act. (2) Section 221(a) of the Coast Guard and Maritime Transportation Act of 2012 (14 U.S.C 1133 note). (3) Section 207(a) of the Coast Guard Authorization Act of 2016 (14 U.S.C 561 note). (e) Internal Regulations and Policy.--Not later than 180 days after the date of enactment of this Act, the Secretary of the department in which the Coast Guard is operating shall establish the internal regulations and policies necessary to exercise the authorities provided under this section, including the amendments made in this section. (f) Multiyear Contracts.--The Secretary of the department in which the Coast Guard is operating is authorized to enter into a multiyear contract for the procurement of a tenth, eleventh, and twelfth National Security Cutter and associated government-furnished equipment. SEC. 312. OFFICER PROMOTION ZONES. Section 2111(a) of title 14, United States Code, is amended by striking ``six-tenths.'' and inserting ``one-half.''. SEC. 313. CROSS REFERENCE. Section 2129(a) of title 14, United States Code, is amended by inserting ``designated under section 2317'' after ``cadet''. SEC. 314. COMMISSIONED SERVICE RETIREMENT. For Coast Guard officers who retire in fiscal year 2018 or 2019, the President may reduce the ***period*** of active commissioned service required under section 2152 of title 14, United States Code, to a ***period*** of not less than 8 years. SEC. 315. LEAVE FOR BIRTH OR ADOPTION OF CHILD. (a) Policy.--Section 2512 of title 14, United States Code, is amended-- (1) by striking ``Not later than 1 year'' and inserting the following: ``(a) In General.--Except as provided in subsection (b), not later than 1 year''; and (2) by adding at the end the following: ``(b) Leave Associated With Birth or Adoption of Child.-- Notwithstanding subsection (a), sections 701 and 704 of title 10, or any other provision of law, all officers and enlisted members of the Coast Guard shall be authorized leave associated with the birth or adoption of a child during the 1-year ***period*** immediately following such birth or adoption and, at the discretion of the Commanding Officer, such officer or enlisted member shall be permitted-- ``(1) to take such leave in increments; and ``(2) to use flexible work schedules (pursuant to a program established by the Secretary in accordance with chapter 61 of title 5).''. (b) Flexible Work Schedules.--Not later than 180 days after the date of enactment of this Act, the Secretary of the department in which the Coast Guard is operating shall ensure that a flexible work schedule program under chapter 61 of title 5, United States Code, is in place for officers and enlisted members of the Coast Guard. SEC. 316. CLOTHING AT TIME OF DISCHARGE. Section 2705 of title 14, United States Code, and the item relating to that section in the analysis for chapter 27 of that title, are repealed. SEC. 317. UNFUNDED PRIORITIES LIST. (a) In General.--Section 5102 of title 14, United States Code, is amended-- (1) by striking subsection (a) and inserting the following: ``(a) In General.--Not later than 60 days after the date on which the President submits to Congress a budget pursuant to section 1105 of title 31, the Commandant shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a capital investment plan for the Coast Guard that identifies for each capital asset for which appropriations are proposed in that budget-- ``(1) the proposed appropriations included in the budget; ``(2) the total estimated cost of completion based on the proposed appropriations included in the budget; ``(3) projected ***funding*** levels for each fiscal year for the next 5 fiscal years or until project completion, whichever is earlier; ``(4) an estimated completion date based on the proposed appropriations included in the budget; [[Page H9619]] ``(5) an acquisition program baseline, as applicable; and ``(6) projected commissioning and decommissioning dates for each asset.''; and (2) by striking subsection (c) and inserting the following: ``(c) Definitions.--In this section, the term `new capital asset' means-- ``(1) an acquisition program that does not have an approved acquisition program baseline; or ``(2) the acquisition of a capital asset in excess of the number included in the approved acquisition program baseline.''. (b) Unfunded Priorities.--Chapter 51 of title 14, United States Code, is amended by adding at the end the following: ``Sec. 5108. Unfunded priorities list ``(a) In General.--Not later than 60 days after the date on which the President submits to Congress a budget pursuant to section 1105 of title 31, the Commandant shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a list of each unfunded priority for the Coast Guard. ``(b) Prioritization.--The list required under subsection (a) shall present the unfunded priorities in order from the highest priority to the lowest, as determined by the Commandant. ``(c) Unfunded Priority Defined.--In this section, the term `unfunded priority' means a program or mission requirement that-- ``(1) has not been selected for ***funding*** in the applicable proposed budget; ``(2) is necessary to fulfill a requirement associated with an operational need; and ``(3) the Commandant would have recommended for inclusion in the applicable proposed budget had additional resources been available or had the requirement emerged before the budget was submitted.''. (c) Clerical Amendment.--The analysis for chapter 51 of title 14, United States Code, is amended by adding at the end the following: ``5108. Unfunded priorities list.''. SEC. 318. SAFETY OF VESSELS OF THE ARMED FORCES. (a) In General.--Section 527 of title 14, United States Code, is amended-- (1) in the heading, by striking ``naval vessels'' and inserting ``vessels of the Armed Forces''; (2) in subsection (a), by striking ``United States naval vessel'' and inserting ``vessel of the Armed Forces''; (3) in subsection (b)-- (A) by striking ``senior naval officer present in command'' and inserting ``senior officer present in command''; and (B) by striking ``United States naval vessel'' and inserting ``vessel of the Armed Forces''; and (4) by adding at the end the following: ``(e) For purposes of this title, the term `vessel of the Armed Forces' means-- ``(1) any vessel owned or operated by the Department of Defense or the Coast Guard, other than a time- or voyage- chartered vessel; and ``(2) any vessel owned and operated by the Department of Transportation that is designated by the Secretary of the department in which the Coast Guard is operating as a vessel equivalent to a vessel described in paragraph (1).''. (b) Clerical Amendment.--The analysis for chapter 5 of title 14, United States Code, is further amended by striking the item relating to section 527 and inserting the following: ``527. Safety of vessels of the Armed Forces.''. (c) Conforming Amendments.--Section 2510(a)(1) of title 14, United States Code, is amended-- (1) by striking ``armed forces'' and inserting ``Armed Forces''; and (2) by striking ``section 101(a) of title 10'' and inserting ``section 527(e)''. SEC. 319. AIR FACILITIES. Section 912 of title 14, United States Code, is amended-- (1) by striking subsection (a); (2) by redesignating subsections (b) and (c) as subsections (a) and (b), respectively; (3) in subsection (a) as redesignated-- (A) by amending paragraph (3) to read as follows: ``(3) Public notice and comment.-- ``(A) In general.--Prior to closing an air facility, the Secretary shall provide opportunities for public comment, including the convening of public meetings in communities in the area of responsibility of the air facility with regard to the proposed closure or cessation of operations at the air facility. ``(B) Public meetings.--Prior to convening a public meeting under subparagraph (A), the Secretary shall notify each congressional office representing any portion of the area of responsibility of the air station that is the subject to such public meeting of the schedule and location of such public meeting.''; (B) in paragraph (4)-- (i) in the matter preceding subparagraph (A) by striking ``2015'' and inserting ``2017''; and (ii) by amending subparagraph (A) to read as follows: ``(A) submit to the Congress a proposal for such closure, cessation, or reduction in operations along with the budget of the President submitted to Congress under section 1105(a) of title 31 that includes-- ``(i) a discussion of the determination made by the Secretary pursuant to paragraph (2); and ``(ii) a report summarizing the public comments received by the Secretary under paragraph (3)''; and (C) by adding at the end the following: ``(5) Congressional review.--The Secretary may not close, cease operations, or significantly reduce personnel and use of a Coast Guard air facility for which a written notice is provided under paragraph (4)(A) until a ***period*** of 18 months beginning on the date on which such notice is provided has elapsed.''. TITLE IV--PORTS AND WATERWAYS SAFETY SEC. 401. CODIFICATION OF PORTS AND WATERWAYS SAFETY ACT. (a) Codification.--Subtitle VII of title 46, United States Code, is amended by inserting before chapter 701 the following: ``CHAPTER 700--PORTS AND WATERWAYS SAFETY ``subchapter a--vessel operations ``70001. Vessel traffic services. ``70002. Special powers. ``70003. Port access routes. ``70004. Considerations by Secretary. ``70005. International agreements. ``subchapter b--ports and waterways safety ``70011. Waterfront safety. ``70012. Navigational hazards. ``70013. Requirement to notify Coast Guard of release of objects into the navigable waters of the United States. ``subchapter c--condition for entry into ports in the united states ``70021. Conditions for entry to ports in the united states. ``subchapter d--definitions, regulations, enforcement, investigatory powers, applicability ``70031. Definitions. ``70032. Saint Lawrence Seaway. ``70033. Limitation on application to foreign vessels. ``70034. Regulations. ``70035. Investigatory powers. ``70036. Enforcement. ``SUBCHAPTER I--VESSEL OPERATIONS ``Sec. 70001. Vessel traffic services ``(a) Subject to the requirements of section 70004, the Secretary-- ``(1) in any port or place under the jurisdiction of the United States, in the navigable waters of the United States, or in any area covered by an international agreement negotiated pursuant to section 70005, may construct, operate, maintain, improve, or expand vessel traffic services, that consist of measures for controlling or supervising vessel traffic or for protecting navigation and the marine environment and that may include one or more of reporting and operating requirements, surveillance and communications systems, routing systems, and fairways; ``(2) shall require appropriate vessels that operate in an area of a vessel traffic service to utilize or comply with that service; ``(3)(A) may require vessels to install and use specified navigation equipment, communications equipment, electronic relative motion analyzer equipment, or any electronic or other device necessary to comply with a vessel traffic service or that is necessary in the interests of vessel safety. ``(B) Notwithstanding subparagraph (A), the Secretary shall not require fishing vessels under 300 gross tons as measured under section 14502, or an alternate tonnage measured under section 14302 as prescribed by the Secretary under section 14104, or recreational vessels 65 feet or less to possess or use the equipment or devices required by this subsection solely under the authority of this chapter; ``(4) may control vessel traffic in areas subject to the jurisdiction of the United States that the Secretary determines to be hazardous, or under conditions of reduced visibility, adverse weather, vessel congestion, or other hazardous circumstances, by-- ``(A) specifying times of entry, movement, or departure; ``(B) establishing vessel traffic routing schemes; ``(C) establishing vessel size, speed, or draft limitations and vessel operating conditions; and ``(D) restricting operation, in any hazardous area or under hazardous conditions, to vessels that have particular operating characteristics or capabilities that the Secretary considers necessary for safe operation under the circumstances; ``(5) may require the receipt of prearrival messages from any vessel, destined for a port or place subject to the jurisdiction of the United States, in sufficient time to permit advance vessel traffic planning before port entry, which shall include any information that is not already a matter of record and that the Secretary determines necessary for the control of the vessel and the safety of the port or the marine environment; and ``(6) may prohibit the use on vessels of electronic or other devices that interfere with communication and navigation equipment, except that such authority shall not apply to electronic or other devices certified to transmit in the maritime services by the Federal Communications Commission and used within the frequency bands 157.1875- 157.4375 MHz and 161.7875-162.0375 MHz. ``(b) Cooperative Agreements.-- ``(1) In general.--The Secretary may enter into cooperative agreements with public or private agencies, authorities, associations, institutions, corporations, organizations, or other persons to carry out the functions under subsection (a)(1). ``(2) Limitation.-- ``(A) A nongovernmental entity may not under this subsection carry out an inherently governmental function. ``(B) As used in this paragraph, the term `inherently governmental function' means any activity that is so intimately related to the public interest as to mandate performance by an officer or employee of the Federal Government, including an activity that requires either the exercise of discretion in applying the authority of the Government or the use of judgment in making a decision for the Government. [[Page H9620]] ``(c) Limitation of Liability for Coast Guard Vessel Traffic Service Pilots and Non-Federal Vessel Traffic Service Operators.-- ``(1) Coast guard vessel traffic service pilots.--Any pilot, acting in the course and scope of his or her duties while at a Coast Guard Vessel Traffic Service, who provides information, advice, or communication assistance while under the supervision of a Coast Guard officer, member, or employee shall not be liable for damages caused by or related to such assistance unless the acts or omissions of such pilot constitute gross negligence or willful misconduct. ``(2) Non-federal vessel traffic service operators.--An entity operating a non-Federal vessel traffic information service or advisory service pursuant to a duly executed written agreement with the Coast Guard, and any pilot acting on behalf of such entity, is not liable for damages caused by or related to information, advice, or communication assistance provided by such entity or pilot while so operating or acting unless the acts or omissions of such entity or pilot constitute gross negligence or willful misconduct. ``Sec. 70002. Special powers ``The Secretary may order any vessel, in a port or place subject to the jurisdiction of the United States or in the navigable waters of the United States, to operate or anchor in a manner the Secretary directs if-- ``(1) the Secretary has reasonable cause to believe such vessel does not comply with any regulation issued under section 70034 or any other applicable law or treaty; ``(2) the Secretary determines such vessel does not satisfy the conditions for port entry set forth in section 70021 of this title; or ``(3) by reason of weather, visibility, sea conditions, port congestion, other hazardous circumstances, or the condition of such vessel, the Secretary is satisfied such direction is justified in the interest of safety. ``Sec. 70003. Port access routes ``(a) Authority To Designate.--Except as provided in subsection (b) and subject to the requirements of subsection (c), in order to provide safe access routes for the movement of vessel traffic proceeding to or from ports or places subject to the jurisdiction of the United States, the Secretary shall designate necessary fairways and traffic separation schemes for vessels operating in the territorial sea of the United States and in high seas approaches, outside the territorial sea, to such ports or places. Such a designation shall recognize, within the designated area, the paramount right of navigation over all other uses. ``(b) Limitation.-- ``(1) In general.--No designation may be made by the Secretary under this section if-- ``(A) the Secretary determines such a designation, as implemented, would deprive any person of the effective exercise of a right granted by a lease or permit executed or issued under other applicable provisions of law; and ``(B) such right has become vested before the time of publication of the notice required by paragraph (1) of subsection (c). ``(2) Consultation required.--The Secretary shall make the determination under paragraph (1)(A) after consultation with the head of the agency responsible for executing the lease or issuing the permit. ``(c) Consideration of Other Uses.--Before making a designation under subsection (a), and in accordance with the requirements of section 70004, the Secretary shall-- ``(1) undertake a study of the potential traffic density and the need for safe access routes for vessels in any area for which fairways or traffic separation schemes are proposed or that may otherwise be considered and publish notice of such undertaking in the Federal Register; ``(2) in consultation with the Secretary of State, the Secretary of the Interior, the Secretary of Commerce, the Secretary of the Army, and the Governors of affected States, as their responsibilities may require, take into account all other uses of the area under consideration, including, as appropriate, the exploration for, or exploitation of, oil, gas, or other mineral resources, the construction or operation of deepwater ports or other structures on or above the seabed or subsoil of the submerged lands or the Outer Continental Shelf of the United States, the establishment or operation of marine or estuarine sanctuaries, and activities involving recreational or commercial fishing; and ``(3) to the extent practicable, reconcile the need for safe access routes with the needs of all other reasonable uses of the area involved. ``(d) Study.--In carrying out the Secretary's responsibilities under subsection (c), the Secretary shall-- ``(1) proceed expeditiously to complete any study undertaken; and ``(2) after completion of such a study, promptly-- ``(A) issue a notice of proposed rulemaking for the designation contemplated; or ``(B) publish in the Federal Register a notice that no designation is contemplated as a result of the study and the reason for such determination. ``(e) Implementation of Designation.--In connection with a designation made under this section, the Secretary-- ``(1) shall issue reasonable rules and regulations governing the use of such designated areas, including rules and regulations regarding the applicability of rules 9 and 10 of the International Regulations for Preventing Collisions at Sea, 1972, relating to narrow channels and traffic separation schemes, respectively, in waters where such regulations apply; ``(2) to the extent that the Secretary finds reasonable and necessary to effectuate the purposes of the designation, make the use of designated fairways and traffic separation schemes mandatory for specific types and sizes of vessels, foreign and domestic, operating in the territorial sea of the United States and for specific types and sizes of vessels of the United States operating on the high seas beyond the territorial sea of the United States; ``(3) may, from time to time, as necessary, adjust the location or limits of designated fairways or traffic separation schemes in order to accommodate the needs of other uses that cannot be reasonably accommodated otherwise, except that such an adjustment may not, in the judgment of the Secretary, unacceptably adversely affect the purpose for which the existing designation was made and the need for which continues; and ``(4) shall, through appropriate channels-- ``(A) notify cognizant international organizations of any designation, or adjustment thereof; and ``(B) take action to seek the cooperation of foreign States in making it mandatory for vessels under their control to use, to the same extent as required by the Secretary for vessels of the United States, any fairway or traffic separation scheme designated under this section in any area of the high seas. ``Sec. 70004. Considerations by Secretary ``In carrying out the duties of the Secretary under sections 70001, 70002, and 70003, the Secretary shall-- ``(1) take into account all relevant factors concerning navigation and vessel safety, protection of the marine environment, and the safety and security of United States ports and waterways, including-- ``(A) the scope and degree of the risk or hazard involved; ``(B) vessel traffic characteristics and trends, including traffic volume, the sizes and types of vessels involved, potential interference with the flow of commercial traffic, the presence of any unusual cargoes, and other similar factors; ``(C) port and waterway configurations and variations in local conditions of geography, climate, and other similar factors; ``(D) the need for granting exemptions for the installation and use of equipment or devices for use with vessel traffic services for certain classes of small vessels, such as self- propelled fishing vessels and recreational vessels; ``(E) the proximity of fishing grounds, oil and gas drilling and production operations, or any other potential or actual conflicting activity; ``(F) environmental factors; ``(G) economic impact and effects; ``(H) existing vessel traffic services; and ``(I) local practices and customs, including voluntary arrangements and agreements within the maritime community; and ``(2) at the earliest possible time, consult with and receive and consider the views of representatives of the maritime community, ports and harbor authorities or associations, environmental groups, and other persons who may be affected by the proposed actions. ``Sec. 70005. International agreements ``(a) Transmittal of Regulations.--The Secretary shall transmit, via the Secretary of State, to appropriate international bodies or forums, any regulations issued under this subchapter, for consideration as international standards. ``(b) Agreements.--The President is authorized and encouraged to-- ``(1) enter into negotiations and conclude and execute agreements with neighboring nations, to establish compatible vessel standards and vessel traffic services, and to establish, operate, and maintain international vessel traffic services, in areas and under circumstances of mutual concern; and ``(2) enter into negotiations, through appropriate international bodies, and conclude and execute agreements to establish vessel traffic services in appropriate areas of the high seas. ``(c) Operations.--The Secretary, pursuant to any agreement negotiated under subsection (b) that is binding upon the United States in accordance with constitutional requirements, may-- ``(1) require vessels operating in an area of a vessel traffic service to utilize or to comply with the vessel traffic service, including the carrying or installation of equipment and devices as necessary for the use of the service; and ``(2) waive, by order or regulation, the application of any United States law or regulation concerning the design, construction, operation, equipment, personnel qualifications, and manning standards for vessels operating in waters over which the United States exercises jurisdiction if such vessel is not en route to or from a United States port or place, and if vessels en route to or from a United States port or place are accorded equivalent waivers of laws and regulations of the neighboring nation, when operating in waters over which that nation exercises jurisdiction. ``(d) Ship Reporting Systems.--The Secretary, in cooperation with the International Maritime Organization, may implement and enforce two mandatory ship reporting systems, consistent with international law, with respect to vessels subject to such reporting systems entering the following areas of the Atlantic Ocean: ``(1) Cape Cod Bay, Massachusetts Bay, and Great South Channel (in the area generally bounded by a line starting from a point on Cape Ann, Massachusetts at 42 deg. 39' N., 70 deg. 37' W; then northeast to 42 deg. 45' N., 70 deg. 13' W; then southeast to 42 deg. 10' N., 68 deg. 31' W, then south to 41 deg. 00' N., 68 deg. 31' W; then west to 41 deg. 00' N., 69 deg. 17' W; then northeast to 42 deg. 05' N., 70 deg. 02' W, then west to 42 deg. 04' N., 70 deg. 10' W; and then along the Massachusetts shoreline of Cape Cod Bay and Massachusetts Bay back to the point on Cape Ann at 42 deg. 39' N., 70 deg. 37' W). ``(2) In the coastal waters of the Southeastern United States within about 25 nm along a 90 nm stretch of the Atlantic seaboard (in an area generally extending from the shoreline east to longitude 80 deg. 51.6' W with the southern and [[Page H9621]] northern boundary at latitudes 30 deg. 00' N., 31 deg. 27' N., respectively). ``SUBCHAPTER II--PORTS AND WATERWAYS SAFETY ``Sec. 70011. Waterfront safety ``(a) In General.--The Secretary may take such action as is necessary to-- ``(1) prevent damage to, or the destruction of, any bridge or other structure on or in the navigable waters of the United States, or any land structure or shore area immediately adjacent to such waters; and ``(2) protect the navigable waters and the resources therein from harm resulting from vessel or structure damage, destruction, or loss. ``(b) Actions Authorized.--Actions authorized by subsection (a) include-- ``(1) establishing procedures, measures, and standards for the handling, loading, unloading, storage, stowage, and movement on a structure (including the emergency removal, control, and disposition) of explosives or other dangerous articles and substances, including oil or hazardous material as those terms are defined in section 2101; ``(2) prescribing minimum safety equipment requirements for a structure to assure adequate protection from fire, explosion, natural disaster, and other serious accidents or casualties; ``(3) establishing water or waterfront safety zones, or other measures, for limited, controlled, or conditional access and activity when necessary for the protection of any vessel, structure, waters, or shore area; and ``(4) establishing procedures for examination to assure compliance with the requirements prescribed under this section. ``(c) State Law.--Nothing in this section, with respect to structures, prohibits a State or political subdivision thereof from prescribing higher safety equipment requirements or safety standards than those that may be prescribed by regulations under this section. ``Sec. 70012. Navigational hazards ``(a) Reporting Procedure.--The Secretary shall establish a program to encourage fishermen and other vessel operators to report potential or existing navigational hazards involving pipelines to the Secretary through Coast Guard field offices. ``(b) Secretary's Response.-- ``(1) Notification by the operator of a pipeline.--Upon notification by the operator of a pipeline of a hazard to navigation with respect to that pipeline, the Secretary shall immediately notify Coast Guard headquarters, the Pipeline and Hazardous Materials Safety Administration, other affected Federal and State agencies, and vessel owners and operators in the pipeline's vicinity. ``(2) Notification by other persons.--Upon notification by any other person of a hazard or potential hazard to navigation with respect to a pipeline, the Secretary shall promptly determine whether a hazard exists, and if so shall immediately notify Coast Guard headquarters, the Pipeline and Hazardous Materials Safety Administration, other affected Federal and State agencies, vessel owners and operators in the pipeline's vicinity, and the owner and operator of the pipeline. ``(c) Pipeline Defined.--For purposes of this section, the term `pipeline' has the meaning given the term `pipeline facility' in section 60101(a)(18) of title 49. ``Sec. 70013. Requirement to notify Coast Guard of release of objects into the navigable waters of the United States ``(a) Requirement.--As soon as a person has knowledge of any release from a vessel or facility into the navigable waters of the United States of any object that creates an obstruction prohibited under section 10 of the Act of March 3, 1899, popularly known as the Rivers and Harbors Appropriations Act of 1899 (33 U.S.C 403), such person shall notify the Secretary and the Secretary of the Army of such release. ``(b) Restriction on Use of Notification.--Any notification provided by an individual in accordance with subsection (a) may not be used against such individual in any criminal case, except a prosecution for perjury or for giving a false statement. ``SUBCHAPTER III--CONDITION FOR ENTRY INTO PORTS IN THE UNITED STATES ``Sec. 70021. Conditions for entry to ports in the United States ``(a) In General.--No vessel that is subject to chapter 37 shall operate in the navigable waters of the United States or transfer cargo or residue in any port or place under the jurisdiction of the United States, if such vessel-- ``(1) has a history of accidents, pollution incidents, or serious repair problems that, as determined by the Secretary, creates reason to believe that such vessel may be unsafe or may create a threat to the marine environment; ``(2) fails to comply with any applicable regulation issued under section 70034, chapter 37, or any other applicable law or treaty; ``(3) discharges oil or hazardous material in violation of any law of the United States or in a manner or quantities inconsistent with any treaty to which the United States is a party; ``(4) does not comply with any applicable vessel traffic service requirements; ``(5) is manned by one or more officers who are licensed by a certificating State that the Secretary has determined, pursuant to section 9101 of title 46, does not have standards for licensing and certification of seafarers that are comparable to or more stringent than United States standards or international standards that are accepted by the United States; ``(6) is not manned in compliance with manning levels as determined by the Secretary to be necessary to insure the safe navigation of the vessel; or ``(7) while underway, does not have at least one licensed deck officer on the navigation bridge who is capable of clearly understanding English. ``(b) Exceptions.-- ``(1) In general.--The Secretary may allow provisional entry of a vessel that is not in compliance with subsection (a), if the owner or operator of such vessel proves, to the satisfaction of the Secretary, that such vessel is not unsafe or a threat to the marine environment, and if such entry is necessary for the safety of the vessel or persons aboard. ``(2) Provisions not applicable.--Paragraphs (1), (2), (3), and (4) of subsection (a) of this section shall not apply to a vessel allowed provisional entry under paragraph (1) if the owner or operator of such vessel proves, to the satisfaction of the Secretary, that such vessel is no longer unsafe or a threat to the marine environment, and is no longer in violation of any applicable law, treaty, regulation, or condition, as appropriate. ``SUBCHAPTER IV--DEFINITIONS, REGULATIONS, ENFORCEMENT, INVESTIGATORY POWERS, APPLICABILITY ``Sec. 70031. Definitions ``As used in subchapters A through C and this subchapter, unless the context otherwise requires: ``(1) The term `marine environment' means-- ``(A) the navigable waters of the United States and the land and resources therein and thereunder; ``(B) the waters and fishery resources of any area over which the United States asserts exclusive fishery management authority; ``(C) the seabed and subsoil of the Outer Continental Shelf of the United States, the resources thereof, and the waters superjacent thereto; and ``(D) the recreational, economic, and scenic values of such waters and resources. ``(2) The term `Secretary' means the Secretary of the department in which the Coast Guard is operating, except that such term means the Secretary of Transportation with respect to the application of this chapter to the Saint Lawrence Seaway. ``(3) The term `navigable waters of the United States' includes all waters of the territorial sea of the United States as described in Presidential Proclamation No. 5928 of December 27, 1988. ``Sec. 70032. Saint Lawrence Seaway ``The authority granted to the Secretary under sections 70001, 70002, 70003, 70004, and 70011 may not be delegated with respect to the Saint Lawrence Seaway to any agency other than the Saint Lawrence Seaway Development Corporation. Any other authority granted the Secretary under subchapters A through C and this subchapter shall be delegated by the Secretary to the Saint Lawrence Seaway Development Corporation to the extent the Secretary determines such delegation is necessary for the proper operation of the Saint Lawrence Seaway. ``Sec. 70033. Limitation on application to foreign vessels ``Except pursuant to international treaty, convention, or agreement, to which the United States is a party, subchapters A through C and this subchapter shall not apply to any foreign vessel that is not destined for, or departing from, a port or place subject to the jurisdiction of the United States and that is in-- ``(1) innocent passage through the territorial sea of the United States; or ``(2) transit through the navigable waters of the United States that form a part of an international strait. ``Sec. 70034. Regulations ``(a) In General.--In accordance with section 553 of title 5, the Secretary shall issue, and may from time to time amend or repeal, regulations necessary to implement subchapters A through C and this subchapter. ``(b) Consultation.--In the exercise of the regulatory authority under subchapters A through C and this subchapter, the Secretary shall consult with, and receive and consider the views of all interested persons, including-- ``(1) interested Federal departments and agencies; ``(2) officials of State and local governments; ``(3) representatives of the maritime community; ``(4) representatives of port and harbor authorities or associations; ``(5) representatives of environmental groups; ``(6) any other interested persons who are knowledgeable or experienced in dealing with problems involving vessel safety, port and waterways safety, and protection of the marine environment; and ``(7) advisory committees consisting of all interested segments of the public when the establishment of such committees is considered necessary because the issues involved are highly complex or controversial. ``Sec. 70035. Investigatory powers ``(a) Secretary.--The Secretary may investigate any incident, accident, or act involving the loss or destruction of, or damage to, any structure subject to subchapters A through C and this subchapter, or that affects or may affect the safety or environmental quality of the ports, harbors, or navigable waters of the United States. ``(b) Powers.--In an investigation under this section, the Secretary may issue subpoenas to require the attendance of witnesses and the production of documents or other evidence relating to such incident, accident, or act. If any person refuses to obey a subpoena, the Secretary may request the Attorney General to invoke the aid of the appropriate district court of the United States to compel compliance with the subpoena. Any district court of the United States may, in the case of refusal to obey a subpoena, issue an order requiring compliance with the subpoena, and failure to obey the order may be punished [[Page H9622]] by the court as contempt. Witnesses may be paid fees for travel and attendance at rates not exceeding those allowed in a district court of the United States. ``Sec. 70036. Enforcement ``(a) Civil Penalty.-- ``(1) In general.--Any person who is found by the Secretary, after notice and an opportunity for a hearing, to have violated subchapters A through C or this subchapter or a regulation issued under subchapters A through C or this subchapter shall be liable to the United States for a civil penalty, not to exceed $25,000 for each violation. Each day of a continuing violation shall constitute a separate violation. The amount of such civil penalty shall be assessed by the Secretary, or the Secretary's designee, by written notice. In determining the amount of such penalty, the Secretary shall take into account the nature, circumstances, extent, and gravity of the prohibited acts committed and, with respect to the violator, the degree of culpability, any history of prior offenses, ability to pay, and such other matters as justice may require. ``(2) Compromise, modification, or remission.--The Secretary may compromise, modify, or remit, with or without conditions, any civil penalty that is subject to imposition or that has been imposed under this section. ``(3) Failure to pay penalty.--If any person fails to pay an assessment of a civil penalty after it has become final, the Secretary may refer the matter to the Attorney General of the United States, for collection in any appropriate district court of the United States. ``(b) Criminal Penalty.-- ``(1) Class d felony.--Any person who willfully and knowingly violates subchapters A through C or this subchapter or any regulation issued thereunder commits a class D felony. ``(2) Class c felony.--Any person who, in the willful and knowing violation of subchapters A through C or this subchapter or of any regulation issued thereunder, uses a dangerous weapon, or engages in conduct that causes bodily injury or fear of imminent bodily injury to any officer authorized to enforce the provisions of such a subchapter or the regulations issued under such subchapter, commits a class C felony. ``(c) In Rem Liability.--Any vessel that is used in violation of subchapters A, B, or C or this subchapter, or any regulations issued under such subchapter, shall be liable in rem for any civil penalty assessed pursuant to subsection (a) and may be proceeded against in the United States district court for any district in which such vessel may be found. ``(d) Injunction.--The United States district courts shall have jurisdiction to restrain violations of subchapter A, B, or C or this subchapter or of regulations issued under such subchapter, for cause shown. ``(e) Denial of Entry.--Except as provided in section 70021, the Secretary may, subject to recognized principles of international law, deny entry by any vessel that is not in compliance with subchapter A, B, or C or this subchapter or the regulations issued under such subchapter-- ``(1) into the navigable waters of the United States; or ``(2) to any port or place under the jurisdiction of the United States. ``(f) Withholding of Clearance.-- ``(1) In general.--If any owner, operator, or individual in charge of a vessel is liable for a penalty or fine under this section, or if reasonable cause exists to believe that the owner, operator, or individual in charge may be subject to a penalty or fine under this section, the Secretary of the Treasury, upon the request of the Secretary, shall with respect to such vessel refuse or revoke any clearance required by section 60105 of title 46. ``(2) Granting clearance refused or revoked.--Clearance refused or revoked under this subsection may be granted upon filing of a bond or other surety satisfactory to the Secretary.''. (b) Clerical Amendment.--The analysis at the beginning of such subtitle is amended by inserting before the item relating to chapter 701 the following: ``700. Ports and Waterways Safety.........................70001 ''..... SEC. 402. CONFORMING AMENDMENTS. (a) Electronic Charts.-- (1) Transfer of provision.--Section 4A of the Ports and Waterways Safety Act (33 U.S.C 1223a)-- (A) is redesignated as section 3105 of title 46, United States Code, and transferred to appear after section 3104 of that title; and (B) is amended by striking subsection (b) and inserting the following: ``(b) Limitation on Application.--Except pursuant to an international treaty, convention, or agreement, to which the United States is a party, this section shall not apply to any foreign vessel that is not destined for, or departing from, a port or place subject to the jurisdiction of the United States and that is in-- ``(1) innocent passage through the territorial sea of the United States; or ``(2) transit through the navigable waters of the United States that form a part of an international strait.''. (2) Clerical amendment.--The analysis at the beginning of chapter 31 of such title is amended by adding at the end the following: ``3105. Electronic charts.''. (b) Port, Harbor, and Coastal Facility Security.-- (1) Transfer of provisions.--So much of section 7 of the Ports and Waterways Safety Act (33 U.S.C 1226) as precedes subsection (c) of that section is redesignated as section 70116 of title 46, United States Code, and transferred to section 70116 of that title. (2) Definitions, administration, and enforcement.--Section 70116 of title 46, United States Code, as amended by paragraph (1) of this subsection, is amended by adding at the end the following: ``(c) Definitions, Administration, and Enforcement.--This section shall be treated as part of chapter 700 for purposes of sections 70031, 70032, 70034, 70035, and 70036.''. (3) Clerical amendment.--The analysis at the beginning of chapter 701 of such title is amended by striking the item relating to section 70116 and inserting the following: ``70116. Port, harbor, and coastal facility security.''. (c) Nondisclosure of Port Security Plans.--Subsection (c) of section 7 of the Ports and Waterways Safety Act (33 U.S.C 1226), as so designated before the application of subsection (b)(1) of this section-- (1) is redesignated as subsection (f) of section 70103 of title 46, United States Code, and transferred so as to appear after subsection (e) of such section; and (2) is amended by striking ``this Act'' and inserting ``this chapter''. (d) Repeal.--Section 2307 of title 46, United States Code, and the item relating to that section in the analysis at the beginning of chapter 23 of that title, are repealed. (e) Repeal.--The Ports and Waterways Safety Act (33 U.S.C 1221-1231, 1232-1232b), as amended by this Act, is repealed. SEC. 403. ***TRANSITIONAL*** AND SAVINGS PROVISIONS. (a) Definitions.--In this section: (1) Source provision.--The term ``source provision'' means a provision of law that is replaced by a title 46 provision under this title. (2) Title 46 provision.--The term ``title 46 provision'' means a provision of title 46, United States Code, that is enacted by section 402. (b) Cutoff Date.--The title 46 provisions replace certain provisions of law enacted before the date of the enactment of this Act. If a law enacted after that date amends or repeals a source provision, that law is deemed to amend or repeal, as the case may be, the corresponding title 46 provision. If a law enacted after that date is otherwise inconsistent with a title 46 provision or a provision of this title, that law supersedes the title 46 provision or provision of this title to the extent of the inconsistency. (c) Original Date of Enactment Unchanged.--For purposes of determining whether one provision of law supersedes another based on enactment later in time, a title 46 provision is deemed to have been enacted on the date of enactment of the source provision that the title 46 provision replaces. (d) References to Title 46 Provisions.--A reference to a title 46 provision, including a reference in a regulation, order, or other law, is deemed to refer to the corresponding source provision. (e) References to Source Provisions.--A reference to a source provision, including a reference in a regulation, order, or other law, is deemed to refer to the corresponding title 46 provision. (f) Regulations, Orders, and Other Administrative Actions.--A regulation, order, or other administrative action in effect under a source provision continues in effect under the corresponding title 46 provision. (g) Actions Taken and Offenses Committed.--An action taken or an offense committed under a source provision is deemed to have been taken or committed under the corresponding title 46 provision. SEC. 404. RULE OF CONSTRUCTION. This title, including the amendments made by this title, is intended only to transfer provisions of the Ports and Waterways Safety Act to title 46, United States Code, and may not be construed to alter-- (1) the effect of a provision of the Ports and Waterways Safety Act, including any authority or requirement therein; (2) a department or agency interpretation with respect to the Ports and Waterways Safety Act; or (3) a judicial interpretation with respect to the Ports and Waterways Safety Act. SEC. 405. ADVISORY COMMITTEE: REPEAL. Section 18 of the Coast Guard Authorization Act of 1991 (Public Law 102-241; 105 Stat. 2213) is repealed. SEC. 406. REGATTAS AND MARINE PARADES. (a) In General.--Chapter 700 of title 46, United States Code, as established by section 401 of this Act, is amended by adding at the end the following: ``SUBCHAPTER V--REGATTAS AND MARINE PARADES ``Sec. 70041. Regattas and marine parades ``(a) In General.--The Commandant of the Coast Guard may issue regulations to promote the safety of life on navigable waters during regattas or marine parades. ``(b) Detail and Use of Vessels.--To enforce regulations issued under this section-- ``(1) the Commandant may detail any public vessel in the service of the Coast Guard and make use of any private vessel tendered gratuitously for that purpose; and ``(2) upon the request of the Commandant, the head of any other Federal department or agency may enforce the regulations by means of any public vessel of such department and any private vessel tendered gratuitously for that purpose. ``(c) Transfer of Authority.--The authority of the Commandant under this section may be transferred by the President for any special occasion to the head of another Federal department or agency whenever in the President's judgment such transfer is desirable. ``(d) Penalties.-- ``(1) In general.--For any violation of regulations issued pursuant to this section the following penalties shall be incurred: [[Page H9623]] ``(A) A licensed officer shall be liable to suspension or revocation of license in the manner prescribed by law for incompetency or misconduct. ``(B) Any person in charge of the navigation of a vessel other than a licensed officer shall be liable to a penalty of $5,000. ``(C) The owner of a vessel (including any corporate officer of a corporation owning the vessel) actually on board shall be liable to a penalty of $5,000, unless the violation of regulations occurred without the owner's knowledge. ``(D) Any other person shall be liable to a penalty of $2,500. ``(2) Mitigation or remission.--The Commandant may mitigate or remit any penalty provided for in this subsection in the manner prescribed by law for the mitigation or remission of penalties for violation of the navigation laws.''. (b) Clerical Amendment.--The analysis for chapter 700 of title 46, United States Code, as established by section 401 of this Act, is amended by adding at the end the following: ``subchapter e--regattas and marine parades ``70041. Regattas and marine parades.''. (c) Repeal.--The Act of April 28, 1908 (35 Stat. 69, chapter 151; 33 U.S.C 1233 et seq.), is repealed. SEC. 407. REGULATION OF VESSELS IN TERRITORIAL WATERS OF UNITED STATES. (a) Establishment of Subchapter F.--Chapter 700 of title 46, United States Code, as established by section 401 of this Act, is amended by adding at the end the following: ``SUBCHAPTER VI--REGULATION OF VESSELS IN TERRITORIAL WATERS OF UNITED STATES ``Sec. 70054. Definitions ``In this subchapter: ``(1) United states.--The term `United States' includes all territory and waters, continental or insular, subject to the jurisdiction of the United States. ``(2) Territorial waters.--The term `territorial waters of the United States' includes all waters of the territorial sea of the United States as described in Presidential Proclamation 5928 of December 27, 1988.''. (b) Regulation of Anchorage and Movement of Vessels During National Emergency.--Section 1 of title II of the Act of June 15, 1917 (40 Stat. 220, chapter 30; 50 U.S.C 191), is amended-- (1) by striking the section designation and all that follows before ``by proclamation'' and inserting the following: ``Sec. 70051. Regulation of anchorage and movement of vessels during national emergency ``Whenever the President''; (2) by striking ``of the Treasury''; (3) by striking ``of the department in which the Coast Guard is operating''; (4) by striking ``this title'' and inserting ``this subchapter''; and (5) by transferring the section so that the section appears before section 70054 of title 46, United States Code (as added by subsection (a) of this section). (c) Seizure and Forfeiture of Vessel; Fine and Imprisonment.--Section 2 of title II of the Act of June 15, 1917 (40 Stat. 220, chapter 30; 50 U.S.C 192), is amended-- (1) by striking the section designation and all that follows before ``agent,'' and inserting the following: ``Sec. 70052. Seizure and forfeiture of vessel; fine and imprisonment ``(a) In General.--If any owner,''; (2) by striking ``this title'' each place it appears and inserting ``this subchapter''; and (3) by transferring the section so that the section appears after section 70051 of title 46, United States Code (as transferred by subsection (b) of this section). (d) Enforcement Provisions.--Section 4 of title II of the Act of June 15, 1917 (40 Stat. 220, chapter 30; 50 U.S.C 194), is amended-- (1) by striking all before ``may employ'' and inserting the following: ``Sec. 70053. Enforcement provisions ``The President''; (2) by striking ``the purpose of this title'' and inserting ``this subchapter''; and (3) by transferring the section so that the section appears after section 70052 of title 46, United States Code (as transferred by subsection (c) of this section). (e) Clerical Amendment.--The analysis for chapter 700 of title 46, United States Code, as established by section 401 of this Act, is amended by adding at the end the following: ``subchapter f--regulation of vessels in territorial waters of united states ``70051. Regulation of anchorage and movement of vessels during national emergency. ``70052. Seizure and forfeiture of vessel; fine and imprisonment. ``70053. Enforcement provisions. ``70054. Definitions.''. SEC. 408. PORT, HARBOR, AND COASTAL FACILITY SECURITY. (a) Transfer of Provisions.--So much of section 7 of the Ports and Waterways Safety Act (33 U.S.C 1226) as precedes subsection (c) of that section is redesignated as section 70102a of title 46, United States Code, and transferred so as to appear after section 70102 of that title. (b) Definitions, Administration, and Enforcement.--Section 70102a of title 46, United States Code, as amended by paragraph (1) of this subsection, is amended by adding at the end the following: ``(c) Definitions, Administration, and Enforcement.--This section shall be treated as part of chapter 700 for purposes of sections 70031, 70032, 70034, 70035, and 70036.''. (c) Clerical Amendment.--The analysis at the beginning of chapter 701 of such title is amended by inserting after the item relating to section 70102 the following: ``70102a. Port, harbor, and coastal facility security.''. (d) Nondisclosure of Port Security Plans.--Subsection (c) of section 7 of the Ports and Waterways Safety Act (33 U.S.C 1226), as so designated before the application of subsection (b)(1) of this section-- (1) is redesignated as subsection (f) of section 70103 of title 46, United States Code, and transferred so as to appear after subsection (e) of such section; and (2) is amended by striking ``this Act'' and inserting ``this chapter''. TITLE V--MARITIME TRANSPORTATION SAFETY SEC. 501. CONSISTENCY IN MARINE INSPECTIONS. (a) In General.--Section 3305 of title 46, United States Code, is amended by adding at the end the following: ``(d)(1) The Commandant of the Coast Guard shall ensure that Officers in Charge, Marine Inspections consistently interpret regulations and standards under this subtitle and chapter 700 to avoid disruption and undue expense to industry. ``(2)(A) Subject to subparagraph (B), in the event of a disagreement regarding the condition of a vessel or the interpretation of a regulation or standard referred to in subsection (a) between a local Officer in Charge, Marine Inspection conducting an inspection of the vessel and the Officer in Charge, Marine Inspection that issued the most recent certificate of inspection for the vessel, such Officers shall seek to resolve such disagreement. ``(B) If a disagreement described in subparagraph (A) involves vessel design or plan review, the Coast Guard marine safety center shall be included in all efforts to resolve such disagreement. ``(C) If a disagreement described in subparagraph (A) or (B) cannot be resolved, the local Officer in Charge, Marine Inspection shall submit to the Commandant of the Coast Guard, through the cognizant Coast Guard district commander, a request for a final agency determination of the matter in disagreement. ``(3) The Commandant of the Coast Guard shall-- ``(A) provide to each person affected by a decision or action by an Officer in Charge, Marine Inspection or by the Coast Guard marine safety center all information necessary for such person to exercise any right to appeal such decision or action; and ``(B) if such an appeal is filed, process such appeal under parts 1 through 4 of title 46, Code of Federal Regulations, as in effect on the date of enactment of the Coast Guard Authorization Act of 2017. ``(4) In this section, the term `Officer in Charge, Marine Inspection' means any person from the civilian or military branch of the Coast Guard who-- ``(A) is designated as such by the Commandant; and ``(B) under the superintendence and direction of the cognizant Coast Guard district commander, is in charge of an inspection zone for the performance of duties with respect to the inspections under, and enforcement and administration of, subtitle II, chapter 700, and regulations under such laws.''. (b) Report on Marine Inspector Training.--Not later than 1 year after the date of the enactment of this Act, the Commandant of the Coast Guard shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report on the training, experience, and qualifications required for assignment as a marine inspector under section 312 of title 14, United States Code, including-- (1) a description of any continuing education requirement, including a specific list of the required courses; (2) a description of the training, including a specific list of the included courses, offered to a journeyman or an advanced journeyman marine inspector to advance inspection expertise; (3) a description of any training that was offered in the 15-year ***period*** before the date of the enactment of this Act, but is no longer required or offered, including a specific list of the included courses, including the senior marine inspector course and any plan review courses; (4) a justification for why a course described in paragraph (3) is no longer required or offered; and (5) a list of the course content the Commandant considers necessary to promote consistency among marine inspectors in an environment of increasingly complex vessels and vessel systems. SEC. 502. UNINSPECTED PASSENGER VESSELS IN ST. LOUIS COUNTY, MINNESOTA. Section 4105 of title 46, United States Code, amended-- (1) by redesignating subsection (c) as subsection (d); and (2) by inserting after subsection (b) the following: ``(c) In applying this title with respect to an uninspected vessel of less than 25 feet overall in length that carries passengers on Crane Lake or waters contiguous to such lake in St. Louis County, Minnesota, the Secretary shall substitute `12 passengers' for `6 passengers' each place it appears in section 2101(51).''. SEC. 503. ENGINE CUT-OFF SWITCH REQUIREMENTS. (a) In General.--Chapter 43 of title 46, United States Code, is amended by adding at the end the following: [[Page H9624]] ``Sec. 4312. Engine cut-off switches ``(a) Installation Requirement.--A manufacturer, distributor, or dealer that installs propulsion machinery and associated starting controls on a covered recreational vessel shall equip such vessel with an engine cut-off switch and engine cut-off switch link that meet American Boat and Yacht Council Standard A-33, as in effect on the date of the enactment of the Coast Guard Authorization Act of 2017. ``(b) Education on Cut-off Switches.--The Commandant of the Coast Guard, through the National Boating Safety Advisory Committee established under section 15105, may initiate a boating safety program on the use and benefits of cut-off switches for recreational vessels. ``(c) Availability of Standard for Inspection.-- ``(1) In general.--Not later than 90 days after the date of the enactment of this section, the Commandant shall transmit American Boat and Yacht Council Standard A-33, as in effect on the date of enactment of the Coast Guard Authorization Act of 2017, to-- ``(A) the Committee on Transportation and Infrastructure of the House of Representatives; ``(B) the Committee on Commerce, Science, and Transportation of the Senate; and ``(C) the Coast Guard Office of Design and Engineering Standards; and ``(D) the National Archives and Records Administration. ``(2) Availability.--The standard submitted under paragraph (1) shall be kept on file and available for public inspection at such Coast Guard office and the National Archives and Records Administration. ``(d) Definitions.--In this section: ``(1) Covered recreational vessel.--The term `covered recreational vessel' means a recreational vessel that is-- ``(A) less than 26 feet overall in length; and ``(B) capable of developing 115 pounds or more of static thrust. ``(2) Dealer.--The term `dealer' means any person who is engaged in the sale and distribution of recreational vessels or associated equipment to purchasers whom the seller in good faith believes to be purchasing any such vessel or associated equipment for purposes other than resale. ``(3) Distributor.--The term `distributor' means any person engaged in the sale and distribution of recreational vessels and associated equipment for the purposes of resale. ``(4) Manufacturer.--The term `equipment manufacturer' means any person engaged in the manufacture, construction, or assembly of recreational vessels or associated equipment, or the importation of recreational vessels into the United States for subsequent sale. ``(5) Propulsion machinery.--The term `propulsion machinery' means a self-contained propulsion system, and includes, but is not limited to, inboard engines, outboard motors, and sterndrive engines. ``(6) Static thrust.--The term `static thrust' means the forward or backwards thrust developed by propulsion machinery while stationary.''. (b) Clerical Amendment.--The analysis at the beginning of such chapter is amended by adding at the end the following: ``4312. Engine cut-off switches.''. (c) Effective Date.--Section 4312 of title 46, United States Code, as amended by this section, shall take effect one year after the date of the enactment of this Act. SEC. 504. EXCEPTION FROM SURVIVAL CRAFT REQUIREMENTS. Section 4502(b) of title 46, United States Code, is amended-- (1) in paragraph (2)(B), by striking ``a survival craft'' and inserting ``subject to paragraph (3), a survival craft''; (2) by adding at the end the following: ``(3) Except for a nonapplicable vessel, an auxiliary craft shall satisfy the equipment requirement under paragraph (2)(B) if such craft is-- ``(A) necessary for normal fishing operations; ``(B) readily accessible during an emergency; and ``(C) capable, in accordance with the Coast Guard capacity rating, when applicable, of safely holding all individuals on board the vessel to which the craft functions as an auxiliary.''; and (3) by adding at the end the following: ``(k) For the purposes of this section, the term `auxiliary craft' means a vessel that is carried onboard a fishing vessel and is normally used to support fishing operations.''. SEC. 505. SAFETY STANDARDS. Section 4502(f) of title 46, United States Code, is amended by striking paragraphs (2) and (3) and inserting the following: ``(2) shall examine at dockside a vessel described in subsection (b) at least once every 5 years, but may require an exam at dockside every 2 years for certain vessels described in subsection (b) if requested by the owner or operator; and ``(3) shall issue a certificate of compliance to a vessel meeting the requirements of this chapter and satisfying the requirements in paragraph (2).''. SEC. 506. FISHING SAFETY GRANTS. Section 4502 of title 46, United States Code, is amended-- (1) in subsections (i) and (j), by striking ``Secretary'' each place it appears and inserting ``Secretary of Health and Human Services''; (2) in subsection (i)(2), as amended by paragraph (1), by inserting ``, in consultation with and based on criteria established by the Commandant of the Coast Guard'' after ``Health and Human Services''; (3) in subsection (i)(3), by striking ``75'' and inserting ``50''; (4) in subsection (i)(4), by striking ``$3,000,000 for each of fiscal years 2015 through 2017'' and inserting ``$3,000,000 for each of fiscal years 2018 through 2019''; (5) in subsection (j)(2), as amended by paragraph (1), by inserting ``, in consultation with and based on criteria established by the Commandant of the Coast Guard,'' after ``Health and Human Services''; (6) in subsection (j)(3), by striking ``75'' and inserting ``50''; and (7) in subsection (j)(4), by striking ``$3,000,000 for each fiscal years 2015 through 2017'' and inserting ``$3,000,000 for each of fiscal years 2018 through 2019''. SEC. 507. FISHING, FISH TENDER, AND FISH PROCESSING VESSEL CERTIFICATION. (a) Nonapplication.--Section 4503(c)(2)(A) of title 46, United States Code, is amended by striking ``79'' and inserting ``180''. (b) Determining When Keel Is Laid.--Section 4503(f) of title 46, United States Code, as redesignated by section 508 of this Act, is further amended to read as follows: ``(f)(1) For purposes of this section and section 4503a, the term `built' means, with respect to a vessel, that the vessel's construction has reached any of the following stages: ``(A) The vessel's keel is laid. ``(B) Construction identifiable with the vessel has begun and assembly of that vessel has commenced comprising of at least 50 metric tons or one percent of the estimated mass of all structural material, whichever is less. ``(2) In the case of a vessel greater than 79 feet overall in length, for purposes of paragraph (1)(A) a keel is deemed to be laid when a marine surveyor affirms that a structure adequate for serving as a keel for such vessel is in place and identified for use in the construction of such vessel.''. SEC. 508. DEADLINE FOR COMPLIANCE WITH ALTERNATE SAFETY COMPLIANCE PROGRAM. (a) In General.--Section 4503(d) of title 46, United States Code, is redesignated as section 4503a and transferred to appear after section 4503 of such title. (b) Fishing, Fish Tender, and Fish Processing Vessel Certification.--Section 4503 of title 46, United States Code, is amended-- (1) by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively; (2) in subsection (b), by striking ``subsection (d)'' and inserting ``section 4503a''; (3) in subsection (c)(2)(B)(ii)(I), by striking ``subsection (e)'' and inserting ``subsection (d)''; (4) in subsection (c)(2)(B)(ii)(II), by striking ``subsection (f)'' and inserting ``subsection (e)''; (5) in subsection (e)(1), as amended by paragraph (1) of this subsection, by striking ``subsection (e)'' each place it appears and inserting ``subsection (d)''; and (6) in subsection (e)(2), as amended by paragraph (1) of this subsection, by striking ``subsection (e)'' each place it appears and inserting ``subsection (d)''; (c) Alternate Safety Compliance Program.--Section 4503a of title 46, United States Code, as redesignated and transferred by subsection (a) of this section, is amended-- (1) by redesignating paragraphs (1), (2), (3), (4), and (5) as subsections (a), (b), (c), (d), and (e), respectively; (2) by inserting before subsection (a), as so redesignated, the following: ``Sec. 4503a. Alternate safety compliance program''; (3) in subsection (a), as redesignated by paragraph (1) of this subsection, by striking ``After January 1, 2020,'' and all that follows through ``the Secretary, if'' and inserting ``Subject to subsection (c), beginning on the date that is 3 years after the date that the Secretary prescribes an alternate safety compliance program, a fishing vessel, fish processing vessel, or fish tender vessel to which section 4502(b) of this title applies shall comply with such an alternate safety compliance program, if''; (4) in subsection (a), as so redesignated, by redesignating subparagraphs (A), (B), and (C) as paragraphs (1), (2), and (3), respectively; (5) in subsection (b), as so redesignated, by striking ``establishes standards for an alternate safety compliance program, shall comply with such an alternative safety compliance program that is developed in cooperation with the commercial fishing industry and prescribed by the Secretary'' and inserting ``prescribes an alternate safety compliance program under subsection (a), shall comply with such an alternate safety compliance program''; (6) by amending subsection (c), as so redesignated, to read as follows: ``(c) For purposes of subsection (a), a separate alternate safety compliance program may be developed for a specific region or specific fishery.''; (7) in subsection (d), as so redesignated-- (A) by striking ``paragraph (1)'' and inserting ``subsection (a)''; and (B) by striking ``that paragraph'' each place it appears and inserting ``that subsection''; (8) in subsection (e), as so redesignated, by-- (A) inserting ``is not eligible to participate in an alternative safety compliance program prescribed under subsection (a) and'' after ``July 1, 2012''; and (B) redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively; (9) by adding at the end the following: ``(f) For the purposes of this section, the term `built' has the meaning given that term in section 4503(f).''. (d) Clerical Amendment.--The analysis at the beginning of chapter 45 of such title is amended by inserting after the item relating to section 4503 the following ``4503a. Alternate safety compliance program.''. (e) Conforming Amendment.--Section 3104 of title 46, United States Code, is amended by striking ``section 4503(e)'' and inserting ``section 4503(d)''. [[Page H9625]] (f) Final Rule.--Not later than 1 year after the date of enactment of this Act, the Secretary of the department in which the Coast Guard is operating shall issue a final rule implementing the requirements enumerated in section 4503(d) of title 46, as amended by subsection (b)(1) of this section. (g) Alternate Safety Compliance Program Status Report.-- (1) In general.--Not later than January 1, 2020, the Secretary of the department in which the Coast Guard is operating shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a report on the status of the development of the alternate safety compliance program directed by section 4503a of title 46, United States Code, as redesignated by subsection (c). (2) Contents.--The report required under paragraph (1) shall include discussion of-- (A) steps taken in the rulemaking process to establish the alternate safety compliance program; (B) communication and collaboration between the Coast Guard, the department in which the Coast Guard is operating, and the commercial fishing vessel industry regarding the development of the alternate safety compliance program; (C) consideration given to developing alternate safety compliance programs for specific regions and fisheries, as authorized in section 4503a(c) of such title, as redesignated by subsection (c); (D) any identified legislative changes necessary to implement an effective alternate safety compliance program; and (E) the timeline and planned actions that will be taken to implement regulations necessary to fully establish an alternate safety compliance program before January 1, 2020. SEC. 509. TERMINATION OF UNSAFE OPERATIONS; TECHNICAL CORRECTION. Section 4505(2) of title 46, United States Code, is amended-- (1) by striking ``4503(1)'' and inserting ``4503(a)(2)''; and (2) by inserting before the ***period*** the following: ``, except that this paragraph shall not apply with respect to a vessel to which section 4503a applies''. SEC. 510. TECHNICAL CORRECTIONS: LICENSES, CERTIFICATES OF REGISTRY, AND MERCHANT MARINER DOCUMENTS. Title 46, United States Code, is amended-- (1) in section 7106(b), by striking ``merchant mariner's document,'' and inserting ``license,''; (2) in section 7107(b), by striking ``merchant mariner's document,'' and inserting ``certificate of registry,''; (3) in section 7507(b)(1), by striking ``licenses or certificates of registry'' and inserting ``merchant mariner documents''; and (4) in section 7507(b)(2) by striking ``merchant mariner's document.'' and inserting ``license or certificate of registry.''. SEC. 511. CLARIFICATION OF LOGBOOK ENTRIES. (a) In General.--Section 11304 of title 46, United States Code, is amended-- (1) in subsection (a), by striking ``an official logbook, which'' and inserting ``a logbook, which may be in any form, including electronic, and''; and (2) in subsection (b), by amending paragraph (3) to read as follows: ``(3) Each illness of, and injury to, a seaman of the vessel, the nature of the illness or injury, and the medical treatment provided for the injury or illness.''. (b) Technical Amendment.--Section 11304(b) is amended by striking ``log book'' and inserting ``logbook''. SEC. 512. CERTIFICATES OF DOCUMENTATION FOR RECREATIONAL VESSELS. Section 12105 of title 46, United States Code, is amended by adding at the end the following: ``(e) Effective ***Period***.-- ``(1) In general.--Except as provided in paragraphs (2) and (3), a certificate of documentation issued under this part is valid for a 1-year ***period*** and may be renewed for additional 1-year ***periods***. ``(2) Recreational vessels.-- ``(A) In general.--A certificate of documentation for a recreational vessel and the renewal of such a certificate shall be effective for a 5-year ***period***. ``(B) Phase-in ***period***.--During the ***period*** beginning January 1, 2019, and ending December 31, 2021, the owner or operator of a recreational vessel may choose a ***period*** of effectiveness of between 1 and 5 years for such a certificate of documentation for such vessel or the renewal thereof. ``(C) Fees.-- ``(i) Requirement.--The Secretary shall assess and collect a fee-- ``(I) for the issuance of a certificate of documentation for a recreational vessel that is equivalent to the fee established for the issuance of a certificate of documentation under section 2110; and ``(II) for the renewal of a certificate of documentation for a recreational vessel that is equivalent to the number of years of effectiveness of the certificate of documentation multiplied by the fee established for the renewal of a certificate of documentation under section 2110. ``(ii) Treatment.--Fees collected under this subsection-- ``(I) shall be credited to the account from which the costs of such issuance or renewal were paid; and ``(II) may remain available until expended. ``(3) Notice of change in information.-- ``(A) Requirement.--The owner of a vessel shall notify the Coast Guard of each change in the information on which the issuance of the certificate of documentation for the vessel is based that occurs before the expiration of the certificate under this subsection, by not later than 30 days after such change. ``(B) Termination of certificate.--The certificate of documentation for a vessel shall terminate upon the expiration of such 30-day ***period*** if the owner has not notified the Coast Guard of such change before the end of such ***period***. ``(4) State and local authority to remove abandoned and derelict vessels.--Nothing in this section shall be construed to limit the authority of a State or local authority from taking action to remove an abandoned or derelict vessel.''. SEC. 513. NUMBERING FOR UNDOCUMENTED BARGES. Section 12301(b) of title 46, United States Code, is amended-- (1) by striking ``shall'' and inserting ``may''; and (2) by inserting ``of'' after ``barge''. SEC. 514. BACKUP NATIONAL TIMING SYSTEM. (a) Short Title.--This section may be cited as the ``National Timing Resilience and Security Act of 2018''. (b) In General.--Chapter 30 of title 49, United States Code, is amended by adding at the end the following: ``Sec. 312. Alternative timing system ``(a) In General.--Subject to the availability of appropriations, the Secretary of Transportation shall provide for the establishment, sustainment, and operation of a land- based, resilient, and reliable alternative timing system-- ``(1) to reduce critical dependencies and provide a complement to and backup for the timing component of the Global Positioning System (referred to in this section as `GPS'); and ``(2) to ensure the availability of uncorrupted and non- degraded timing signals for military and civilian users in the event that GPS timing signals are corrupted, degraded, unreliable, or otherwise unavailable. ``(b) Establishment of Requirements.-- ``(1) In general.--Not later than 180 days after the date of enactment of the National Timing Resilience and Security Act of 2018, the Secretary of Transportation shall establish requirements for the procurement of the system required by subsection (a) as a complement to and backup for the timing component of GPS in accordance with the timing requirements study required by section 1618 of the National Defense Authorization Act for Fiscal Year 2017 (Public Law 114-328; 130 Stat. 2595). ``(2) Requirements.--The Secretary of Transportation shall ensure, to the maximum extent practicable, that the system established under subsection (a) will-- ``(A) be wireless; ``(B) be terrestrial; ``(C) provide wide-area coverage; ``(D) be synchronized with coordinated universal time; ``(E) be resilient and extremely difficult to disrupt or degrade; ``(F) be able to penetrate underground and inside buildings; ``(G) be capable of deployment to remote locations; ``(H) be developed, constructed, and operated incorporating applicable private sector expertise; ``(I) work in concert with and complement any other similar positioning, navigation, and timing systems, including enhanced long-range navigation systems and Nationwide Differential GPS systems; ``(J) be available for use by Federal and non-Federal government agencies for public purposes at no net cost to the Federal Government within 10 years of initiation of operation; ``(K) be capable of adaptation and expansion to provide position and navigation capabilities; ``(L) incorporate the recommendations from any GPS back-up demonstration program initiated and completed by the Secretary, in coordination with other Federal agencies, before the date specified in subsection (c)(1); and ``(M) incorporate such other elements as the Secretary considers appropriate. ``(c) Implementation Plan.-- ``(1) Plan required.--Not later than 180 days after the date of enactment of the National Timing Resilience and Security Act of 2018, the Secretary of Transportation shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report setting forth the following: ``(A) A plan to develop, construct, and operate the system required by subsection (a). ``(B) A description and assessment of the advantages of a system to provide a follow-on complementary and backup positioning and navigation capability to the timing component of GPS. ``(2) Deadline for commencement of operation.--The system required by subsection (a) shall be in operation by not later than 2 years after the date of enactment of the National Timing Resilience and Security Act of 2018. ``(3) Minimum duration of operational capability.--The system required by subsection (a) shall be designed to be fully operational for not less than 20 years. ``(d) LORAN Facilities.-- ``(1) In general.--If the Secretary of Transportation determines that any LORAN infrastructure, including the underlying real property and any spectrum associated with LORAN, in the possession of the Coast Guard is required by the Department of Transportation for the purpose of establishing the system required by subsection (a), the Commandant shall transfer such property, spectrum, and equipment to the Secretary. ``(2) CERCLA not affected.--This subsection shall not be construed to limit the application of or otherwise affect section 120(h) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C [[Page H9626]] 9620(h)) with respect to the Federal Government facilities described in paragraph (1). ``(e) Cooperative Agreement.-- ``(1) In general.--The Secretary of Transportation may enter into a cooperative agreement (as that term is described in section 6305 of title 31) with an entity upon such terms and conditions as the Secretary of Transportation determines will fulfill the purpose and requirements of this section and be in the public interest. ``(2) Requirements.--The cooperative agreement under paragraph (1) shall, at a minimum, require the Secretary of Transportation to-- ``(A) authorize the entity to sell timing and other services to commercial and non-commercial third parties, subject to any national security requirements determined by the Secretary, in consultation with the Secretary of Defense; ``(B) require the entity to develop, construct, and operate at private expense the backup timing system in accordance with this section; ``(C) allow the entity to make any investments in technologies necessary over the life of such agreement to meet future requirements for advanced timing resilience and technologies; ``(D) require the entity to share 25 percent of the gross proceeds received by the entity from the sale of timing services to third parties with the Secretary for at least 10 years after the date upon which the Secretary enters into the cooperative agreement; ``(E) require the entity-- ``(i) to assume all financial risk for the completion and operational capability of the system, after the Secretary provides any LORAN facilities necessary for the system under subsection (d), if required for the alternative timing system; and ``(ii) to furnish performance and payment bonds in connection with the system in a reasonable amount as determined by the Secretary; and ``(F) require the entity to make any investments in technologies necessary over the life of the agreement to meet future requirements for advanced timing resiliency. ``(3) Competition required.--The Secretary shall use competitive procedures similar to those authorized under section 2667 of title 10 in selecting an entity to enter into a cooperative agreement pursuant to this subsection. ``(4) Authorization to purchase services.--The Secretary may not purchase timing system services from the entity for use by the Department of Transportation or for provision to other Federal and non-Federal governmental agencies until the system achieves operational status, and then only if the necessary ***funds*** for such purchases are provided for in subsequent yearly appropriations acts made available to the Secretary for each and every year in which such purchases are made. ``(5) Determination requirement.--The Secretary may not enter into a cooperative agreement under this subsection unless the Secretary determines that the cooperative agreement is in the best financial interest of the Federal Government. The Secretary shall notify the Committee on Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives of such determination not later than 30 days after the date of the determination. ``(6) Definition.--In this subsection the term `entity' means a non-Federal entity with the demonstrated technical expertise and requisite administrative and financial resources to meet any terms and conditions established by the Secretary for purposes of this subsection.''. (c) Table of Contents.--The table of contents for chapter 3 of title 49, United States Code, is amended by adding at the end the following: ``312. Alternative timing system.''. SEC. 515. SCIENTIFIC PERSONNEL. Section 2101(41) of title 46, United States Code, is amended-- (1) by inserting ``(A) Subject to subparagraph (B),'' before the text; and (2) by adding at the end the following: ``(B)(i) Such term includes an individual who is on board an oceanographic research vessel only to-- ``(I) engage in scientific research; ``(II) instruct in oceanography or limnology; or ``(III) receive instruction in oceanography or limnology. ``(ii) For purposes of clause (i), the age of an individual may not be considered in determining whether the individual is described in such clause.''. SEC. 516. TRANSPARENCY. (a) In General.--The Commandant of the Coast Guard shall publish any letter of determination issued by the Coast Guard National Vessel Documentation Center after the date of the enactment of this Act on the National Vessel Documentation Center website not later than 30 days after the date of issuance of such letter of determination. (b) Audit.-- (1) In general.--The Comptroller General of the United States shall conduct an audit, the results of which shall be made publicly available, of-- (A) the method or process by which the Coast Guard National Vessel Documentation Center develops policy for and documents compliance with the requirements of section 67.97 of title 46, Code of Federal Regulations, for the purpose of issuing endorsements under section 12112 and 12113 of title 46, United States Code; (B) the coordination between the Coast Guard and U.S Customs and Border Protection with respect to the enforcement of such requirements; and (C) the extent to which the Secretary of the department in which the Coast Guard is operating and the Secretary of Transportation, through the Maritime Administration, have published and disseminated information to promote compliance with applicable vessel construction requirements. (2) Report.--Not later than 90 days after the audit under paragraph (1) is complete, the Comptroller General of the United States shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report regarding the results of and recommendations made pursuant to such audit. (c) Outline.--Not later than 180 days after the date of the submission of the Comptroller General of the United States report required under subsection (b), the Commandant of the Coast Guard shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives an outline of plans-- (1) to enhance the transparency of the documentation process, and communications with the maritime industry regarding such process over the next 5 years; and (2) to implement the recommendations made by the Comptroller General of the United States in the report required under subsection (b)(2). TITLE VI--ADVISORY COMMITTEES SEC. 601. NATIONAL MARITIME TRANSPORTATION ADVISORY COMMITTEES. (a) In General.--Subtitle II of title 46, United States Code, is amended by adding at the end the following: ``PART K--NATIONAL MARITIME TRANSPORTATION ADVISORY COMMITTEES ``CHAPTER 151--NATIONAL MARITIME TRANSPORTATION ADVISORY COMMITTEES ``Sec. ``15101. National Chemical Transportation Safety Advisory Committee. ``15102. National Commercial Fishing Safety Advisory Committee. ``15103. National Merchant Marine Personnel Advisory Committee. ``15104. National Merchant Mariner Medical Advisory Committee. ``15105. National Boating Safety Advisory Committee. ``15106. National Offshore Safety Advisory Committee. ``15107. National Navigation Safety Advisory Committee. ``15108. National Towing Safety Advisory Committee. ``15109. Administration. ``Sec. 15101. National Chemical Transportation Safety Advisory Committee ``(a) Establishment.--There is established a National Chemical Transportation Safety Advisory Committee (in this section referred to as the `Committee'). ``(b) Function.--The Committee shall advise the Secretary on matters relating to the safe and secure marine transportation of hazardous materials. ``(c) Membership.-- ``(1) In general.--The Committee shall consist of not more than 25 members appointed by the Secretary in accordance with this section and section 15109 of this chapter. ``(2) Expertise.--Each member of the Committee shall have particular expertise, knowledge, and experience in matters relating to the function of the Committee. ``(3) Representation.--Each member of the Committee shall represent 1 of the following: ``(A) Chemical manufacturing entities. ``(B) Entities related to marine handling or transportation of chemicals. ``(C) Vessel design and construction entities. ``(D) Marine safety or security entities. ``(E) Marine environmental protection entities. ``(4) Distribution.--The Secretary shall, based on the needs of the Coast Guard, determine the number of members of the Committee who represent each entity specified in paragraph (3). Neither this paragraph nor any other provision of law shall be construed to require an equal distribution of members representing each entity specified in paragraph (3). ``Sec. 15102. National Commercial Fishing Safety Advisory Committee ``(a) Establishment.--There is established a National Commercial Fishing Safety Advisory Committee (in this section referred to as the `Committee'). ``(b) Function.--The Committee shall-- ``(1) advise the Secretary on matters relating to the safe operation of vessels to which chapter 45 of this title applies, including the matters of-- ``(A) navigation safety; ``(B) safety equipment and procedures; ``(C) marine insurance; ``(D) vessel design, construction, maintenance, and operation; and ``(E) personnel qualifications and training; and ``(2) review regulations proposed under chapter 45 of this title (during preparation of the regulations). ``(c) Membership.-- ``(1) In general.--The Committee shall consist of 18 members appointed by the Secretary in accordance with this section and section 15109 of this chapter. ``(2) Expertise.--Each member of the Committee shall have particular expertise, knowledge, and experience in matters relating to the function of the Committee. ``(3) Representation.--Members of the Committee shall be appointed as follows: ``(A) 10 members shall represent the commercial fishing industry and-- ``(i) as a group, shall together reflect a regional and representational balance; and [[Page H9627]] ``(ii) as individuals, shall each have experience-- ``(I) in the operation of vessels to which chapter 45 of this title applies; or ``(II) as a crew member or processing line worker on a fish processing vessel. ``(B) 1 member shall represent naval architects and marine engineers. ``(C) 1 member shall represent manufacturers of equipment for vessels to which chapter 45 of this title applies. ``(D) 1 member shall represent education and training professionals related to fishing vessel, fish processing vessel, and fish tender vessel safety and personnel qualifications. ``(E) 1 member shall represent underwriters that insure vessels to which chapter 45 of this title applies. ``(F) 1 member shall represent owners of vessels to which chapter 45 of this title applies. ``(G) 3 members shall represent the general public and, to the extent possible, shall include-- ``(i) an independent expert or consultant in maritime safety; ``(ii) a marine surveyor who provides services to vessels to which chapter 45 of this title applies; and ``(iii) a person familiar with issues affecting fishing communities and the families of fishermen. ``Sec. 15103. National Merchant Marine Personnel Advisory Committee ``(a) Establishment.--There is established a National Merchant Marine Personnel Advisory Committee (in this section referred to as the `Committee'). ``(b) Function.--The Committee shall advise the Secretary on matters relating to personnel in the United States merchant marine, including the training, qualifications, certification, documentation, and fitness of mariners. ``(c) Membership.-- ``(1) In general.--The Committee shall consist of 19 members appointed by the Secretary in accordance with this section and section 15109 of this chapter. ``(2) Expertise.--Each member of the Committee shall have particular expertise, knowledge, and experience in matters relating to the function of the Committee. ``(3) Representation.--Members of the Committee shall be appointed as follows: ``(A) 9 members shall represent mariners and, of the 9-- ``(i) each shall-- ``(I) be a citizen of the United States; and ``(II) hold an active license or certificate issued under chapter 71 of this title or a merchant mariner document issued under chapter 73 of this title; ``(ii) 3 shall be deck officers who represent merchant marine deck officers and, of the 3-- ``(I) 2 shall be licensed for oceans any gross tons; ``(II) 1 shall be licensed for inland river route with a limited or unlimited tonnage; ``(III) 2 shall have a master's license or a master of towing vessels license; ``(IV) 1 shall have significant tanker experience; and ``(V) to the extent practicable-- ``(aa) 1 shall represent labor; and ``(bb) 1 shall represent management; ``(iii) 3 shall be engineering officers who represent merchant marine engineering officers and, of the 3-- ``(I) 2 shall be licensed as chief engineer any horsepower; ``(II) 1 shall be licensed as either a limited chief engineer or a designated duty engineer; and ``(III) to the extent practicable-- ``(aa) 1 shall represent labor; and ``(bb) 1 shall represent management; ``(iv) 2 shall be unlicensed seamen who represent merchant marine unlicensed seaman and, of the 2-- ``(I) 1 shall represent able-bodied seamen; and ``(II) 1 shall represent qualified members of the engine department; and ``(v) 1 shall be a pilot who represents merchant marine pilots. ``(B) 6 members shall represent marine educators and, of the 6-- ``(i) 3 shall be marine educators who represent maritime academies and, of the 3-- ``(I) 2 shall represent State maritime academies (and are jointly recommended by such academies); and ``(II) 1 shall represent either State maritime academies or the United States Merchant Marine Academy; and ``(ii) 3 shall be marine educators who represent other maritime training institutions and, of the 3, 1 shall represent the small vessel industry. ``(C) 2 members shall represent shipping companies employed in ship operation management. ``(D) 2 members shall represent the general public. ``Sec. 15104. National Merchant Mariner Medical Advisory Committee ``(a) Establishment.--There is established a National Merchant Mariner Medical Advisory Committee (in this section referred to as the `Committee'). ``(b) Function.--The Committee shall advise the Secretary on matters relating to-- ``(1) medical certification determinations for the issuance of licenses, certification of registry, and merchant mariners' documents with respect to merchant mariners; ``(2) medical standards and guidelines for the physical qualifications of operators of commercial vessels; ``(3) medical examiner education; and ``(4) medical research. ``(c) Membership.-- ``(1) In general.--The Committee shall consist of 14 members appointed by the Secretary in accordance with this section and section 15109 of this chapter. ``(2) Expertise.--Each member of the Committee shall have particular expertise, knowledge, and experience in matters relating to the function of the Committee. ``(3) Representation.--Members of the Committee shall be appointed as follows: ``(A) 9 shall represent health-care professionals and have particular expertise, knowledge, and experience regarding the medical examinations of merchant mariners or occupational medicine. ``(B) 5 shall represent professional mariners and have particular expertise, knowledge, and experience in occupational requirements for mariners. ``Sec. 15105. National Boating Safety Advisory Committee ``(a) Establishment.--There is established a National Boating Safety Advisory Committee (in this section referred to as the `Committee'). ``(b) Function.--The Committee shall advise the Secretary on matters relating to national boating safety. ``(c) Membership.-- ``(1) In general.--The Committee shall consist of 21 members appointed by the Secretary in accordance with this section and section 15109 of this chapter. ``(2) Expertise.--Each member of the Committee shall have particular expertise, knowledge, and experience in matters relating to the function of the Committee. ``(3) Representation.--Members of the Committee shall be appointed as follows: ``(A) 7 members shall represent State officials responsible for State boating safety programs. ``(B) 7 members shall represent recreational vessel and associated equipment manufacturers. ``(C) 7 members shall represent the general public or national recreational boating organizations and, of the 7, at least 5 shall represent national recreational boating organizations. ``Sec. 15106. National Offshore Safety Advisory Committee ``(a) Establishment.--There is established a National Offshore Safety Advisory Committee (in this section referred to as the `Committee'). ``(b) Function.--The Committee shall advise the Secretary on matters relating to activities directly involved with, or in support of, the exploration of offshore mineral and energy resources, to the extent that such matters are within the jurisdiction of the Coast Guard. ``(c) Membership.-- ``(1) In general.--The Committee shall consist of 15 members appointed by the Secretary in accordance with this section and section 15109 of this chapter. ``(2) Expertise.--Each member of the Committee shall have particular expertise, knowledge, and experience in matters relating to the function of the Committee. ``(3) Representation.--Members of the Committee shall be appointed as follows: ``(A) 2 members shall represent entities engaged in the production of petroleum. ``(B) 2 members shall represent entities engaged in offshore drilling. ``(C) 2 members shall represent entities engaged in the support, by offshore supply vessels or other vessels, of offshore mineral and oil operations, including geophysical services. ``(D) 1 member shall represent entities engaged in the construction of offshore exploration and recovery facilities. ``(E) 1 member shall represent entities engaged in diving services related to offshore construction, inspection, and maintenance. ``(F) 1 member shall represent entities engaged in safety and training services related to offshore exploration and construction. ``(G) 1 member shall represent entities engaged in pipelaying services related to offshore construction. ``(H) 2 members shall represent individuals employed in offshore operations and, of the 2, 1 shall have recent practical experience on a vessel or offshore unit involved in the offshore mineral and energy industry. ``(I) 1 member shall represent national environmental entities. ``(J) 1 member shall represent deepwater ports. ``(K) 1 member shall represent the general public (but not a specific environmental group). ``Sec. 15107. National Navigation Safety Advisory Committee ``(a) Establishment.--There is established a National Navigation Safety Advisory Committee (in this section referred to as the `Committee'). ``(b) Function.--The Committee shall advise the Secretary on matters relating to maritime collisions, rammings, and groundings, Inland Rules of the Road, International Rules of the Road, navigation regulations and equipment, routing measures, marine information, and aids to navigation systems. ``(c) Membership.-- ``(1) In general.--The Committee shall consist of not more than 21 members appointed by the Secretary in accordance with this section and section 15109 of this chapter. ``(2) Expertise.--Each member of the Committee shall have particular expertise, knowledge, and experience in matters relating to the function of the Committee. ``(3) Representation.--Each member of the Committee shall represent 1 of the following: ``(A) Commercial vessel owners or operators. ``(B) Professional mariners. ``(C) Recreational boaters. ``(D) The recreational boating industry. ``(E) State agencies responsible for vessel or port safety. ``(F) The Maritime Law Association. ``(4) Distribution.--The Secretary shall, based on the needs of the Coast Guard, determine the number of members of the Committee who represent each entity specified in paragraph (3). Neither this paragraph nor any other [[Page H9628]] provision of law shall be construed to require an equal distribution of members representing each entity specified in paragraph (3). ``Sec. 15108. National Towing Safety Advisory Committee ``(a) Establishment.--There is established a National Towing Safety Advisory Committee (in this section referred to as the `Committee'). ``(b) Function.--The Committee shall advise the Secretary on matters relating to shallow-draft inland navigation, coastal waterway navigation, and towing safety. ``(c) Membership.-- ``(1) In general.--The Committee shall consist of 18 members appointed by the Secretary in accordance with this section and section 15109 of this chapter. ``(2) Expertise.--Each member of the Committee shall have particular expertise, knowledge, and experience in matters relating to the function of the Committee. ``(3) Representation.--Members of the Committee shall be appointed as follows: ``(A) 7 members shall represent the barge and towing industry, reflecting a regional geographic balance. ``(B) 1 member shall represent the offshore mineral and oil supply vessel industry. ``(C) 1 member shall represent masters and pilots of towing vessels who hold active licenses and have experience on the Western Rivers and the Gulf Intracoastal Waterway. ``(D) 1 member shall represent masters of towing vessels in offshore service who hold active licenses. ``(E) 1 member shall represent masters of active ship- docking or harbor towing vessels. ``(F) 1 member shall represent licensed and unlicensed towing vessel engineers with formal training and experience. ``(G) 2 members shall represent port districts, authorities, or terminal operators. ``(H) 2 members shall represent shippers and, of the 2, 1 shall be engaged in the shipment of oil or hazardous materials by barge. ``(I) 2 members shall represent the general public. ``Sec. 15109. Administration ``(a) Meetings.--Each committee established under this chapter shall, at least once each year, meet at the call of the Secretary or a majority of the members of the committee. ``(b) Employee Status.--A member of a committee established under this chapter shall not be considered an employee of the Federal Government by reason of service on such committee, except for the purposes of the following: ``(1) Chapter 81 of title 5. ``(2) Chapter 171 of title 28 and any other Federal law relating to tort liability. ``(c) Compensation.--Notwithstanding subsection (b), a member of a committee established under this chapter, when actually engaged in the performance of the duties of such committee, may-- ``(1) receive compensation at a rate established by the Secretary, not to exceed the maximum daily rate payable under section 5376 of title 5; or ``(2) if not compensated in accordance with paragraph (1)-- ``(A) be reimbursed for actual and reasonable expenses incurred in the performance of such duties; or ``(B) be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5. ``(d) Acceptance of Volunteer Services.--A member of a committee established under this chapter may serve on such committee on a voluntary basis without pay without regard to section 1342 of title 31 or any other law. ``(e) Status of Members.-- ``(1) In general.--Except as provided in paragraph (2), with respect to a member of a committee established under this chapter whom the Secretary appoints to represent an entity or group-- ``(A) the member is authorized to represent the interests of the applicable entity or group; and ``(B) requirements under Federal law that would interfere with such representation and that apply to a special Government employee (as defined in section 202(a) of title 18), including requirements relating to employee conduct, political activities, ethics, conflicts of interest, and corruption, do not apply to the member. ``(2) Exception.--Notwithstanding subsection (b), a member of a committee established under this chapter shall be treated as a special Government employee for purposes of the committee service of the member if-- ``(A) the Secretary appointed the member to represent the general public; or ``(B) the member, without regard to service on the committee, is a special Government employee. ``(f) Service on Committee.-- ``(1) Solicitation of nominations.--Before appointing an individual as a member of a committee established under this chapter, the Secretary shall publish, in the Federal Register, a timely notice soliciting nominations for membership on such committee. ``(2) Appointments.-- ``(A) In general.--After considering nominations received pursuant to a notice published under paragraph (1), the Secretary may, as necessary, appoint a member to the applicable committee established under this chapter. ``(B) Prohibition.--The Secretary shall not seek, consider, or otherwise use information concerning the political affiliation of a nominee in making an appointment to any committee established under this chapter. ``(3) Service at pleasure of the secretary.-- ``(A) In general.--Each member of a committee established under this chapter shall serve at the pleasure of the Secretary. ``(B) Exception.--Notwithstanding subparagraph (A), a member of the committee established under section 15102 may only be removed prior to the end of the term of that member for just cause. ``(4) Security background examinations.--The Secretary may require an individual to have passed an appropriate security background examination before appointment to a committee established under this chapter. ``(5) Prohibition.-- ``(A) In general.--Except as provided in subparagraph (B), a Federal employee may not be appointed as a member of a committee established under this chapter. ``(B) Special rule for national merchant marine personnel advisory committee.--The Secretary may appoint a Federal employee to serve as a member of the National Merchant Marine Personnel Advisory Committee to represent the interests of the United States Merchant Marine Academy and, notwithstanding paragraphs (1) and (2), may do so without soliciting, receiving, or considering nominations for such appointment. ``(6) Terms.-- ``(A) In general.--The term of each member of a committee established under this chapter shall expire on December 31 of the third full year after the effective date of the appointment. ``(B) Continued service after term.--When the term of a member of a committee established under this chapter ends, the member, for a ***period*** not to exceed 1 year, may continue to serve as a member until a successor is appointed. ``(7) Vacancies.--A vacancy on a committee established under this chapter shall be filled in the same manner as the original appointment. ``(8) Special rule for reappointments.--Notwithstanding paragraphs (1) and (2), the Secretary may reappoint a member of a committee established under this chapter for any term, other than the first term of the member, without soliciting, receiving, or considering nominations for such appointment. ``(g) Staff Services.--The Secretary shall furnish to each committee established under this chapter any staff and services considered by the Secretary to be necessary for the conduct of the committee's functions. ``(h) Chairman; Vice Chairman.-- ``(1) In general.--Each committee established under this chapter shall elect a Chairman and Vice Chairman from among the committee's members. ``(2) Vice chairman acting as chairman.--The Vice Chairman shall act as Chairman in the absence or incapacity of, or in the event of a vacancy in the office of, the Chairman. ``(i) Subcommittees and Working Groups.-- ``(1) In general.--The Chairman of a committee established under this chapter may establish and disestablish subcommittees and working groups for any purpose consistent with the function of the committee. ``(2) Participants.--Subject to conditions imposed by the Chairman, members of a committee established under this chapter and additional persons drawn from entities or groups designated by this chapter to be represented on the committee or the general public may be assigned to subcommittees and working groups established under paragraph (1). ``(3) Chair.--Only committee members may chair subcommittees and working groups established under paragraph (1). ``(j) Consultation, Advice, Reports, and Recommendations.-- ``(1) Consultation.-- ``(A) In general.--Before taking any significant action, the Secretary shall consult with, and consider the information, advice, and recommendations of, a committee established under this chapter if the function of the committee is to advise the Secretary on matters related to the significant action. ``(B) Inclusion.--For purposes of this paragraph, regulations proposed under chapter 45 of this title are significant actions. ``(2) Advice, reports, and recommendations.--Each committee established under this chapter shall submit, in writing, to the Secretary its advice, reports, and recommendations, in a form and at a frequency determined appropriate by the committee. ``(3) Explanation of actions taken.--Not later than 60 days after the date on which the Secretary receives recommendations from a committee under paragraph (2), the Secretary shall-- ``(A) publish the recommendations on a website accessible at no charge to the public; ``(B) if the recommendations are from the committee established under section 15102, establish a mechanism for the submission of public comments on the recommendations; and ``(C) respond, in writing, to the committee regarding the recommendations, including by providing an explanation of actions taken regarding the recommendations. ``(4) Submission to congress.-- ``(A) In general.--The Secretary shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate the advice, reports, and recommendations received from committees under paragraph (2). ``(B) Additional submission.--With respect to a committee established under section 70112 and to which this section applies, the Secretary shall submit the advice, reports, and recommendations received from the committee under paragraph (2) to the Committee on Homeland Security of the House of Representatives in addition to the committees specified in subparagraph (A). ``(k) Observers.--Any Federal agency with matters under such agency's administrative jurisdiction related to the function of a committee established under this chapter may designate a representative to-- ``(1) attend any meeting of such committee; and ``(2) participate as an observer at meetings of such committee that relate to such a matter. [[Page H9629]] ``(l) Termination.--Each committee established under this chapter shall terminate on September 30, 2027.''. (b) Clerical Amendment.--The analysis for subtitle II of title 46, United States Code, is amended by inserting after the item relating to chapter 147 the following: ``Part K-National Maritime Transportation Advisory Committees ``151. National Maritime Transportation Advisory Committees15101''..... (c) Conforming Amendments.-- (1) Commercial fishing safety advisory committee.--Section 4508 of title 46, United States Code, and the item relating to that section in the analysis for chapter 45 of that title, are repealed. (2) Merchant mariner medical advisory committee.--Section 7115 of title 46, United States Code, and the item relating to that section in the analysis for chapter 71 of that title, are repealed. (3) Merchant marine personnel advisory committee.-- (A) Repeal.--Section 8108 of title 46, United States Code, and the item relating to that section in the analysis for chapter 81 of that title, are repealed. (B) Conforming amendment.--Section 7510(c)(1)(C) of title 46, United States Code, is amended by inserting ``National'' before ``Merchant Marine''. (4) National boating safety advisory council.-- (A) Repeal.--Section 13110 of title 46, United States Code, and the item relating to that section in the analysis for chapter 131 of that title, are repealed. (B) Conforming amendments.-- (i) Regulations.--Section 4302(c)(4) of title 46, United States Code, is amended by striking ``Council established under section 13110 of this title'' and inserting ``Committee established under section 15105 of this title''. (ii) Repair and replacement of defects.--Section 4310(f) of title 46, United States Code, is amended by striking ``Advisory Council'' and inserting ``Advisory Committee''. (5) Navigation safety advisory council.--Section 5 of the Inland Navigational Rules Act of 1980 (33 U.S.C 2073) is repealed. (6) Towing safety advisory committee.-- (A) Repeal.--Public Law 96-380 (33 U.S.C 1231a) is repealed. (B) Conforming amendments.-- (i) Reduction of oil spills from single hull non-self- propelled tank vessels.--Section 3719 of title 46, United States Code, is amended by inserting ``National'' before ``Towing Safety''. (ii) Safety equipment.--Section 4102(f)(1) of title 46, United States Code, is amended by inserting ``National'' before ``Towing Safety''. (d) Treatment of Existing Councils and Committees.-- Notwithstanding any other provision of law-- (1) an advisory council or committee substantially similar to an advisory committee established under chapter 151 of title 46, United States Code, as added by this Act, and that was in force or in effect on the day before the date of enactment of this section, including a council or committee the authority for which was repealed under subsection (c), may remain in force or in effect for a ***period*** of 2 years from the date of enactment of this section, including that the charter, membership, and other aspects of the council or committee may remain in force or in effect; and (2) during the 2-year ***period*** referenced in paragraph (1)-- (A) requirements relating to the applicable advisory committee established under chapter 151 of title 46, United States Code, shall be treated as satisfied by the substantially similar advisory council or committee; and (B) the enactment of this section, including the amendments made in this section, shall not be the basis-- (i) to deem, find, or declare such council or committee, including the charter, membership, and other aspects thereof, void, not in force, or not in effect; (ii) to suspend the activities of such council or committee; or (iii) to bar the members of such council or committee from meeting. SEC. 602. MARITIME SECURITY ADVISORY COMMITTEES. (a) In General.--Section 70112 of title 46, United States Code, is amended to read as follows: ``Sec. 70112. Maritime Security Advisory Committees ``(a) National Maritime Security Advisory Committee.-- ``(1) Establishment.--There is established a National Maritime Security Advisory Committee (in this subsection referred to as the `Committee'). ``(2) Function.--The Committee shall advise the Secretary on matters relating to national maritime security, including on enhancing the sharing of information related to cybersecurity risks that may cause a transportation security incident, between relevant Federal agencies and-- ``(A) State, local, and tribal governments; ``(B) relevant public safety and emergency response agencies; ``(C) relevant law enforcement and security organizations; ``(D) maritime industry; ``(E) port owners and operators; and ``(F) terminal owners and operators. ``(3) Membership.-- ``(A) In general.--The Committee shall consist of at least 8 members, but not more than 21 members, appointed by the Secretary in accordance with this subsection and section 15109 of this title. ``(B) Expertise.--Each member of the Committee shall have particular expertise, knowledge, and experience in matters relating to the function of the Committee. ``(C) Representation.--Each of the following shall be represented by at least 1 member of the Committee: ``(i) Port authorities. ``(ii) Facilities owners and operators. ``(iii) Terminal owners and operators. ``(iv) Vessel owners and operators. ``(v) Maritime labor organizations. ``(vi) The academic community. ``(vii) State and local governments. ``(viii) The maritime industry. ``(D) Distribution.--If the Committee consists of at least 8 members who, together, satisfy the minimum representation requirements of subparagraph (C), the Secretary shall, based on the needs of the Coast Guard, determine the number of additional members of the Committee who represent each entity specified in that subparagraph. Neither this subparagraph nor any other provision of law shall be construed to require an equal distribution of members representing each entity specified in subparagraph (C). ``(4) Administration.--For purposes of section 15109 of this title, the Committee shall be treated as a committee established under chapter 151 of such title. ``(b) Area Maritime Security Advisory Committees.-- ``(1) In general.-- ``(A) Establishment.--The Secretary may-- ``(i) establish an Area Maritime Security Advisory Committee for any port area of the United States; and ``(ii) request such a committee to review the proposed Area Maritime Transportation Security Plan developed under section 70103(b) and make recommendations to the Secretary that the committee considers appropriate. ``(B) Additional functions and meetings.--A committee established under this subsection for an area-- ``(i) may advise, consult with, report to, and make recommendations to the Secretary on matters relating to maritime security in that area; ``(ii) may make available to the Congress recommendations that the committee makes to the Secretary; and ``(iii) shall meet at the call of-- ``(I) the Secretary, who shall call such a meeting at least once during each calendar year; or ``(II) a majority of the committee. ``(2) Membership.-- ``(A) In general.--Each committee established under this subsection shall consist of at least 7 members appointed by the Secretary, each of whom has at least 5 years practical experience in maritime security operations. ``(B) Terms.--The term of each member of a committee established under this subsection shall be for a ***period*** of not more than 5 years, specified by the Secretary. ``(C) Notice.--Before appointing an individual to a position on a committee established under this subsection, the Secretary shall publish a notice in the Federal Register soliciting nominations for membership on the committee. ``(D) Background examinations.--The Secretary may require an individual to have passed an appropriate security background examination before appointment to a committee established under this subsection. ``(E) Representation.--Each committee established under this subsection shall be composed of individuals who represent the interests of the port industry, terminal operators, port labor organizations, and other users of the port areas. ``(3) Chairperson and vice chairperson.-- ``(A) In general.--Each committee established under this subsection shall elect 1 of the committee's members as the Chairperson and 1 of the committee's members as the Vice Chairperson. ``(B) Vice chairperson acting as chairperson.--The Vice Chairperson shall act as Chairperson in the absence or incapacity of the Chairperson, or in the event of a vacancy in the office of the Chairperson. ``(4) Observers.-- ``(A) In general.--The Secretary shall, and the head of any other interested Federal agency may, designate a representative to participate as an observer with a committee established under this subsection. ``(B) Role.--The Secretary's designated representative to a committee established under this subsection shall act as the executive secretary of the committee and shall perform the duties set forth in section 10(c) of the Federal Advisory Committee Act (5 U.S.C App.). ``(5) Consideration of views.--The Secretary shall consider the information, advice, and recommendations of each committee established under this subsection in formulating policy regarding matters affecting maritime security. ``(6) Compensation and expenses.-- ``(A) In general.--A member of a committee established under this subsection, when attending meetings of the committee or when otherwise engaged in the business of the committee, is entitled to receive-- ``(i) compensation at a rate fixed by the Secretary, not exceeding the daily equivalent of the current rate of basic pay in effect for GS-15 of the General Schedule under section 5332 of title 5 including travel time; and ``(ii) travel or transportation expenses under section 5703 of title 5. ``(B) Status.--A member of a committee established under this subsection shall not be considered to be an officer or employee of the United States for any purpose based on the receipt of any payment under this paragraph. ``(7) FACA.--The Federal Advisory Committee Act (5 U.S.C App.) does not apply to a committee established under this subsection.''. (b) Treatment of Existing Committee.--Notwithstanding any other provision of law-- (1) an advisory committee substantially similar to the National Maritime Security Advisory [[Page H9630]] Committee established under section 70112(a) of title 46, United States Code, as amended by this section, and that was in force or in effect on the day before the date of enactment of this section, may remain in force or in effect for a ***period*** of 2 years from the date of enactment of this section, including that the charter, membership, and other aspects of the committee may remain in force or in effect; and (2) during the 2-year ***period*** referenced in paragraph (1)-- (A) requirements relating to the National Maritime Security Advisory Committee established under section 70112(a) of title 46, United States Code, as amended by this section, shall be treated as satisfied by the substantially similar advisory committee; and (B) the enactment of this section, including the amendments made in this section, shall not be the basis-- (i) to deem, find, or declare such committee, including the charter, membership, and other aspects thereof, void, not in force, or not in effect; (ii) to suspend the activities of such committee; or (iii) to bar the members of such committee from meeting. TITLE VII--FEDERAL MARITIME COMMISSION SEC. 701. SHORT TITLE. This title may be cited as the ``Federal Maritime Commission Authorization Act of 2017''. SEC. 702. AUTHORIZATION OF APPROPRIATIONS. Section 308 of title 46, United States Code, is amended by striking ``$24,700,000 for each of fiscal years 2016 and 2017'' and inserting ``$28,012,310 for fiscal year 2018 and $28,544,543 for fiscal year 2019''. SEC. 703. REPORTING ON IMPACT OF ALLIANCES ON COMPETITION. Section 306 of title 46, United States Code, is amended-- (1) in subsection (b)-- (A) in paragraph (4), by striking ``; and'' and inserting a semicolon; (B) in paragraph (5), by striking the ***period*** at the end and inserting ``; and''; and (C) by adding at the end the following: ``(6) an analysis of the impacts on competition for the purchase of certain covered services by alliances of ocean common carriers acting pursuant to an agreement under this part between or among ocean common carriers, including a summary of actions, including corrective actions, taken by the Commission to promote such competition.''; and (2) by adding at the end the following: ``(c) Definition of Certain Covered Services.--In this section, the term `certain covered services' has the meaning given the term in section 40102.''. SEC. 704. DEFINITION OF CERTAIN COVERED SERVICES. Section 40102 of title 46, United States Code, is amended-- (1) by redesignating paragraphs (5) through (25) as paragraphs (6) through (26), respectively; and (2) by inserting after paragraph (4), the following: ``(5) Certain covered services.--For purposes of sections 41105 and 41307, the term `certain covered services' means, with respect to a vessel-- ``(A) the berthing or bunkering of the vessel; ``(B) the loading or unloading of cargo to or from the vessel to or from a point on a wharf or terminal; ``(C) the positioning, removal, or replacement of buoys related to the movement of the vessel; and ``(D) with respect to injunctive relief under section 41307, towing vessel services provided to such a vessel.''. SEC. 705. REPORTS FILED WITH THE COMMISSION. Section 40104(a) of title 46, United States Code, is amended to read as follows: ``(a) Reports.-- ``(1) In general.--The Federal Maritime Commission may require a common carrier or marine terminal operator, or an officer, receiver, trustee, lessee, agent, or employee of the common carrier or marine terminal operator to file with the Commission a periodical or special report, an account, record, rate, or charge, or a memorandum of facts and transactions related to the business of the common carrier or marine terminal operator, as applicable. ``(2) Requirements.--Any report, account, record, rate, charge, or memorandum required to be filed under paragraph (1) shall-- ``(A) be made under oath if the Commission requires; and ``(B) be filed in the form and within the time prescribed by the Commission. ``(3) Limitation.--The Commission shall-- ``(A) limit the scope of any filing ordered under this section to fulfill the objective of the order; and ``(B) provide a reasonable ***period*** of time for respondents to respond based upon their capabilities and the scope of the order.''. SEC. 706. PUBLIC PARTICIPATION. (a) Notice of Filing.--Section 40304(a) of title 46, United States Code, is amended to read as follows: ``(a) Notice of Filing.--Not later than 7 days after the date an agreement is filed, the Federal Maritime Commission shall-- ``(1) transmit a notice of the filing to the Federal Register for publication; and ``(2) request interested persons to submit relevant information and documents.''. (b) Request for Information and Documents.--Section 40304(d) of title 46, United States Code, is amended by striking ``section'' and inserting ``part''. (c) Saving Clause.--Nothing in this section, or the amendments made by this section, may be construed-- (1) to prevent the Federal Maritime Commission from requesting from a person, at any time, any additional information or documents the Commission considers necessary to carry out chapter 403 of title 46, United States Code; (2) to prescribe a specific deadline for the submission of relevant information and documents in response to a request under section 40304(a)(2) of title 46, United States Code; or (3) to limit the authority of the Commission to request information under section 40304(d) of title 46, United States Code. SEC. 707. OCEAN TRANSPORTATION INTERMEDIARIES. (a) License Requirement.--Section 40901(a) of title 46, United States Code, is amended by inserting ``advertise, hold oneself out, or'' after ``may not''. (b) Applicability.--Section 40901 of title 46, United States Code, is amended by adding at the end the following: ``(c) Applicability.--Subsection (a) and section 40902 do not apply to a person that performs ocean transportation intermediary services on behalf of an ocean transportation intermediary for which it is a disclosed agent.''. (c) Financial Responsibility.--Section 40902(a) of title 46, United States Code, is amended by inserting ``advertise, hold oneself out, or'' after ``may not''. SEC. 708. COMMON CARRIERS. (a) Section 41104 of title 46, United States Code, is amended-- (1) in the matter preceding paragraph (1), by inserting ``(a) In General.--'' before ``A common carrier''; (2) in subsection (a), as designated-- (A) by amending paragraph (11) to read as follows: ``(11) knowingly and willfully accept cargo from or transport cargo for the account of a non-vessel-operating common carrier that does not have a tariff as required by section 40501 of this title, or an ocean transportation intermediary that does not have a bond, insurance, or other surety as required by section 40902 of this title;''; (B) in paragraph (12), by striking the ***period*** at the end and inserting ``; or''; and (C) by adding at the end the following: ``(13) continue to participate simultaneously in a rate discussion agreement and an agreement to share vessels, in the same trade, if the interplay of the authorities exercised by the specified agreements is likely, by a reduction in competition, to produce an unreasonable reduction in transportation service or an unreasonable increase in transportation cost.''; and (3) by adding at the end the following: ``(b) Rule of Construction.--Notwithstanding any other provision of law, there is no private right of action to enforce the prohibition under subsection (a)(13). ``(c) Agreement Violation.--Participants in an agreement found by the Commission to violate subsection (a)(13) shall have 90 days from the date of such Commission finding to withdraw from the agreement as necessary to comply with that subsection.''. (b) Application.--Section 41104(a)(13) of title 46, United States Code, as amended, shall apply to any agreement filed or with an effective date before, on, or after the date of enactment of this Act. SEC. 709. NEGOTIATIONS. (a) Concerted Action.--Section 41105 of title 46, United States Code, is amended-- (1) by redesignating paragraphs (5) through (8) as paragraphs (7) through (10), respectively; and (2) by inserting after paragraph (4) the following: ``(5) negotiate with a tug or towing vessel service provider on any matter relating to rates or services provided within the United States by those tugs or towing vessels; ``(6) with respect to a vessel operated by an ocean common carrier within the United States, negotiate for the purchase of certain covered services, unless the negotiations and any resulting agreements are not in violation of the antitrust laws and are consistent with the purposes of this part, except that this paragraph does not prohibit the setting and publishing of a joint through rate by a conference, joint venture, or association of ocean common carriers;''. (b) Authority.--Chapter 411 of title 46, United States Code, is amended-- (1) by inserting after section 41105 the following: ``Sec. 41105A. Authority ``Nothing in section 41105, as amended by the Federal Maritime Commission Authorization Act of 2017, shall be construed to limit the authority of the Department of Justice regarding antitrust matters.''; and (2) in the analysis at the beginning of chapter 411, by inserting after the item relating to section 41105 the following: ``41105A. Authority.''. (c) Exemption.--Section 40307(b)(1) of title 46, United States Code, is amended by inserting ``tug operators,'' after ``motor carriers,''. SEC. 710. INJUNCTIVE RELIEF SOUGHT BY THE COMMISSION. (a) In General.--Section 41307(b) of title 46, United States Code is amended-- (1) in paragraph (1) by inserting ``or to substantially lessen competition in the purchasing of certain covered services'' after ``transportation cost''; and (2) by adding at the end the following: ``(4) Competition factors.--In making a determination under this subsection regarding whether an agreement is likely to substantially lessen competition in the purchasing of certain covered services, the Commission may consider any relevant competition factors in affected markets, including, without limitation, the competitive effect of agreements other than the agreement under review.''. [[Page H9631]] (b) Application.--Section 41307(b) of title 46, United States Code, as amended, shall apply to any agreement filed or with an effective date before, on, or after the date of enactment of this Act. SEC. 711. DISCUSSIONS. (a) In General.--Section 303 of title 46, United States Code, is amended to read as follows: ``Sec. 303. Meetings ``(a) In General.--The Federal Maritime Commission shall be deemed to be an agency for purposes of section 552b of title 5. ``(b) Record.--The Commission, through its secretary, shall keep a record of its meetings and the votes taken on any action, order, contract, or financial transaction of the Commission. ``(c) Nonpublic Collaborative Discussions.-- ``(1) In general.--Notwithstanding section 552b of title 5, a majority of the Commissioners may hold a meeting that is not open to public observation to discuss official agency business if-- ``(A) no formal or informal vote or other official agency action is taken at the meeting; ``(B) each individual present at the meeting is a Commissioner or an employee of the Commission; ``(C) at least 1 Commissioner from each political party is present at the meeting, if applicable; and ``(D) the General Counsel of the Commission is present at the meeting. ``(2) Disclosure of nonpublic collaborative discussions.-- Except as provided under paragraph (3), not later than 2 business days after the conclusion of a meeting under paragraph (1), the Commission shall make available to the public, in a place easily accessible to the public-- ``(A) a list of the individuals present at the meeting; and ``(B) a summary of the matters discussed at the meeting, except for any matters the Commission properly determines may be withheld from the public under section 552b(c) of title 5. ``(3) Exception.--If the Commission properly determines matters may be withheld from the public under section 555b(c) of title 5, the Commission shall provide a summary with as much general information as possible on those matters withheld from the public. ``(4) Ongoing proceedings.--If a meeting under paragraph (1) directly relates to an ongoing proceeding before the Commission, the Commission shall make the disclosure under paragraph (2) on the date of the final Commission decision. ``(5) Preservation of open meetings requirements for agency action.--Nothing in this subsection may be construed to limit the applicability of section 552b of title 5 with respect to a meeting of the Commissioners other than that described in this subsection. ``(6) Statutory construction.--Nothing in this subsection may be construed-- ``(A) to limit the applicability of section 552b of title 5 with respect to any information which is proposed to be withheld from the public under paragraph (2)(B) of this subsection; or ``(B) to authorize the Commission to withhold from any individual any record that is accessible to that individual under section 552a of title 5.''. (b) Table of Contents.--The analysis at the beginning of chapter 3 of title 46, United States Code, is amended by amending the item relating to section 303 to read as follows: ``303. Meetings.''. SEC. 712. TRANSPARENCY. (a) In General.--Beginning not later than 60 days after the date of enactment of this Act, the Federal Maritime Commission shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives biannual reports that describe the Commission's progress toward addressing the issues raised in each unfinished regulatory proceeding, regardless of whether the proceeding is subject to a statutory or regulatory deadline. (b) Format of Reports.--Each report under subsection (a) shall, among other things, clearly identify for each unfinished regulatory proceeding-- (1) the popular title; (2) the current stage of the proceeding; (3) an abstract of the proceeding; (4) what prompted the action in question; (5) any applicable statutory, regulatory, or judicial deadline; (6) the associated docket number; (7) the date the rulemaking was initiated; (8) a date for the next action; and (9) if a date for next action identified in the previous report is not met, the reason for the delay. SEC. 713. STUDY OF BANKRUPTCY PREPARATION AND RESPONSE. (a) Study.--The Comptroller General of the United States shall conduct a study that examines the immediate aftermath of a major ocean carrier bankruptcy and its impact through the supply chain. The study shall consider any financial mechanisms that could be used to mitigate the impact of any future bankruptcy events on the supply chain. (b) Report.--No later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report containing the findings, conclusions, and recommendations, if any, from the study required under subsection (a). SEC. 714. AGREEMENTS UNAFFECTED. Nothing in this Act may be construed-- (1) to limit or amend the definition of ``agreement'' in section 40102(1) of title 46, United States Code, with respect to the exclusion of maritime labor agreements; or (2) to apply to a maritime labor agreement (as defined in section 40102(15) of that title). TITLE VIII--MISCELLANEOUS SEC. 801. REPEAL OF OBSOLETE REPORTING REQUIREMENT. Subsection (h) of section 888 of the Homeland Security Act of 2002 (6 U.S.C 468) is repealed. SEC. 802. CORRECTIONS TO PROVISIONS ENACTED BY COAST GUARD AUTHORIZATION ACTS. Section 604(b) of the Howard Coble Coast Guard and Maritime Transportation Act of 2014 (Public Law 113-281; 128 Stat. 3061) is amended by inserting ``and fishery endorsement'' after ``endorsement''. SEC. 803. OFFICER EVALUATION REPORT. (a) In General.--Not later than 3 years after the date of the enactment of this Act, the Commandant of the Coast Guard shall reduce lieutenant junior grade evaluation reports to the same length as an ensign or place lieutenant junior grade evaluations on an annual schedule. (b) Surveys.--Not later than 1 year after the date of the enactment of this Act, the Commandant of the Coast Guard shall conduct surveys of-- (1) outgoing promotion board members and assignment officers to determine, at a minimum-- (A) which sections of the officer evaluation report were most useful; (B) which sections of the officer evaluation report were least useful; (C) how to better reflect high performers; and (D) any recommendations for improving the officer evaluation report; and (2) at least 10 percent of the officers from each grade of officers from O1 to O6 to determine how much time each member of the rating chain spends on that member's portion of the officer evaluation report. (c) Revisions.-- (1) In general.--Not later than 4 years after the date of the completion of the surveys required by subsection (b), the Commandant of the Coast Guard shall revise the officer evaluation report, and provide corresponding directions, taking into account the requirements under paragraph (2). (2) Requirements.--In revising the officer evaluation report under paragraph (1), the Commandant shall-- (A) consider the findings of the surveys under subsection (b); (B) improve administrative efficiency; (C) reduce and streamline performance dimensions and narrative text; (D) eliminate redundancy with the officer specialty management system and any other record information systems that are used during the officer assignment or promotion process; (E) provide for fairness and equity for Coast Guard officers with regard to promotion boards, selection panels, and the assignment process; and (F) ensure officer evaluation responsibilities can be accomplished within normal working hours-- (i) to minimize any impact to officer duties; and (ii) to eliminate any need for an officer to take liberty or leave for administrative purposes. (d) Report.-- (1) In general.--Not later than 545 days after the date of the enactment of this Act, the Commandant of the Coast Guard shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report on the findings of the surveys under subsection (b). (2) Format.--The report under paragraph (1) shall be formatted by each rank, type of board, and position, as applicable. SEC. 804. EXTENSION OF AUTHORITY. Section 404 of the Coast Guard Authorization Act of 2010 (Public Law 111-281; 124 Stat. 2950) is amended-- (1) in subsection (a), in the text preceding paragraph (1), by striking ``sections 3304, 5333, and 5753'' and inserting ``section 3304''; and (2) by striking subsection (b), and redesignating subsection (c) as subsection (b). SEC. 805. COAST GUARD ROTC PROGRAM. Not later than 1 year after the date of enactment of this Act, the Commandant of the Coast Guard shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report on the costs and benefits of creating a Coast Guard Reserve Officers' Training Corps Program based on the other Armed Forces programs. SEC. 806. CURRENCY DETECTION CANINE TEAM PROGRAM. (a) Definitions.--In this section: (1) Canine currency detection team.--The term ``canine currency detection team'' means a canine and a canine handler that are trained to detect currency. (2) Secretary.--The term ``Secretary'' means the Secretary of the department in which the Coast Guard is operating. (b) Establishment.--Not later than 1 year after the date of enactment of this Act, the Secretary shall establish a program to allow the use of canine currency detection teams for purposes of Coast Guard maritime law enforcement, including underway vessel boardings. (c) Operation.--The Secretary may cooperate with, or enter into an agreement with, the head of another Federal agency to meet the requirements under subsection (b). [[Page H9632]] SEC. 807. CENTER OF EXPERTISE FOR GREAT LAKES OIL SPILL SEARCH AND RESPONSE. (a) In General.--Not later than 1 year after the date of enactment of this Act, the Commandant of the Coast Guard shall establish a Center of Expertise for Great Lakes Oil Spill Preparedness and Response (referred to in this section as the ``Center of Expertise'') in accordance with section 313 of title 14, United States Code, as amended by this Act. (b) Location.--The Center of Expertise shall be located in close proximity to-- (1) critical crude oil transportation infrastructure on and connecting the Great Lakes, such as submerged pipelines and high-traffic navigation locks; and (2) an institution of higher education with adequate aquatic research laboratory facilities and capabilities and expertise in Great Lakes aquatic ecology, environmental chemistry, fish and wildlife, and water resources. (c) Functions.--The Center of Expertise shall-- (1) monitor and assess, on an ongoing basis, the current state of knowledge regarding freshwater oil spill response technologies and the behavior and effects of oil spills in the Great Lakes; (2) identify any significant gaps in Great Lakes oil spill research, including an assessment of major scientific or technological deficiencies in responses to past spills in the Great Lakes and other freshwater bodies, and seek to fill those gaps; (3) conduct research, development, testing, and evaluation for freshwater oil spill response equipment, technologies, and techniques to mitigate and respond to oil spills in the Great Lakes; (4) educate and train Federal, State, and local first responders located in Coast Guard District 9 in-- (A) the incident command system structure; (B) Great Lakes oil spill response techniques and strategies; and (C) public affairs; and (5) work with academic and private sector response training centers to develop and standardize maritime oil spill response training and techniques for use on the Great Lakes. (d) Definition.--In this section, the term ``Great Lakes'' means Lake Superior, Lake Michigan, Lake Huron, Lake Erie, and Lake Ontario. SEC. 808. PUBLIC SAFETY ANSWERING POINTS AND MARITIME SEARCH AND RESCUE COORDINATION. Not later than 180 days after the date of the enactment of this Act-- (1) the Secretary of the department in which the Coast Guard is operating acting through the Commandant of the Coast Guard shall review Coast Guard policies and procedures for public safety answering points and search-and-rescue coordination with State and local law enforcement entities in order to-- (A) further minimize the possibility of maritime 911 calls being improperly routed; and (B) assure the Coast Guard is able to effectively carry out the Coast Guard's maritime search and rescue mission; and (2) the Commandant shall-- (A) formulate a national maritime public safety answering points policy; and (B) submit a report to the Congress on such assessment and policy, which shall include an update to the report submitted in accordance with section 233 of the Howard Coble Coast Guard and Maritime Transportation Act of 2014. SEC. 809. SHIP SHOAL LIGHTHOUSE TRANSFER: REPEAL. Effective January 1, 2021, section 27 of the Coast Guard Authorization Act of 1991 (Public Law 102-241; 105 Stat. 2218) is repealed. SEC. 810. LAND EXCHANGE, AYAKULIK ISLAND, ALASKA. (a) Land Exchange; Ayakulik Island, Alaska.--If the owner of Ayakulik Island, Alaska, offers to exchange the Island for the Tract-- (1) within 10 days after receiving such offer, the Secretary shall provide notice of the offer to the Commandant; (2) within 90 days after receiving the notice under paragraph (1), the Commandant shall develop and transmit to the Secretary proposed operational restrictions on commercial activity conducted on the Tract, including the right of the Commandant to-- (A) order the immediate termination, for a ***period*** of up to 72 hours, of any activity occurring on or from the Tract that violates or threatens to violate one or more of such restrictions; or (B) commence a civil action for appropriate relief, including a permanent or temporary injunction enjoining the activity that violates or threatens to violate such restrictions; (3) within 90 days after receiving the proposed operational restrictions from the Commandant, the Secretary shall transmit such restrictions to the owner of Ayakulik Island; and (4) within 30 days after transmitting the proposed operational restrictions to the owner of Ayakulik Island, and if the owner agrees to such restrictions, the Secretary shall convey all right, title, and interest of the United States in and to the Tract to the owner, subject to an easement granted to the Commandant to enforce such restrictions, in exchange for all right, title, and interest of such owner in and to Ayakulik Island. (b) Boundary Revisions.--The Secretary may make technical and conforming revisions to the boundaries of the Tract before the date of the exchange. (c) Public Land Order.--Effective on the date of an exchange under subsection (a), Public Land Order 5550 shall have no force or effect with respect to submerged lands that are part of the Tract. (d) Failure to Timely Respond to Notice.--If the Commandant does not transmit proposed operational restrictions to the Secretary within 30 days after receiving the notice under subsection (a)(1), the Secretary shall, by not later than 60 days after transmitting such notice, convey all right, title, and interest of the United States in and to the Tract to the owner of Ayakulik Island in exchange for all right, title, and interest of such owner in and to Ayakulik Island. (e) CERCLA Not Affected.--This section and an exchange under this section shall not be construed to limit the application of or otherwise affect section 120(h) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C 9620(h)). (f) Definitions.--In this section: (1) Commandant.--The term ``Commandant'' means the Secretary of the department in which the Coast Guard is operating, acting through the Commandant of the Coast Guard. (2) Secretary.--The term ``Secretary'' means the Secretary of the Interior. (3) Tract.--The term ``Tract'' means the land (including submerged land) depicted as ``PROPOSED PROPERTY EXCHANGE AREA'' on the survey titled ``PROPOSED PROPERTY EXCHANGE PARCEL'' and dated 3/22/17. SEC. 811. USE OF TRACT 43. Section 524(e)(2) of the Pribilof Island Transition Completion Act of 2016 (Public Law 114-120), as amended by section 3533 of the Pribilof Island Transition Completion Amendments Act of 2016 (subtitle B of title XXXV of Public Law 114-328), is amended by-- (1) striking ``each month'' and inserting ``each April and October''; and (2) striking ``previous month'' and inserting ``previous six months''. SEC. 812. COAST GUARD MARITIME DOMAIN AWARENESS. (a) In General.--The Secretary of the department in which the Coast Guard is operating shall seek to enter into an arrangement with the National Academy of Sciences not later than 60 days after the date of the enactment of this Act under which the Academy shall prepare an assessment of available unmanned, autonomous, or remotely controlled maritime domain awareness technologies for use by the Coast Guard. (b) Assessment.--The assessment shall-- (1) describe the potential limitations of current and emerging unmanned technologies used in the maritime domain for-- (A) ocean observation; (B) vessel monitoring and identification; (C) weather observation; (D) to the extent practicable for consideration by the Academy, intelligence gathering, surveillance, and reconnaissance; and (E) communications; (2) examine how technologies described in paragraph (1) can help prioritize Federal investment by examining; (A) affordability, including acquisition, operations, and maintenance; (B) reliability; (C) versatility; (D) efficiency; and (E) estimated service life and persistence of effort; and (3) analyze whether the use of new and emerging maritime domain awareness technologies can be used to-- (A) carry out Coast Guard missions at lower costs; (B) expand the scope and range of Coast Guard maritime domain awareness; (C) allow the Coast Guard to more efficiently and effectively allocate Coast Guard vessels, aircraft, and personnel; and (D) identify adjustments that would be necessary in Coast Guard policies, procedures, and protocols to incorporate unmanned technologies to enhance efficiency. (c) Report to Congress.--Not later than 1 year after entering into an arrangement with the Secretary under subsection (a), the National Academy of Sciences shall submit the assessment prepared under this section to the Committees on Transportation and Infrastructure and Homeland Security of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate. (d) Use of Information.--In formulating costs pursuant to subsection (b), the National Academy of Sciences may utilize information from other Coast Guard reports, assessments, or analyses regarding existing Coast Guard manpower requirements or other reports, assessments, or analyses for the acquisition of unmanned, autonomous, or remotely controlled technologies by the Federal Government. SEC. 813. MONITORING. (a) In General.--The Secretary of the department in which the Coast Guard is operating shall conduct a 1-year pilot program to determine the impact of persistent use of different types of surveillance systems on illegal maritime activities, including illegal, unreported, and unregulated fishing, in the Western Pacific region. (b) Requirements.--The pilot program shall-- (1) consider the use of light aircraft-based detection systems that can identify potential illegal activity from high altitudes and produce enforcement-quality evidence at low altitudes; and (2) be directed at detecting and deterring illegal maritime activities, including illegal, unreported, and unregulated fishing, and enhancing maritime domain awareness. SEC. 814. REIMBURSEMENTS FOR NON-FEDERAL CONSTRUCTION COSTS OF CERTAIN AIDS TO NAVIGATION. (a) In General.--Subject to the availability of amounts specifically provided in advance in subsequent appropriations Acts and in accordance with this section, the Commandant of the Coast Guard may reimburse a non-Federal entity for costs incurred by the entity for a covered project. (b) Conditions.--The Commandant may not provide reimbursement under subsection (a) with respect to a covered project unless-- [[Page H9633]] (1) the need for the project is a result of the completion of construction with respect to a federally authorized navigation channel; (2) the Commandant determines, through an appropriate navigation safety analysis, that the project is necessary to ensure safe marine transportation; (3) the Commandant approves the design of the project to ensure that it meets all applicable Coast Guard aids-to- navigation standards and requirements; (4) the non-Federal entity agrees to transfer the project upon completion to the Coast Guard for operation and maintenance by the Coast Guard as a Federal aid to navigation; (5) the non-Federal entity carries out the project in accordance with the same laws and regulations that would apply to the Coast Guard if the Coast Guard carried out the project, including obtaining all permits required for the project under Federal and State law; and (6) the Commandant determines that the project satisfies such additional requirements as may be established by the Commandant. (c) Limitations.--Reimbursements under subsection (a) may not exceed the following: (1) For a single covered project, $5,000,000. (2) For all covered projects in a single fiscal year, $5,000,000. (d) Expiration.--The authority granted under this section shall expire on the date that is 4 years after the date of enactment of this section. (e) Covered Project Defined.--In this section, the term ``covered project'' means a project carried out-- (1) by a non-Federal entity to construct and establish an aid to navigation that facilitates safe and efficient marine transportation on a Federal navigation project authorized by title I of the Water Resources Development Act of 2007 (Public Law 110-114); and (2) in an area that was affected by Hurricane Harvey. SEC. 815. TOWING SAFETY MANAGEMENT SYSTEM FEES. (a) Review.--The Commandant of the Coast Guard shall-- (1) review and compare the costs to the Government of-- (A) towing vessel inspections performed by the Coast Guard; and (B) such inspections performed by a third party; and (2) based on such review and comparison, determine whether the costs to the Government of such inspections performed by a third party are different than the costs to the Government of such inspections performed by the Coast Guard. (b) Revision of Fees.--If the Commandant determines under subsection (a) that the costs to the Government of such inspections performed by a third party are different than the costs to the Government of such inspections performed by the Coast Guard, then the Commandant shall revise the fee assessed by the Coast Guard for such inspections as necessary to conform to the requirements under section 9701 of title 31, United States Code, that such fee be based on the cost to the Government of such inspections and accurately reflect such costs. SEC. 816. OIL SPILL DISBURSEMENTS AUDITING AND REPORT. Section 1012 of the Oil Pollution Act of 1990 (33 U.S.C 2712) is amended-- (1) by repealing subsection (g); (2) in subsection (l)(1), by striking ``Within one year after the date of enactment of the Coast Guard Authorization Act of 2010, and annually thereafter,'' and inserting ``Each year, on the date on which the President submits to Congress a budget under section 1105 of title 31, United States Code,''; and (3) by amending subsection (l)(2) to read as follows: ``(2) Contents.--The report shall include-- ``(A) a list of each incident that-- ``(i) occurred in the preceding fiscal year; and ``(ii) resulted in disbursements from the ***Fund***, for removal costs and damages, totaling $500,000 or more; ``(B) a list of each incident that-- ``(i) occurred in the fiscal year preceding the preceding fiscal year; and ``(ii) resulted in disbursements from the ***Fund***, for removal costs and damages, totaling $500,000 or more; and ``(C) an accounting of any amounts reimbursed to the ***Fund*** in the preceding fiscal year that were recovered from a responsible party for an incident that resulted in disbursements from the ***Fund***, for removal costs and damages, totaling $500,000 or more.''. SEC. 817. FLEET REQUIREMENTS ASSESSMENT AND STRATEGY. (a) Report.--Not later than 1 year after the date of enactment of this Act, the Secretary of the department in which the Coast Guard is operating, in consultation with interested Federal and non-Federal stakeholders, shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report including-- (1) an assessment of Coast Guard at-sea operational fleet requirements to support its statutory missions established in the Homeland Security Act of 2002 (6 U.S.C 101 et seq.); and (2) a strategic plan for meeting the requirements identified under paragraph (1). (b) Contents.--The report under subsection (a) shall include-- (1) an assessment of-- (A) the extent to which the Coast Guard at-sea operational fleet requirements referred to in subsection (a)(1) are currently being met; (B) the Coast Guard's current fleet, its operational lifespan, and how the anticipated changes in the age and distribution of vessels in the fleet will impact the ability to meet at-sea operational requirements; (C) fleet operations and recommended improvements to minimize costs and extend operational vessel life spans; and (D) the number of Fast Response Cutters, Offshore Patrol Cutters, and National Security Cutters needed to meet at-sea operational requirements as compared to planned acquisitions under the current programs of record; (2) an analysis of-- (A) how the Coast Guard at-sea operational fleet requirements are currently met, including the use of the Coast Guard's current cutter fleet, agreements with partners, chartered vessels, and unmanned vehicle technology; and (B) whether existing and planned cutter programs of record (including the Fast Response Cutter, Offshore Patrol Cutter, and National Security Cutter) will enable the Coast Guard to meet at-sea operational requirements; and (3) a description of-- (A) planned manned and unmanned vessel acquisition; and (B) how such acquisitions will change the extent to which the Coast Guard at-sea operational requirements are met. (c) Consultation and Transparency.-- (1) Consultation.--In consulting with the Federal and non- Federal stakeholders under subsection (a), the Secretary of the department in which the Coast Guard is operating shall-- (A) provide the stakeholders with opportunities for input-- (i) prior to initially drafting the report, including the assessment and strategic plan; and (ii) not later than 3 months prior to finalizing the report, including the assessment and strategic plan, for submission; and (B) document the input and its disposition in the report. (2) Transparency.--All input provided under paragraph (1) shall be made available to the public. (d) Ensuring Maritime Coverage.--In order to meet Coast Guard mission requirements for search and rescue, ports, waterways, and coastal security, and maritime environmental response during recapitalization of Coast Guard vessels, the Coast Guard shall ensure ***continuity*** of the coverage, to the maximum extent practicable, in the locations that may lose assets. SEC. 818. NATIONAL SECURITY CUTTER. (a) Standard Method for Tracking.--The Commandant of the Coast Guard may not certify an eighth National Security Cutter as Ready for Operations before the date on which the Commandant provides to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate-- (1) a notification of a new standard method for tracking operational employment of Coast Guard major cutters that does not include time during which such a cutter is away from its homeport for maintenance or repair; and (2) a report analyzing cost and performance for different approaches to achieving varied levels of operational employment using the standard method required by paragraph (1) that, at a minimum-- (A) compares over a 30-year ***period*** the average annualized baseline cost and performances for a certified National Security Cutter that operated for 185 days away from homeport or an equivalent alternative measure of operational tempo-- (i) against the cost of a 15 percent increase in days away from homeport or an equivalent alternative measure of operational tempo for a National Security Cutter; and (ii) against the cost of the acquisition and operation of an additional National Security Cutter; and (B) examines the optimal level of operational employment of National Security Cutters to balance National Security Cutter cost and mission performance. (b) Conforming Amendments.-- (1) Section 221(b) of the Coast Guard and Maritime Transportation Act of 2012 (126 Stat. 1560) is repealed. (2) Section 204(c)(1) of the Coast Guard Authorization Act of 2016 (130 Stat. 35) is repealed. SEC. 819. ACQUISITION PLAN FOR INLAND WATERWAY AND RIVER TENDERS AND BAY-CLASS ICEBREAKERS. (a) Acquisition Plan.--Not later than 270 days after the date of the enactment of this Act, the Commandant of the Coast Guard shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a plan to replace or extend the life of the Coast Guard fleet of inland waterway and river tenders, and the Bay-class icebreakers. (b) Contents.--The plan under subsection (a) shall include-- (1) an analysis of the work required to extend the life of vessels described in subsection (a); (2) recommendations for which, if any, such vessels it is cost effective to undertake a ship-life extension or enhanced maintenance program; (3) an analysis of the aids to navigation program to determine if advances in navigation technology may reduce the needs for physical aids to navigation; (4) recommendations for changes to physical aids to navigation and the distribution of such aids that reduce the need for the acquisition of vessels to replace the vessels described in subsection (a); (5) a schedule for the acquisition of vessels to replace the vessels described in subsection (a), including the date on which the first vessel will be delivered; (6) the date such acquisition will be complete; (7) a description of the order and location of replacement vessels; (8) an estimate of the cost per vessel and of the total cost of the acquisition program of record; and [[Page H9634]] (9) an analysis of whether existing vessels can be used. SEC. 820. GREAT LAKES ICEBREAKER ACQUISITION. (a) Icebreaking on the Great Lakes.--For fiscal years 2018 and 2019, the Commandant of the Coast Guard may use ***funds*** made available pursuant to section 4902 of title 14, United States Code, as amended by this Act, for the construction of an icebreaker that is at least as capable as the Coast Guard Cutter Mackinaw to enhance icebreaking capacity on the Great Lakes. (b) Acquisition Plan.--Not later than 45 days after the date of enactment of this Act, the Commandant shall submit a plan to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives for acquiring an icebreaker described in subsections (a) and (b). Such plan shall include-- (1) the details and schedule of the acquisition activities to be completed; and (2) a description of how the ***funding*** for Coast Guard acquisition, construction, and improvements that was appropriated under the Consolidated Appropriations Act, 2017 (Public Law 115-31) will be allocated to support the acquisition activities referred to in paragraph (1). SEC. 821. POLAR ICEBREAKERS. (a) Enhanced Maintenance Program for the Polar Star.-- (1) In general.--Subject to the availability of appropriations, the Commandant of the Coast Guard shall conduct an enhanced maintenance program on Coast Guard Cutter Polar Star (WAGB-10) to extend the service life of such vessel until at least December 31, 2025. (2) Requirement for report.--Not later than 180 days after the date of the enactment of the Coast Guard Authorization Act of 2017, the Secretary of the department in which the Coast Guard is operating, in consultation with Naval Sea Systems Command, shall submit to the Committee on Commerce, Science, and Transportation and the Committee on Armed Services of the Senate and the Committee on Transportation and Infrastructure and the Committee on Armed Services of the House of Representatives a detailed report describing a plan to extend the service life of the Coast Guard Cutter Polar Star (WAGB-10) until at least December 31, 2025, through an enhanced maintenance program. (3) Content.--The report required by paragraph (2) shall include the following: (A) An assessment and discussion of the enhanced maintenance program recommended by the National Academies of Sciences, Engineering, and Medicine's Committee on Polar Icebreaker Cost Assessment in the letter report ``Acquisition and Operation of Polar Icebreakers: Fulfilling the Nation's Needs''. (B) An assessment and discussion of the Government Accountability Office's concerns and recommendations regarding service life extension work on Coast Guard Cutter Polar Star (WAGB-10) in the report ``Status of the Coast Guard's Polar Icebreaking Fleet Capability and Recapitalization Plan''. (C) Based upon a materiel condition assessment of the Coast Guard Cutter Polar Star (WAGB-10)-- (i) a description of the service life extension needs of the vessel; (ii) detailed information regarding planned shipyard work for each fiscal year to meet such needs; and (iii) an estimate of the amount needed to be appropriated to complete the enhanced maintenance program. (D) A plan to ensure the vessel will maintain seasonally operational status during the enhanced maintenance program. (4) Authorization of appropriations.--The Commandant of the Coast Guard may use ***funds*** made available pursuant to section 4902 of title 14, United States Code, as amended by section 202 of this Act, for the enhanced maintenance program described in the report required by subsection (a). (b) Coast Guard and Maritime Transportation Act of 2012; Amendment.--Section 222 of the Coast Guard and Maritime Transportation Act of 2012 (Public Law 112-213), as amended, is further amended as follows: (1) by striking subsections (a) through (d); (2) by redesignating subsections (e) through (g) as subsections (a) through (c), respectively; (3) in subsection (a), as redesignated-- (A) in the matter preceding paragraph (1), by striking ``Except as provided in subsection (c), the Commandant'' and inserting ``The Commandant''; (B) in paragraph (1) by striking ``Polar Sea or''; (C) in paragraph (2) by striking ``either of the vessels'' and inserting ``the Polar Star or the Polar Sea''; and (D) in paragraph (3) by striking ``either of the vessels'' each place it appears and inserting ``the Polar Star''. SEC. 822. STRATEGIC ASSETS IN THE ARCTIC. (a) Definition of Arctic.--In this section, the term ``Arctic'' has the meaning given the term in section 112 of the Arctic Research and Policy Act of 1984 (15 U.S.C 4111). (b) Sense of Congress.--It is the sense of Congress that-- (1) the Arctic continues to grow in significance to both the national security interests and the economic prosperity of the United States; and (2) the Coast Guard must ensure it is positioned to respond to any accident, incident, or threat with appropriate assets. (c) Report.--Not later than 1 year after the date of enactment of this Act, the Commandant of the Coast Guard, in consultation with the Secretary of Defense and taking into consideration the Department of Defense 2016 Arctic Strategy, shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report on the progress toward implementing the strategic objectives described in the United States Coast Guard Arctic Strategy dated May 2013. (d) Contents.--The report under subsection (c) shall include-- (1) a description of the Coast Guard's progress toward each strategic objective identified in the United States Coast Guard Arctic Strategy dated May 2013; (2) an assessment of the assets and infrastructure necessary to meet the strategic objectives identified in the United States Coast Guard Arctic Strategy dated May 2013 based on factors such as-- (A) response time; (B) coverage area; (C) endurance on scene; (D) presence; and (E) deterrence; (3) an analysis of the sufficiency of the distribution of National Security Cutters, Offshore Patrol Cutters, and Fast Response Cutters both stationed in various Alaskan ports and in other locations to meet the strategic objectives identified in the United States Coast Guard Arctic Strategy, dated May 2013; (4) plans to provide communications throughout the entire Coastal Western Alaska Captain of the Port zone to improve waterway safety and mitigate close calls, collisions, and other dangerous interactions between the shipping industry and subsistence hunters; (5) plans to prevent marine casualties, when possible, by ensuring vessels avoid environmentally sensitive areas and permanent security zones; (6) an explanation of-- (A) whether it is feasible to establish a vessel traffic service, using existing resources or otherwise; and (B) whether an Arctic Response Center of Expertise is necessary to address the gaps in experience, skills, equipment, resources, training, and doctrine to prepare, respond to, and recover spilled oil in the Arctic; and (7) an assessment of whether sufficient agreements are in place to ensure the Coast Guard is receiving the information it needs to carry out its responsibilities. SEC. 823. ARCTIC PLANNING CRITERIA. (a) Alternative Planning Criteria.-- (1) In general.--For purposes of the Oil Pollution Act of 1990 (33 U.S.C 2701 et seq.), the Commandant of the Coast Guard may approve a vessel response plan under section 311 of the Federal Water Pollution Control Act (33 U.S.C 1321) for a vessel operating in any area covered by the Captain of the Port Zone (as established by the Commandant) that includes the Arctic, if the Commandant verifies that-- (A) equipment required to be available for response under the plan has been tested and proven capable of operating in the environmental conditions expected in the area in which it is intended to be operated; and (B) the operators of such equipment have conducted training on the equipment within the area covered by such Captain of the Port Zone. (2) Post-approval requirements.--In approving a vessel response plan under paragraph (1), the Commandant shall-- (A) require that the oil spill removal organization identified in the vessel response plan conduct regular exercises and drills using the response resources identified in the plan in the area covered by the Captain of the Port Zone that includes the Arctic; and (B) allow such oil spill removal organization to take credit for a response to an actual spill or release in the area covered by such Captain of the Port Zone, instead of conducting an exercise or drill required under subparagraph (A), if the oil spill removal organization-- (i) documents which exercise or drill requirements were met during the response; and (ii) submits a request for credit to, and receives approval from, the Commandant. (b) Report.-- (1) In general.--Not later than 120 days after the date of enactment of this Act, the Commandant of the Coast Guard shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report on the oil spill prevention and response capabilities for the area covered by the Captain of the Port Zone (as established by the Commandant) that includes the Arctic. (2) Contents.--The report submitted under paragraph (1) shall include the following: (A) A description of equipment and assets available for response under the vessel response plans approved for vessels operating in the area covered by the Captain of the Port Zone, including details on any providers of such equipment and assets. (B) A description of the location of such equipment and assets, including an estimate of the time to deploy the equipment and assets. (C) A determination of how effectively such equipment and assets are distributed throughout the area covered by the Captain of the Port Zone. (D) A statement regarding whether the ability to maintain and deploy such equipment and assets is taken into account when measuring the equipment and assets available throughout the area covered by the Captain of the Port Zone. (E) A validation of the port assessment visit process and response resource inventory for response under the vessel response plans approved for vessels operating in the area covered by the Captain of the Port Zone. (F) A determination of the compliance rate with Federal vessel response plan regulations in the area covered by the Captain of the Port Zone during the previous 3 years. [[Page H9635]] (G) A description of the resources needed throughout the area covered by the Captain of the Port Zone to conduct port assessments, exercises, response plan reviews, and spill responses. (c) Definition of Arctic.--In this section, the term ``Arctic'' has the meaning given the term under section 112 of the Arctic Research and Policy Act of 1984 (15 U.S.C 4111). SEC. 824. VESSEL RESPONSE PLAN AUDIT. (a) In General.--Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall complete and submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a comprehensive review of the processes and resources used by the Coast Guard to implement vessel response plan requirements under section 311 of the Federal Water Pollution Control Act (33 U.S.C 1321). (b) Required Elements of Review.--The review required under subsection (a) shall, at a minimum, include-- (1) a study, or an audit if appropriate, of the processes the Coast Guard uses-- (A) to approve the vessel response plans referred to in subsection (a); (B) to approve alternate planning criteria used in lieu of National Planning Criteria in approving such plans; (C) to verify compliance with such plans; and (D) to act in the event of a failure to comply with the requirements of such plans; (2) an examination of all Federal and State agency resources used by the Coast Guard in carrying out the processes identified under paragraph (1), including-- (A) the current staffing model and organization; (B) data, software, simulators, systems, or other technology, including those pertaining to weather, oil spill trajectory modeling, and risk management; (C) the total amount of time per fiscal year expended by Coast Guard personnel to approve and verify compliance with vessel response plans; and (D) the average amount of time expended by the Coast Guard for approval of, and verification of compliance with, a single vessel response plan; (3) an analysis of how, including by what means or methods, the processes identified under paragraph (1)-- (A) ensure compliance with applicable law; (B) are implemented by the Coast Guard, including at the district and sector levels; (C) are informed by public comment and engagement with States, Indian Tribes, and other regional stakeholders; (D) ensure availability and adequate operational capability and capacity of required assets and equipment, including in cases in which contractual obligations may limit the availability of such assets and equipment for response; (E) provide for adequate asset and equipment mobilization time requirements, particularly with respect to-- (i) calculation and establishment of such requirements; (ii) verifying compliance with such requirements; and (iii) factoring in weather, including specific regional adverse weather as defined in section 155.1020 of title 33, Code of Federal Regulations, in calculating, establishing, and verifying compliance with such requirements; (F) ensure response plan updates and vessel compliance when changes occur in response planning criteria, asset and equipment mobilization times, or regional response needs, such as trends in transportation of high gravity oils or changes in vessel traffic volume; and (G) enable effective action by the Coast Guard in the event of a failure to comply with response plan requirements; (4) a determination regarding whether asset and equipment mobilization time requirements under approved vessel response plans can be met by the vessels to which they apply; and (5) recommendations for improving the processes identified under paragraph (1), including recommendations regarding the sufficiency of Coast Guard resources dedicated to those processes. SEC. 825. WATERS DEEMED NOT NAVIGABLE WATERS OF THE UNITED STATES FOR CERTAIN PURPOSES. For purposes of the application of subtitle II of title 46, United States Code, to the Volunteer (Hull Number CCA4108), the Illinois and Michigan Canal is deemed to not be navigable waters of the United States. SEC. 826. DOCUMENTATION OF RECREATIONAL VESSELS. Coast Guard personnel performing nonrecreational vessel documentation functions under subchapter II of chapter 121 of title 46, United States Code, may perform recreational vessel documentation under section 12114 of such title in any fiscal year in which-- (1) ***funds*** available for Coast Guard operating expenses may not be used for expenses incurred for recreational vessel documentation; (2) fees collected from owners of yachts and credited to such use are insufficient to pay expenses of recreational vessel documentation; and (3) there is a backlog of applications for recreational vessel documentation. SEC. 827. EQUIPMENT REQUIREMENTS; EXEMPTION FROM THROWABLE PERSONAL FLOTATION DEVICES REQUIREMENT. Not later than one year after the date of enactment of this Act, the Secretary of the department in which the Coast Guard is operating shall-- (1) prescribe regulations in part 160 of title 46, Code of Federal Regulations, that treat a marine throw bag, as that term is commonly used in the commercial whitewater rafting industry, as a type of lifesaving equipment; and (2) revise section 175.17 of title 33, Code of Federal Regulations, to exempt rafts that are 16 feet or more overall in length from the requirement to carry an additional throwable personal flotation device when such a marine throw bag is onboard and accessible. SEC. 828. VISUAL DISTRESS SIGNALS AND ALTERNATIVE USE. (a) In General.--The Secretary of the department in which the Coast Guard is operating shall develop a performance standard for the alternative use and possession of visual distress alerting and locating signals as mandated by carriage requirements for recreational boats in subpart C of part 175 of title 33, Code of Federal Regulations. (b) Regulations.--Not later than 180 days after the performance standard for alternative use and possession of visual distress alerting and locating signals is finalized, the Secretary shall revise part 175 of title 33, Code of Federal Regulations, to allow for carriage of such alternative signal devices. SEC. 829. RADAR REFRESHER TRAINING. Not later than 60 days after the date of enactment of this Act, the Secretary of the department in which the Coast Guard is operating shall prescribe a final rule eliminating the requirement that a mariner actively using the mariner's credential complete an approved refresher or recertification course to maintain a radar observer endorsement. This rulemaking shall be exempt from chapters 5 and 6 of title 5, United States Code, and Executive Orders 12866 and 13563. SEC. 830. COMMERCIAL FISHING VESSEL SAFETY NATIONAL COMMUNICATIONS PLAN. (a) Requirement for Plan.--Not later than 1 year after the date of enactment of this Act, the Secretary of the department in which the Coast Guard is operating shall develop and submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a national communications plan for the purposes of-- (1) disseminating information to the commercial fishing vessel industry; (2) conducting outreach with the commercial fishing vessel industry; (3) facilitating interaction with the commercial fishing vessel industry; and (4) releasing information collected under section 15102 of title 46, United States Code, as added by this Act, to the commercial fishing vessel industry. (b) Content.--The plan required by subsection (a), and each annual update, shall-- (1) identify staff, resources, and systems available to the Secretary to ensure the widest dissemination of information to the commercial fishing vessel industry; (2) include a means to document all communication and outreach conducted with the commercial fishing vessel industry; and (3) include a mechanism to measure effectiveness of such plan. (c) Implementation.--Not later than one year after submission of the initial plan, the Secretary of the department in which the Coast Guard is operating shall implement the plan and shall at a minimum-- (1) leverage Coast Guard staff, resources, and systems available; (2) monitor implementation nationwide to ensure adherence to plan contents; (3) allow each Captain of the Port to adopt the most effective strategy and means to communicate with commercial fishing vessel industry in that Captain of the Port Zone; (4) document communication and outreach; and (5) solicit feedback from the commercial fishing vessel industry. (d) Report and Updates.--The Secretary of the department in which the Coast Guard is operating shall-- (1) submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report on the effectiveness of the plan to date and any updates to ensure maximum impact of the plan one year after the date of enactment of this Act, and every 4 years thereafter; and (2) include in such report input from individual Captains of the Port and any feedback received from the commercial fishing vessel industry. SEC. 831. ATLANTIC COAST PORT ACCESS ROUTE STUDY RECOMMENDATIONS. Not later than 30 days after the date of the enactment of the Act, the Commandant of the Coast Guard shall notify the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate of action taken to carry out the recommendations contained in the final report issued by the Atlantic Coast Port Access Route Study (ACPARS) workgroup for which notice of availability was published March 14, 2016 (81 Fed. Reg. 13307). SEC. 832. DRAWBRIDGES. Section 5 of the Act entitled ``An Act making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes'', approved August 18, 1894 (33 U.S.C 499), is amended by adding at the end the following: ``(d) Temporary Changes to Drawbridge Operating Schedules.--Notwithstanding section 553 of title 5, United States Code, whenever a temporary change to the operating schedule of a drawbridge, lasting 180 days or less-- ``(1) is approved-- ``(A) the Secretary of the department in which the Coast Guard is operating shall-- [[Page H9636]] ``(i) issue a deviation approval letter to the bridge owner; and ``(ii) announce the temporary change in-- ``(I) the Local Notice to Mariners; ``(II) a broadcast notice to mariners and through radio stations; or ``(III) such other local media as the Secretary considers appropriate; and ``(B) the bridge owner, except a railroad bridge owner, shall notify-- ``(i) the public by publishing notice of the temporary change in a newspaper of general circulation published in the place where the bridge is located; ``(ii) the department, agency, or office of transportation with jurisdiction over the roadway that abuts the approaches to the bridge; and ``(iii) the law enforcement organization with jurisdiction over the roadway that abuts the approaches to the bridge; or ``(2) is denied, the Secretary of the department in which the Coast Guard is operating shall-- ``(A) not later than 10 days after the date of receipt of the request, provide the bridge owner in writing the reasons for the denial, including any supporting data and evidence used to make the determination; and ``(B) provide the bridge owner a reasonable opportunity to address each reason for the denial and resubmit the request. ``(e) Drawbridge Movements.--The Secretary of the department in which the Coast Guard is operating-- ``(1) shall require a drawbridge operator to record each movement of the drawbridge in a logbook; ``(2) may inspect the logbook to ensure drawbridge movement is in accordance with the posted operating schedule; ``(3) shall review whether deviations from the posted operating schedule are impairing vehicular and pedestrian traffic; and ``(4) may determine if the operating schedule should be adjusted for efficiency of maritime or vehicular and pedestrian traffic. ``(f) Requirements.-- ``(1) Logbooks.--An operator of a drawbridge built across a navigable river or other water of the United States-- ``(A) that opens the draw of such bridge for the passage of a vessel, shall record in a logbook-- ``(i) the bridge identification and date of each opening; ``(ii) the bridge tender or operator for each opening; ``(iii) each time it is opened for navigation; ``(iv) each time it is closed for navigation; ``(v) the number and direction of vessels passing through during each opening; ``(vi) the types of vessels passing through during each opening; ``(vii) an estimated or known size (height, length, and beam) of the largest vessel passing through during each opening; ``(viii) for each vessel, the vessel name and registration number if easily observable; and ``(ix) all maintenance openings, malfunctions, or other comments; and ``(B) that remains open to navigation but closes to allow for trains to cross, shall record in a logbook-- ``(i) the bridge identification and date of each opening and closing; ``(ii) the bridge tender or operator; ``(iii) each time it is opened to navigation; ``(iv) each time it is closed to navigation; and ``(v) all maintenance openings, closings, malfunctions, or other comments. ``(2) Maintenance of logbooks.--A drawbridge operator shall maintain logbooks required under paragraph (1) for not less than 5 years. ``(3) Submission of logbooks.--At the request of the Secretary of the department in which the Coast Guard is operating, a drawbridge operator shall submit to the Secretary the logbook required under paragraph (1) as the Secretary considers necessary to carry out this section. ``(4) Exemption.--The requirements under paragraph (1) shall be exempt from sections 3501 to 3521 of title 44, United States Code.''. SEC. 833. WAIVER. Section 8902 of title 46, United States Code, shall not apply to the chain ferry DIANE (United States official number CG002692) when such vessel is operating on the Kalamazoo River in Saugatuck, Michigan. SEC. 834. FIRE-RETARDANT MATERIALS. Section 3503 of title 46, United States Code, is amended to read as follows: ``Sec. 3503. Fire-retardant materials ``(a)(1) A passenger vessel of the United States having berth or stateroom accommodations for at least 50 passengers shall be granted a certificate of inspection only if-- ``(A) the vessel is constructed of fire-retardant materials; and ``(B) the vessel-- ``(i) is operating engines, boilers, main electrical distribution panels, fuel tanks, oil tanks, and generators that meet current Coast Guard regulations; and ``(ii) is operating boilers and main electrical generators that are contained within noncombustible enclosures equipped with fire suppression systems. ``(2) Before December 1, 2028, this subsection does not apply to any vessel in operation before January 1, 1968, and operating only within the Boundary Line. ``(b)(1) The owner or managing operator of an exempted vessel described in subsection (a)(2) shall-- ``(A) notify in writing prospective passengers, prior to purchase, and each crew member that the vessel does not comply with applicable fire safety standards due primarily to the wooden construction of passenger berthing areas; ``(B) display in clearly legible font prominently throughout the vessel, including in each state room the following: `THIS VESSEL FAILS TO COMPLY WITH SAFETY RULES AND REGULATIONS OF THE U.S COAST GUARD.'; ``(C) acquire prior to the vessel entering service, and maintain, liability insurance in an amount to be prescribed by the Federal Maritime Commission; ``(D) make annual structural alteration to not less than 10 percent of the areas of the vessel that are not constructed of fire retardant materials; ``(E) prioritize alterations in galleys, engineering areas of the vessel, including all spaces and compartments containing, or adjacent to spaces and compartments containing, engines, boilers, main electrical distribution panels, fuel tanks, oil tanks, and generators; ``(F) ensure, to the satisfaction of the Secretary, that the combustible fire-load has been reduced pursuant to subparagraph (D) during each annual inspection for certification; ``(G) ensure the vessel has multiple forms of egress off the vessel's bow and stern; ``(H) provide advance notice to the Coast Guard regarding the structural alterations made pursuant to subparagraph (D) and comply with any noncombustible material requirements prescribed by the Coast Guard; ``(I) annually notify all ports of call and State emergency management offices of jurisdiction that the vessel does not comply with the requirement under subsection (a)(1); ``(J) provide crewmembers manning such vessel shipboard training that-- ``(i) is specialized for exempted vessels; ``(ii) exceeds requirements related to standards for firefighting training under chapter I of title 46, Code of Federal Regulations, as in effect on October 1, 2017; and ``(iii) is approved by the Coast Guard; and ``(K) to the extent practicable, take all steps to retain previously trained crew knowledgeable of such vessel or to hire crew trained in operations aboard exempted vessels. ``(2) The owner or managing operator of an exempted vessel described in subsection (a)(2) may not disclaim liability to a passenger or crew member of such vessel for death, injury, or any other loss caused by fire due to the negligence of the owner or managing operator. ``(3) The Secretary shall-- ``(A) conduct an annual audit and inspection of each exempted vessel described in subsection (a)(2); ``(B) in implementing subparagraph (b)(1)(F), consider, to the extent practicable, the goal of preservation of the historic integrity of such vessel in areas carrying or accessible to passengers or generally visible to the public; and ``(C) prescribe regulations to carry out this section, including to prescribe the manner in which prospective passengers are to be notified under paragraph (1)(A). ``(4) The penalties provided in section 3504(c) of this title shall apply to a violation of this subsection. ``(c) In addition to otherwise applicable penalties, the Secretary may immediately withdraw a certificate of inspection for an exempted vessel described in subsection (a)(2) that does not comply with any requirement under subsection (b).''. SEC. 835. VESSEL WAIVER. (a) In General.--Upon the date of enactment of this Act and notwithstanding sections 12112(a)(2)(A) and 12113(a)(2) of title 46, United States Code, the Secretary shall issue a certificate of documentation with coastwise and fishery endorsements to the certificated vessel. (b) Replacement Vessel.--The certificated vessel shall qualify as a replacement vessel for the vessel ``AMERICA NO.1'' (United States official number 610654) and not be precluded from operating as an Amendment 80 replacement vessel under the provisions of part 679 of title 50, Code of Federal Regulations. (c) Coast Guard Review and Determination.-- (1) Review.--Not later than 30 days after the date of enactment of this Act, the Secretary shall conduct a review of the use of certain foreign fabricated steel components in the hull or superstructure of the certificated vessel. (2) Determination.--Based on the review conducted under paragraph (1), the Secretary shall determine whether the shipyard that constructed the certificated vessel or the purchaser of the certificated vessel knew before such components were procured or installed that the use of such components would violate requirements under sections 12112(a)(2)(A) and 12113(a)(2) of title 46, United States Code. (3) Revocation.--If the Secretary determines under paragraph (2) that the shipyard that constructed the certificated vessel or the purchaser of the certificated vessel knew before such components were procured or installed that the use of such components would violate requirements under sections 12112(a)(2)(A) and 12113(a)(2) of title 46, United States Code, the Secretary shall immediately revoke the certificate of documentation issued under subsection (a). (4) Use of documents.--In conducting the review required under paragraph (1), the Secretary may request and review any information, correspondence, or documents related to the construction of the certificated vessel, including from the shipyard that constructed the certificated vessel and the purchaser of the certificated vessel. (d) Termination.--If the contract for purchase of the certificated vessel that is in effect on the date of enactment of this Act is terminated, the purchasing party to that contract shall be prohibited from entering into a subsequent contract or agreement for purchase of such vessel. (e) Definitions.--In this section: (1) Certificated vessel.--The term ``certificated vessel'' means the vessel America's Finest (United States official number 1276760). [[Page H9637]] (2) Secretary.--The term ``Secretary'' means the Secretary of the department in which the Coast Guard is operating, acting through the Commandant of the Coast Guard. SEC. 836. TEMPORARY LIMITATIONS. (a) Limitations.-- (1) In general.--Upon the Coast Guard issuing a certificate of documentation with coastwise and fishery endorsements for the vessel ``AMERICA'S FINEST'' (United States official number 1276760) and during any ***period*** such certificate is in effect, and subject to subsection (b), the total amount of groundfish harvested with respect to subparagraph (A) or the total amount of deliveries processed from other vessels with respect to subparagraph (B) by the vessels described in paragraph (2) shall not collectively exceed-- (A) the percentage of the harvest available in any Gulf of Alaska groundfish fisheries (other than fisheries subject to a limited access privilege program created by the North Pacific Fishery Management Council) that is equivalent to the total harvest by the vessels described in paragraph (2) in those fisheries in the calendar years that a vessel described in paragraph (2) had harvest from 2012 through 2017 relative to the total allowable catch available to such vessels in the calendar years 2012 through 2017; or (B) the percentage of processing of deliveries from other vessels in any Bering Sea, Aleutian Islands, and Gulf of Alaska groundfish fisheries (including fisheries subject to a limited access privilege program created by the North Pacific Fishery Management Council, or community development quotas as described in section 305(i) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C 1855(i))) that is equivalent to the total processing of such deliveries by the vessels described in paragraph (2) in those fisheries in the calendar years 2012 through 2017 relative to the total allowable catch available in the calendar years 2012 through 2017. (2) Applicable vessels.--The limitations described in paragraph (1) shall apply, in the aggregate, to-- (A) the vessel AMERICA'S FINEST (United States official number 1276760); (B) the vessel US INTREPID (United States official number 604439); (C) the vessel AMERICAN NO. 1 (United States official number 610654); (D) any replacement of a vessel described in subparagraph (A), (B), or (C); and (E) any vessel assigned license number LLG3217 under the license limitation program under part 679 of title 50, Code of Federal Regulations. (b) Expiration.--The limitations described in subsection (a) shall apply to a groundfish species in Bering Sea, Aleutian Islands, and Gulf of Alaska only until the earlier of-- (1) the end of the 6-year ***period*** beginning on the date of enactment of this Act; or (2) the date on which the Secretary of Commerce issues a final rule, based on recommendations developed by the North Pacific Fishery Management Council consistent with the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C 1801 et seq.), that limits processing deliveries of that groundfish species from other vessels in any Bering Sea, Aleutian Islands, and Gulf of Alaska groundfish fisheries that are not subject to conservation and management measures under section 206 of the American Fisheries Act (16 U.S.C 1851 note). (c) Existing Authority.--Except for the measures required by this section, nothing in this title shall be construed to limit the authority of the North Pacific Fishery Management Council or the Secretary of Commerce under the Magnuson- Stevens Fishery Conservation and Management Act (16 U.S.C 1801 et seq.). SEC. 837. TRANSFER OF COAST GUARD PROPERTY IN JUPITER ISLAND, FLORIDA, FOR INCLUSION IN HOBE SOUND NATIONAL WILDLIFE REFUGE. (a) Transfer.--Administrative jurisdiction over the property described in subsection (b) is transferred to the Secretary of the Interior. (b) Property Described.--The property described in this subsection is real property administered by the Coast Guard in the Town of Jupiter Island, Florida, comprising Parcel #35-38-42-004-000-02590-6 (Bon Air Beach lots 259 and 260 located at 83 North Beach Road) and Parcel #35-38-42-004-000- 02610-2 (Bon Air Beach lots 261 to 267), including any improvements thereon that are not authorized or required by another provision of law to be conveyed to another person. (c) Administration.--The property described in subsection (b) is included in Hobe Sound National Wildlife Refuge, and shall be administered by the Secretary of the Interior acting through the United States Fish and Wildlife Service. SEC. 838. EMERGENCY RESPONSE. Not later than 90 days after the date of enactment of this Act, the Commandant of the Coast Guard shall request the National Offshore Safety Advisory Committee to examine whether there are unnecessary regulatory barriers to the use of small passenger vessels, crewboats, and offshore supply vessels in disaster response and provide recommendations, as appropriate, to reduce such barriers. SEC. 839. DRAWBRIDGES CONSULTATION. (a) Consultation.--In addition and subsequent to any rulemaking conducted under section 117.8 of title 33, Code of Federal Regulations, related to permanent changes to drawbridge openings that result from Amtrak service between New Orleans, Louisiana and Orlando, Florida, the Commandant shall consult with owners or operators of rail lines used for Amtrak passenger service between New Orleans, Louisiana and Orlando, Florida and affected waterway users on changes to drawbridge operating schedules necessary to facilitate the On Time Performance of passenger trains. These changes to schedules shall not impact Coast Guard response times to operational missions. (b) Timing.--Consultation in subsection (a) shall occur after commencement of Amtrak passenger service on the rail lines between New Orleans, Louisiana and Orlando, Florida at the following intervals: (1) Not less than 3 months following the commencement of Amtrak passenger service. (2) Not less than 6 months following the commencement of Amtrak passenger service. (c) Report.--If after conducting the consultations required by subsection (b)(2), the Commandant finds that permanent changes to drawbridge operations are necessary to mitigate delays in the movement of trains described in subsection (a) and that those changes do not unreasonably obstruct the navigability of the affected waterways, then the Commandant shall submit those findings to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives. TITLE IX--VESSEL INCIDENTAL DISCHARGE ACT SEC. 901. SHORT TITLE. This title may be cited as the ``Vessel Incidental Discharge Act of 2018''. SEC. 902. PURPOSES; FINDINGS. (a) Purposes.--The purposes of this title are-- (1) to provide for the establishment of uniform, environmentally sound standards and requirements for the management of discharges incidental to the normal operation of a vessel; (2) to charge the Environmental Protection Agency with primary responsibility for establishing standards relating to the discharge of pollutants from vessels; (3) to charge the Coast Guard with primary responsibility for prescribing, administering, and enforcing regulations, consistent with the discharge standards established by the Environmental Protection Agency, for the design, construction, installation, and operation of the equipment and management practices required onboard vessels; and (4) to preserve the flexibility of States, political subdivisions, and certain regions with respect to the administration and enforcement of standards relating to the discharge of pollutants from vessels engaged in maritime commerce and transportation. (b) Findings.--Congress finds that-- (1) the Environmental Protection Agency is the principal Federal authority charged under the Federal Water Pollution Control Act (33 U.S.C 1251 et seq.) with regulating through the issuance of permits for the discharge of pollutants into the navigable waters of the United States; (2) the Coast Guard is the principal Federal authority charged with administering, enforcing, and prescribing regulations relating to the discharge of pollutants from vessels; and (3) during the ***period*** of 1973 to 2010-- (A) the Environmental Protection Agency promulgated regulations exempting certain discharges incidental to the normal operation of vessels from otherwise applicable permitting requirements of the Federal Water Pollution Control Act (33 U.S.C 1251 et seq.); and (B) Congress enacted laws on numerous occasions governing the regulation of discharges incidental to the normal operation of vessels, including-- (i) the Act to Prevent Pollution from Ships (33 U.S.C 1901 et seq.); (ii) the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (16 U.S.C 4701 et seq.); (iii) the National Invasive Species Act of 1996 (16 U.S.C 4701 note; Public Law 104-332); (iv) section 415 of the Coast Guard Authorization Act of 1998 (Public Law 105-383; 112 Stat. 3434) and section 623 of the Coast Guard and Maritime Transportation Act of 2004 (33 U.S.C 1901 note; Public Law 108-293), which established interim and permanent requirements, respectively, for the regulation of vessel discharges of certain bulk cargo residue; (v) title XIV of division B of Appendix D of the Consolidated Appropriations Act, 2001 (Public Law 106-554; 114 Stat. 2763A-315), which prohibited or limited certain vessel discharges in certain areas of Alaska; (vi) section 204 of the Maritime Transportation Security Act of 2002 (33 U.S.C 1902a), which established requirements for the regulation of vessel discharges of ***agricultural*** cargo residue material in the form of hold washings; and (vii) title X of the Coast Guard Authorization Act of 2010 (33 U.S.C 3801 et seq.), which provided for the implementation of the International Convention on the Control of Harmful Anti-Fouling Systems on Ships, 2001. SEC. 903. STANDARDS FOR DISCHARGES INCIDENTAL TO NORMAL OPERATION OF VESSELS. (a) Uniform National Standards.-- (1) In general.--Section 312 of the Federal Water Pollution Control Act (33 U.S.C 1322) is amended by adding at the end the following: ``(p) Uniform National Standards for Discharges Incidental to Normal Operation of Vessels.-- ``(1) Definitions.--In this subsection: ``(A) Aquatic nuisance species.--The term `aquatic nuisance species' means a nonindigenous species that threatens-- ``(i) the diversity or abundance of a native species; ``(ii) the ecological stability of-- ``(I) waters of the United States; or ``(II) waters of the contiguous zone; or ``(iii) a commercial, ***agricultural***, aquacultural, or recreational activity that is dependent on-- [[Page H9638]] ``(I) waters of the United States; or ``(II) waters of the contiguous zone. ``(B) Ballast water.-- ``(i) In general.--The term `ballast water' means any water, suspended matter, and other materials taken onboard a vessel-- ``(I) to control or maintain trim, draught, stability, or stresses of the vessel, regardless of the means by which any such water or suspended matter is carried; or ``(II) during the cleaning, maintenance, or other operation of a ballast tank or ballast water management system of the vessel. ``(ii) Exclusion.--The term `ballast water' does not include any substance that is added to the water described in clause (i) that is directly related to the operation of a properly functioning ballast water management system. ``(C) Ballast water discharge standard.--The term `ballast water discharge standard' means-- ``(i) the numerical ballast water discharge standard established by section 151.1511 or 151.2030 of title 33, Code of Federal Regulations (or successor regulations); or ``(ii) if a standard referred to in clause (i) is superseded by a numerical standard of performance under this subsection, that superseding standard. ``(D) Ballast water exchange.--The term `ballast water exchange' means the replacement of water in a ballast water tank using 1 of the following methods: ``(i) Flow-through exchange, in which ballast water is flushed out by pumping in midocean water at the bottom of the tank if practicable, and continuously overflowing the tank from the top, until 3 full volumes of water have been changed to minimize the number of original organisms remaining in the tank. ``(ii) Empty and refill exchange, in which ballast water taken on in ports, estuarine waters, or territorial waters is pumped out until the pump loses suction, after which the ballast tank is refilled with midocean water. ``(E) Ballast water management system.--The term `ballast water management system' means any marine pollution control device (including all ballast water treatment equipment, ballast tanks, pipes, pumps, and all associated control and monitoring equipment) that processes ballast water-- ``(i) to kill, render nonviable, or remove organisms; or ``(ii) to avoid the uptake or discharge of organisms. ``(F) Best available technology economically achievable.-- The term `best available technology economically achievable' means-- ``(i) best available technology economically achievable (within the meaning of section 301(b)(2)(A)); ``(ii) best available technology (within the meaning of section 304(b)(2)(B)); and ``(iii) best available technology, as determined in accordance with section 125.3(d)(3) of title 40, Code of Federal Regulations (or successor regulations). ``(G) Best conventional pollutant control technology.--The term `best conventional pollutant control technology' means-- ``(i) best conventional pollutant control technology (within the meaning of section 301(b)(2)(E)); ``(ii) best conventional pollutant control technology (within the meaning of section 304(b)(4)); and ``(iii) best conventional pollutant control technology, as determined in accordance with section 125.3(d)(2) of title 40, Code of Federal Regulations (or successor regulations). ``(H) Best management practice.-- ``(i) In general.--The term `best management practice' means a schedule of activities, prohibitions of practices, maintenance procedures, and other management practices to prevent or reduce the pollution of-- ``(I) the waters of the United States; or ``(II) the waters of the contiguous zone. ``(ii) Inclusions.--The term `best management practice' includes any treatment requirement, operating procedure, or practice to control-- ``(I) vessel runoff; ``(II) spillage or leaks; ``(III) sludge or waste disposal; or ``(IV) drainage from raw material storage. ``(I) Best practicable control technology currently available.--The term `best practicable control technology currently available' means-- ``(i) best practicable control technology currently available (within the meaning of section 301(b)(1)(A)); ``(ii) best practicable control technology currently available (within the meaning of section 304(b)(1)); and ``(iii) best practicable control technology currently available, as determined in accordance with section 125.3(d)(1) of title 40, Code of Federal Regulations (or successor regulations). ``(J) Captain of the port zone.--The term `Captain of the Port Zone' means a Captain of the Port Zone established by the Secretary pursuant to sections 92, 93, and 633 of title 14, United States Code. ``(K) Empty ballast tank.--The term `empty ballast tank' means a tank that-- ``(i) has previously held ballast water that has been drained to the limit of the functional or operational capabilities of the tank (such as loss of suction); ``(ii) is recorded as empty on a vessel log; and ``(iii) contains unpumpable residual ballast water and sediment. ``(L) Great lakes commission.--The term `Great Lakes Commission' means the Great Lakes Commission established by article IV A of the Great Lakes Compact to which Congress granted consent in the Act of July 24, 1968 (Public Law 90- 419; 82 Stat. 414). ``(M) Great lakes state.--The term `Great Lakes State' means any of the States of-- ``(i) Illinois; ``(ii) Indiana; ``(iii) Michigan; ``(iv) Minnesota; ``(v) New York; ``(vi) Ohio; ``(vii) Pennsylvania; and ``(viii) Wisconsin. ``(N) Great lakes system.--The term `Great Lakes System' has the meaning given the term in section 118(a)(3). ``(O) Internal waters.--The term `internal waters' has the meaning given the term in section 2.24 of title 33, Code of Federal Regulations (or a successor regulation). ``(P) Marine pollution control device.--The term `marine pollution control device' means any equipment or management practice (or combination of equipment and a management practice), for installation or use onboard a vessel, that is-- ``(i) designed to receive, retain, treat, control, or discharge a discharge incidental to the normal operation of a vessel; and ``(ii) determined by the Administrator and the Secretary to be the most effective equipment or management practice (or combination of equipment and a management practice) to reduce the environmental impacts of the discharge, consistent with the factors for consideration described in paragraphs (4) and (5). ``(Q) Nonindigenous species.--The term `nonindigenous species' means an organism of a species that enters an ecosystem beyond the historic range of the species. ``(R) Organism.--The term `organism' includes-- ``(i) an animal, including fish and fish eggs and larvae; ``(ii) a plant; ``(iii) a pathogen; ``(iv) a microbe; ``(v) a virus; ``(vi) a prokaryote (including any archean or bacterium); ``(vii) a fungus; and ``(viii) a protist. ``(S) Pacific region.-- ``(i) In general.--The term `Pacific Region' means any Federal or State water-- ``(I) adjacent to the State of Alaska, California, Hawaii, Oregon, or Washington; and ``(II) extending from shore. ``(ii) Inclusion.--The term `Pacific Region' includes the entire exclusive economic zone (as defined in section 1001 of the Oil Pollution Act of 1990 (33 U.S.C 2701)) adjacent to each State described in clause (i)(I). ``(T) Port or place of destination.--The term `port or place of destination' means a port or place to which a vessel is bound to anchor or moor. ``(U) Render nonviable.--The term `render nonviable', with respect to an organism in ballast water, means the action of a ballast water management system that renders the organism permanently incapable of reproduction following treatment. ``(V) Saltwater flush.-- ``(i) In general.--The term `saltwater flush' means-- ``(I)(aa) the addition of as much midocean water into each empty ballast tank of a vessel as is safe for the vessel and crew; and ``(bb) the mixing of the flushwater with residual ballast water and sediment through the motion of the vessel; and ``(II) the discharge of that mixed water, such that the resultant residual water remaining in the tank-- ``(aa) has the highest salinity possible; and ``(bb) is at least 30 parts per thousand. ``(ii) Multiple sequences.--For purposes of clause (i), a saltwater flush may require more than 1 fill-mix-empty sequence, particularly if only small quantities of water can be safely taken onboard a vessel at 1 time. ``(W) Secretary.--The term `Secretary' means the Secretary of the department in which the Coast Guard is operating. ``(X) Small vessel general permit.--The term `Small Vessel General Permit' means the permit that is the subject of the notice of final permit issuance entitled `Final National Pollutant Discharge Elimination System (NPDES) Small Vessel General Permit for Discharges Incidental to the Normal Operation of Vessels Less Than 79 Feet' (79 Fed. Reg. 53702 (September 10, 2014)). ``(Y) Small vessel or fishing vessel.--The term `small vessel or fishing vessel' means a vessel that is-- ``(i) less than 79 feet in length; or ``(ii) a fishing vessel, fish processing vessel, or fish tender vessel (as those terms are defined in section 2101 of title 46, United States Code), regardless of the length of the vessel. ``(Z) Vessel general permit.--The term `Vessel General Permit' means the permit that is the subject of the notice of final permit issuance entitled `Final National Pollutant Discharge Elimination System (NPDES) General Permit for Discharges Incidental to the Normal Operation of a Vessel' (78 Fed. Reg. 21938 (April 12, 2013)). ``(2) Applicability.-- ``(A) In general.--Except as provided in subparagraph (B), this subsection applies to-- ``(i) any discharge incidental to the normal operation of a vessel; and ``(ii) any discharge incidental to the normal operation of a vessel (such as most graywater) that is commingled with sewage, subject to the conditions that-- ``(I) nothing in this subsection prevents a State from regulating sewage discharges; and ``(II) any such commingled discharge shall comply with all applicable requirements of-- ``(aa) this subsection; and ``(bb) any law applicable to discharges of sewage. ``(B) Exclusion.--This subsection does not apply to any discharge incidental to the normal operation of a vessel-- [[Page H9639]] ``(i) from-- ``(I) a vessel of the Armed Forces subject to subsection (n); ``(II) a recreational vessel subject to subsection (o); ``(III) a small vessel or fishing vessel, except that this subsection shall apply to any discharge of ballast water from a small vessel or fishing vessel; or ``(IV) a floating craft that is permanently moored to a pier, including a `floating' casino, hotel, restaurant, or bar; ``(ii) of ballast water from a vessel-- ``(I) that continuously takes on and discharges ballast water in a flow-through system, if the Administrator determines that system cannot materially contribute to the spread or introduction of an aquatic nuisance species into waters of the United States; ``(II) in the National Defense Reserve Fleet that is scheduled for disposal, if the vessel does not have an operable ballast water management system; ``(III) that discharges ballast water consisting solely of water taken onboard from a public or commercial source that, at the time the water is taken onboard, meets the applicable requirements or permit requirements of the Safe Drinking Water Act (42 U.S.C 300f et seq.); ``(IV) that carries all permanent ballast water in sealed tanks that are not subject to discharge; or ``(V) that only discharges ballast water into a reception facility; or ``(iii) that results from, or contains material derived from, an activity other than the normal operation of the vessel, such as material resulting from an industrial or manufacturing process onboard the vessel. ``(3) Continuation in effect of existing requirements.-- ``(A) Vessel general permit.--Notwithstanding the expiration date of the Vessel General Permit or any other provision of law, all provisions of the Vessel General Permit shall remain in force and effect, and shall not be modified, until the applicable date described in subparagraph (C). ``(B) Nonindigenous aquatic nuisance prevention and control act regulations.--Notwithstanding section 903(a)(2)(A) of the Vessel Incidental Discharge Act of 2018, all regulations promulgated by the Secretary pursuant to section 1101 of the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (16 U.S.C 4711) (as in effect on the day before the date of enactment of this subsection), including the regulations contained in subparts C and D of part 151 of title 33, Code of Federal Regulations, and subpart 162.060 of part 162 of title 46, Code of Federal Regulations (as in effect on the day before that date of enactment), shall remain in force and effect until the applicable date described in subparagraph (C). ``(C) Repeal on existence of final, effective, and enforceable requirements.--Effective beginning on the date on which the requirements promulgated by the Secretary under subparagraphs (A), (B), and (C) of paragraph (5) with respect to every discharge incidental to the normal operation of a vessel that is subject to regulation under this subsection are final, effective, and enforceable, the requirements of the Vessel General Permit and the regulations described in subparagraph (B) shall have no force or effect. ``(4) National standards of performance for marine pollution control devices and water quality orders.-- ``(A) Establishment.-- ``(i) In general.--Not later than 2 years after the date of enactment of this subsection, the Administrator, in concurrence with the Secretary (subject to clause (ii)), and in consultation with interested Governors (subject to clause (iii)), shall promulgate Federal standards of performance for marine pollution control devices for each type of discharge incidental to the normal operation of a vessel that is subject to regulation under this subsection. ``(ii) Concurrence with secretary.-- ``(I) Request.--The Administrator shall submit to the Secretary a request for written concurrence with respect to a proposed standard of performance under clause (i). ``(II) Effect of failure to concur.--A failure by the Secretary to concur with the Administrator under clause (i) by the date that is 60 days after the date on which the Administrator submits a request for concurrence under subclause (I) shall not prevent the Administrator from promulgating the relevant standard of performance in accordance with the deadline under clause (i), subject to the condition that the Administrator shall include in the administrative record of the promulgation-- ``(aa) documentation of the request submitted under subclause (I); and ``(bb) the response of the Administrator to any written objections received from the Secretary relating to the proposed standard of performance during the 60-day ***period*** beginning on the date of submission of the request. ``(iii) Consultation with governors.-- ``(I) In general.--The Administrator, in promulgating a standard of performance under clause (i), shall develop the standard of performance-- ``(aa) in consultation with interested Governors; and ``(bb) in accordance with the deadlines under that clause. ``(II) Process.--The Administrator shall develop a process for soliciting input from interested Governors, including information sharing relevant to such process, to allow interested Governors to inform the development of standards of performance under clause (i). ``(III) Objection by governors.-- ``(aa) Submission.--An interested Governor that objects to a proposed standard of performance under clause (i) may submit to the Administrator in writing a detailed objection to the proposed standard of performance, describing the scientific, technical, or operational factors that form the basis of the objection. ``(bb) Response.--Before finalizing a standard of performance under clause (i) that is subject to an objection under item (aa) from 1 or more interested Governors, the Administrator shall provide a written response to each interested Governor that submitted an objection under that item that details the scientific, technical, or operational factors that form the basis for that standard of performance. ``(cc) Judicial review.--A response of the Administrator under item (bb) shall not be subject to judicial review. ``(iv) Procedure.--The Administrator shall promulgate the standards of performance under this subparagraph in accordance with-- ``(I) this paragraph; and ``(II) section 553 of title 5, United States Code. ``(B) Stringency.-- ``(i) In general.--Subject to clause (iii), the standards of performance promulgated under this paragraph shall require-- ``(I) with respect to conventional pollutants, toxic pollutants, and nonconventional pollutants (including aquatic nuisance species), the application of the best practicable control technology currently available; ``(II) with respect to conventional pollutants, the application of the best conventional pollutant control technology; and ``(III) with respect to toxic pollutants and nonconventional pollutants (including aquatic nuisance species), the application of the best available technology economically achievable for categories and classes of vessels, which shall result in reasonable progress toward the national goal of eliminating discharges of all pollutants. ``(ii) Best management practices.--The Administrator shall require the use of best management practices to control or abate any discharge incidental to the normal operation of a vessel if-- ``(I) numeric standards of performance are infeasible under clause (i); or ``(II) the best management practices are reasonably necessary-- ``(aa) to achieve the standards of performance; or ``(bb) to carry out the purpose and intent of this subsection. ``(iii) Minimum requirements.--Subject to subparagraph (D)(ii)(II), the combination of any equipment or best management practice comprising a marine pollution control device shall not be less stringent than the following provisions of the Vessel General Permit: ``(I) All requirements contained in parts 2.1 and 2.2 (relating to effluent limits and related requirements), including with respect to waters subject to Federal protection, in whole or in part, for conservation purposes. ``(II) All requirements contained in part 5 (relating to vessel class-specific requirements) that concern effluent limits and authorized discharges (within the meaning of that part), including with respect to waters subject to Federal protection, in whole or in part, for conservation purposes. ``(C) Classes, types, and sizes of vessels.--The standards promulgated under this paragraph may distinguish-- ``(i) among classes, types, and sizes of vessels; and ``(ii) between new vessels and existing vessels. ``(D) Review and revision.-- ``(i) In general.--Not less frequently than once every 5 years, the Administrator, in consultation with the Secretary, shall-- ``(I) review the standards of performance in effect under this paragraph; and ``(II) if appropriate, revise those standards of performance-- ``(aa) in accordance with subparagraphs (A) through (C); and ``(bb) as necessary to establish requirements for any discharge that is subject to regulation under this subsection. ``(ii) Maintaining protectiveness.-- ``(I) In general.--Except as provided in subclause (II), the Administrator shall not revise a standard of performance under this subsection to be less stringent than an applicable existing requirement. ``(II) Exceptions.--The Administrator may revise a standard of performance to be less stringent than an applicable existing requirement-- ``(aa) if information becomes available that-- ``(AA) was not reasonably available when the Administrator promulgated the initial standard of performance or comparable requirement of the Vessel General Permit, as applicable (including the subsequent scarcity or unavailability of materials used to control the relevant discharge); and ``(BB) would have justified the application of a less- stringent standard of performance at the time of promulgation; or ``(bb) if the Administrator determines that a material technical mistake or misinterpretation of law occurred when promulgating the existing standard of performance or comparable requirement of the Vessel General Permit, as applicable. ``(E) Best management practices for aquatic nuisance species emergencies and further protection of water quality.-- ``(i) In general.--Notwithstanding any other provision of this subsection, the Administrator, in concurrence with the Secretary (subject to clause (ii)), and in consultation with States, may require, by order, the use of an emergency best management practice for any region or category of vessels in any case in which the Administrator determines that such a best management practice-- ``(I) is necessary to reduce the reasonably foreseeable risk of introduction or establishment of an aquatic nuisance species; or [[Page H9640]] ``(II) will mitigate the adverse effects of a discharge that contributes to a violation of a water quality requirement under section 303, other than a requirement based on the presence of an aquatic nuisance species. ``(ii) Concurrence with secretary.-- ``(I) Request.--The Administrator shall submit to the Secretary a request for written concurrence with respect to an order under clause (i). ``(II) Effect of failure to concur.--A failure by the Secretary to concur with the Administrator under clause (i) by the date that is 60 days after the date on which the Administrator submits a request for concurrence under subclause (I) shall not prevent the Administrator from issuing the relevant order, subject to the condition that the Administrator shall include in the administrative record of the issuance-- ``(aa) documentation of the request submitted under subclause (I); and ``(bb) the response of the Administrator to any written objections received from the Secretary relating to the proposed order during the 60-day ***period*** beginning on the date of submission of the request. ``(iii) Duration.--An order issued by the Administrator under clause (i) shall expire not later than the date that is 4 years after the date of issuance. ``(iv) Extensions.--The Administrator may reissue an order under clause (i) for such subsequent ***periods*** of not longer than 4 years as the Administrator determines to be appropriate. ``(5) Implementation, compliance, and enforcement requirements.-- ``(A) Establishment.-- ``(i) In general.--As soon as practicable, but not later than 2 years, after the date on which the Administrator promulgates any new or revised standard of performance under paragraph (4) with respect to a discharge, the Secretary, in consultation with States, shall promulgate the regulations required under this paragraph with respect to that discharge. ``(ii) Minimum requirements.--Subject to subparagraph (C)(ii)(II), the regulations promulgated under this paragraph shall not be less stringent with respect to ensuring, monitoring, and enforcing compliance than-- ``(I) the requirements contained in part 3 of the Vessel General Permit (relating to corrective actions); ``(II) the requirements contained in part 4 of the Vessel General Permit (relating to inspections, monitoring, reporting, and recordkeeping), including with respect to waters subject to Federal protection, in whole or in part, for conservation purposes; ``(III) the requirements contained in part 5 of the Vessel General Permit (relating to vessel class-specific requirements) regarding monitoring, inspection, and educational and training requirements (within the meaning of that part), including with respect to waters subject to Federal protection, in whole or in part, for conservation purposes; and ``(IV) any comparable, existing requirements promulgated under the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (16 U.S.C 4701 et seq.) (including section 1101 of that Act (16 U.S.C 4711) (as in effect on the day before the date of enactment of this subsection)) applicable to that discharge. ``(iii) Coordination with states.--The Secretary, in coordination with the Governors of the States, shall develop, publish, and periodically update inspection, monitoring, data management, and enforcement procedures for the enforcement by States of Federal standards and requirements under this subsection. ``(iv) Effective date.--In determining the effective date of a regulation promulgated under this paragraph, the Secretary shall take into consideration the ***period*** of time necessary-- ``(I) to communicate to affected persons the applicability of the regulation; and ``(II) for affected persons reasonably to comply with the regulation. ``(v) Procedure.--The Secretary shall promulgate the regulations under this subparagraph in accordance with-- ``(I) this paragraph; and ``(II) section 553 of title 5, United States Code. ``(B) Implementation regulations for marine pollution control devices.--The Secretary shall promulgate such regulations governing the design, construction, testing, approval, installation, and use of marine pollution control devices as are necessary to ensure compliance with the standards of performance promulgated under paragraph (4). ``(C) Compliance assurance.-- ``(i) In general.--The Secretary shall promulgate requirements (including requirements for vessel owners and operators with respect to inspections, monitoring, reporting, sampling, and recordkeeping) to ensure, monitor, and enforce compliance with-- ``(I) the standards of performance promulgated by the Administrator under paragraph (4); and ``(II) the implementation regulations promulgated by the Secretary under subparagraph (B). ``(ii) Maintaining protectiveness.-- ``(I) In general.--Except as provided in subclause (II), the Secretary shall not revise a requirement under this subparagraph or subparagraph (B) to be less stringent with respect to ensuring, monitoring, or enforcing compliance than an applicable existing requirement. ``(II) Exceptions.--The Secretary may revise a requirement under this subparagraph or subparagraph (B) to be less stringent than an applicable existing requirement-- ``(aa) in accordance with this subparagraph or subparagraph (B), as applicable; ``(bb) if information becomes available that-- ``(AA) the Administrator determines was not reasonably available when the Administrator promulgated the existing requirement of the Vessel General Permit, or that the Secretary determines was not reasonably available when the Secretary promulgated the existing requirement under the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (16 U.S.C 4701 et seq.) or the applicable existing requirement under this subparagraph, as applicable (including subsequent scarcity or unavailability of materials used to control the relevant discharge); and ``(BB) would have justified the application of a less- stringent requirement at the time of promulgation; or ``(cc) if the Administrator determines that a material technical mistake or misinterpretation of law occurred when promulgating an existing requirement of the Vessel General Permit, or if the Secretary determines that a material mistake or misinterpretation of law occurred when promulgating an existing requirement under the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (16 U.S.C 4701 et seq.) or this subsection. ``(D) Data availability.--Beginning not later than 1 year after the date of enactment of this subsection, the Secretary shall provide to the Governor of a State, on request by the Governor, access to Automated Identification System arrival data for inbound vessels to specific ports or places of destination in the State. ``(6) Additional provisions regarding ballast water.-- ``(A) In general.--In addition to the other applicable requirements of this subsection, the requirements of this paragraph shall apply with respect to any discharge incidental to the normal operation of a vessel that is a discharge of ballast water. ``(B) Empty ballast tanks.-- ``(i) Requirements.--Except as provided in clause (ii), the owner or operator of a vessel with empty ballast tanks bound for a port or place of destination subject to the jurisdiction of the United States shall, prior to arriving at that port or place of destination, conduct a ballast water exchange or saltwater flush-- ``(I) not less than 200 nautical miles from any shore for a voyage originating outside the United States or Canadian exclusive economic zone; or ``(II) not less than 50 nautical miles from any shore for a voyage originating within the United States or Canadian exclusive economic zone. ``(ii) Exceptions.--Clause (i) shall not apply-- ``(I) if the unpumpable residual waters and sediments of an empty ballast tank were subject to treatment, in compliance with applicable requirements, through a type-approved ballast water management system approved by the Secretary; ``(II) except as otherwise required under this subsection, if the unpumpable residual waters and sediments of an empty ballast tank were sourced within-- ``(aa) the same port or place of destination; or ``(bb) contiguous portions of a single Captain of the Port Zone; ``(III) if complying with an applicable requirement of clause (i)-- ``(aa) would compromise the safety of the vessel; or ``(bb) is otherwise prohibited by any Federal, Canadian, or international law (including regulations) pertaining to vessel safety; ``(IV) if design limitations of the vessel prevent a ballast water exchange or saltwater flush from being conducted in accordance with clause (i); or ``(V) if the vessel is operating exclusively within the internal waters of the United States or Canada. ``(C) ***Period*** of use of installed ballast water management systems.-- ``(i) In general.--Except as provided in clause (ii), a vessel shall be deemed to be in compliance with a standard of performance for a marine pollution control device that is a ballast water management system if the ballast water management system-- ``(I) is maintained in proper working condition, as determined by the Secretary; ``(II) is maintained and used in accordance with manufacturer specifications; ``(III) continues to meet the ballast water discharge standard applicable to the vessel at the time of installation, as determined by the Secretary; and ``(IV) has in effect a valid type-approval certificate issued by the Secretary. ``(ii) Limitation.--Clause (i) shall cease to apply with respect to any vessel on, as applicable-- ``(I) the expiration of the service life, as determined by the Secretary, of-- ``(aa) the ballast water management system; or ``(bb) the vessel; ``(II) the completion of a major conversion (as defined in section 2101 of title 46, United States Code) of the vessel; or ``(III) a determination by the Secretary that there are other type-approved systems for the vessel or category of vessels, with respect to the use of which the environmental, health, and economic benefits would exceed the costs. ``(D) Review of ballast water management system type- approval testing methods.-- ``(i) Definition of live; living.--Notwithstanding any other provision of law (including regulations), for purposes of section 151.1511 of title 33, and part 162 of title 46, Code of Federal Regulations (or successor regulations), the terms `live' and `living' shall not-- ``(I) include an organism that has been rendered nonviable; or ``(II) preclude the consideration of any method of measuring the concentration of organisms in ballast water that are capable of reproduction. ``(ii) Draft policy.--Not later than 180 days after the date of enactment of this subsection, the Secretary, in coordination with the Administrator, shall publish a draft policy letter, based [[Page H9641]] on the best available science, describing type-approval testing methods and protocols for ballast water management systems, if any, that-- ``(I) render nonviable organisms in ballast water; and ``(II) may be used in addition to the methods established under subpart 162.060 of title 46, Code of Federal Regulations (or successor regulations)-- ``(aa) to measure the concentration of organisms in ballast water that are capable of reproduction; ``(bb) to certify the performance of each ballast water management system under this subsection; and ``(cc) to certify laboratories to evaluate applicable treatment technologies. ``(iii) Public comment.--The Secretary shall provide a ***period*** of not more than 60 days for public comment regarding the draft policy letter published under clause (ii). ``(iv) Final policy.-- ``(I) In general.--Not later than 1 year after the date of enactment of this subsection, the Secretary, in coordination with the Administrator, shall publish a final policy letter describing type-approval testing methods, if any, for ballast water management systems that render nonviable organisms in ballast water. ``(II) Method of evaluation.--The ballast water management systems under subclause (I) shall be evaluated by measuring the concentration of organisms in ballast water that are capable of reproduction based on the best available science that may be used in addition to the methods established under subpart 162.060 of title 46, Code of Federal Regulations (or successor regulations). ``(III) Revisions.--The Secretary shall revise the final policy letter under subclause (I) in any case in which the Secretary, in coordination with the Administrator, determines that additional testing methods are capable of measuring the concentration of organisms in ballast water that have not been rendered nonviable. ``(v) Factors for consideration.--In developing a policy letter under this subparagraph, the Secretary, in coordination with the Administrator-- ``(I) shall take into consideration a testing method that uses organism grow-out and most probable number statistical analysis to determine the concentration of organisms in ballast water that are capable of reproduction; and ``(II) shall not take into consideration a testing method that relies on a staining method that measures the concentration of-- ``(aa) organisms greater than or equal to 10 micrometers; and ``(bb) organisms less than or equal to 50 micrometers. ``(E) Intergovernmental response framework.-- ``(i) In general.--The Secretary, in consultation with the Administrator and acting in coordination with, or through, the Aquatic Nuisance Species Task Force established by section 1201(a) of the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (16 U.S.C 4721(a)), shall establish a framework for Federal and intergovernmental response to aquatic nuisance species risks from discharges from vessels subject to ballast water and incidental discharge compliance requirements under this subsection, including the introduction, spread, and establishment of aquatic nuisance species populations. ``(ii) Ballast discharge risk response.--The Administrator, in coordination with the Secretary and taking into consideration information from the National Ballast Information Clearinghouse developed under section 1102(f) of the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (16 U.S.C 4712(f)), shall establish a risk assessment and response framework using ballast water discharge data and aquatic nuisance species monitoring data for the purposes of-- ``(I) identifying and tracking populations of aquatic invasive species; ``(II) evaluating the risk of any aquatic nuisance species population tracked under subclause (I) establishing and spreading in waters of the United States or waters of the contiguous zone; and ``(III) establishing emergency best management practices that may be deployed rapidly, in a local or regional manner, to respond to emerging aquatic nuisance species threats. ``(7) Petitions by governors for review.-- ``(A) In general.--The Governor of a State (or a designee) may submit to the Administrator or the Secretary a petition-- ``(i) to issue an order under paragraph (4)(E); or ``(ii) to review any standard of performance, regulation, or policy promulgated under paragraph (4), (5), or (6), respectively, if there exists new information that could reasonably result in a change to-- ``(I) the standard of performance, regulation, or policy; or ``(II) a determination on which the standard of performance, regulation, or policy was based. ``(B) Inclusion.--A petition under subparagraph (A) shall include a description of any applicable scientific or technical information that forms the basis of the petition. ``(C) Determination.-- ``(i) Timing.--The Administrator or the Secretary, as applicable, shall grant or deny-- ``(I) a petition under subparagraph (A)(i) by not later than the date that is 180 days after the date on which the petition is submitted; and ``(II) a petition under subparagraph (A)(ii) by not later than the date that is 1 year after the date on which the petition is submitted. ``(ii) Effect of grant.--If the Administrator or the Secretary determines under clause (i) to grant a petition-- ``(I) in the case of a petition under subparagraph (A)(i), the Administrator shall immediately issue the relevant order under paragraph (4)(E); or ``(II) in the case of a petition under subparagraph (A)(ii), the Administrator or Secretary shall publish in the Federal Register, by not later than 30 days after the date of that determination, a notice of proposed rulemaking to revise the relevant standard, requirement, regulation, or policy under paragraph (4), (5), or (6), as applicable. ``(iii) Notice of denial.--If the Administrator or the Secretary determines under clause (i) to deny a petition, the Administrator or Secretary shall publish in the Federal Register, by not later than 30 days after the date of that determination, a detailed explanation of the scientific, technical, or operational factors that form the basis of the determination. ``(iv) Review.--A determination by the Administrator or the Secretary under clause (i) to deny a petition shall be-- ``(I) considered to be a final agency action; and ``(II) subject to judicial review in accordance with section 509, subject to clause (v). ``(v) Exceptions.-- ``(I) Venue.--Notwithstanding section 509(b), a petition for review of a determination by the Administrator or the Secretary under clause (i) to deny a petition submitted by the Governor of a State under subparagraph (A) may be filed in any United States district court of competent jurisdiction. ``(II) Deadline for filing.--Notwithstanding section 509(b), a petition for review of a determination by the Administrator or the Secretary under clause (i) shall be filed by not later than 180 days after the date on which the justification for the determination is published in the Federal Register under clause (iii). ``(8) Prohibition.-- ``(A) In general.--It shall be unlawful for any person to violate-- ``(i) a provision of the Vessel General Permit in force and effect under paragraph (3)(A); ``(ii) a regulation promulgated pursuant to section 1101 of the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (16 U.S.C 4711) (as in effect on the day before the date of enactment of this subsection) in force and effect under paragraph (3)(B); or ``(iii) an applicable requirement or regulation under this subsection. ``(B) Compliance with regulations.--Effective beginning on the effective date of a regulation promulgated under paragraph (4), (5), (6), or (10), as applicable, it shall be unlawful for the owner or operator of a vessel subject to the regulation-- ``(i) to discharge any discharge incidental to the normal operation of the vessel into waters of the United States or waters of the contiguous zone, except in compliance with the regulation; or ``(ii) to operate in waters of the United States or waters of the contiguous zone, if the vessel is not equipped with a required marine pollution control device that complies with the requirements established under this subsection, unless-- ``(I) the owner or operator of the vessel denotes in an entry in the official logbook of the vessel that the equipment was not operational; and ``(II) either-- ``(aa) the applicable discharge was avoided; or ``(bb) an alternate compliance option approved by the Secretary as meeting the applicable standard was employed. ``(C) Affirmative defense.--No person shall be found to be in violation of this paragraph if-- ``(i) the violation was in the interest of ensuring the safety of life at sea, as determined by the Secretary; and ``(ii) the applicable emergency circumstance was not the result of negligence or malfeasance on the part of-- ``(I) the owner or operator of the vessel; ``(II) the master of the vessel; or ``(III) the person in charge of the vessel. ``(D) Treatment.--Each day of continuing violation of an applicable requirement of this subsection shall constitute a separate offense. ``(E) In rem liability.--A vessel operated in violation of this subsection is liable in rem for any civil penalty assessed for the violation. ``(F) Revocation of clearance.--The Secretary shall withhold or revoke the clearance of a vessel required under section 60105 of title 46, United States Code, if the owner or operator of the vessel is in violation of this subsection. ``(9) Effect on other laws.-- ``(A) State authority.-- ``(i) In general.--Except as provided in clauses (ii) through (v) and paragraph (10), effective beginning on the date on which the requirements promulgated by the Secretary under subparagraphs (A), (B), and (C) of paragraph (5) with respect to every discharge incidental to the normal operation of a vessel that is subject to regulation under this subsection are final, effective, and enforceable, no State, political subdivision of a State, or interstate agency may adopt or enforce any law, regulation, or other requirement of the State, political subdivision, or interstate agency with respect to any such discharge. ``(ii) Identical or lesser state laws.--Clause (i) shall not apply to any law, regulation, or other requirement of a State, political subdivision of a State, or interstate agency in effect on or after the date of enactment of this subsection-- ``(I) that is identical to a Federal requirement under this subsection applicable to the relevant discharge; or ``(II) compliance with which would be achieved concurrently in achieving compliance with a Federal requirement under this subsection applicable to the relevant discharge. ``(iii) State enforcement of federal requirements.--A State may enforce any standard of performance or other Federal requirement [[Page H9642]] of this subsection in accordance with subsection (k) or other applicable Federal authority. ``(iv) Exception for certain fees.-- ``(I) In general.--Subject to subclauses (II) and (III), a State that assesses any fee pursuant to any State or Federal law relating to the regulation of a discharge incidental to the normal operation of a vessel before the date of enactment of this subsection may assess or retain a fee to cover the costs of administration, inspection, monitoring, and enforcement activities by the State to achieve compliance with the applicable requirements of this subsection. ``(II) Maximum amount.-- ``(aa) In general.--Except as provided in item (bb), a State may assess a fee for activities under this clause equal to not more than $1,000 against the owner or operator of a vessel that-- ``(AA) has operated outside of that State; and ``(BB) arrives at a port or place of destination in the State (excluding movement entirely within a single port or place of destination). ``(bb) Vessels engaged in coastwise trade.--A State may assess against the owner or operator of a vessel registered in accordance with applicable Federal law and lawfully engaged in the coastwise trade not more than $5,000 in fees under this clause per vessel during a calendar year. ``(III) Adjustment for inflation.-- ``(aa) In general.--A State may adjust the amount of a fee authorized under this clause not more frequently than once every 5 years to reflect the percentage by which the Consumer Price Index for All Urban Consumers published by the Department of Labor for the month of October immediately preceding the date of adjustment exceeds the Consumer Price Index for All Urban Consumers published by the Department of Labor for the month of October that immediately precedes the date that is 5 years before the date of adjustment. ``(bb) Effect of subclause.--Nothing in this subclause prevents a State from adjusting a fee in effect before the date of enactment of this subsection to the applicable maximum amount under subclause (II). ``(cc) Applicability.--This subclause applies only to increases in fees to amounts greater than the applicable maximum amount under subclause (II). ``(v) Alaska graywater.--Clause (i) shall not apply with respect to any discharge of graywater (as defined in section 1414 of the Consolidated Appropriations Act, 2001 (Public Law 106-554; 114 Stat. 2763A-323)) from a passenger vessel (as defined in section 2101 of title 46, United States Code) in the State of Alaska (including all waters in the Alexander Archipelago) carrying 50 or more passengers. ``(vi) Preservation of authority.--Nothing in this subsection preempts any State law, public initiative, referendum, regulation, requirement, or other State action, except as expressly provided in this subsection. ``(B) Established regimes.--Except as expressly provided in this subsection, nothing in this subsection affects the applicability to a vessel of any other provision of Federal law, including-- ``(i) this section; ``(ii) section 311; ``(iii) the Act to Prevent Pollution from Ships (33 U.S.C 1901 et seq.); and ``(iv) title X of the Coast Guard Authorization Act of 2010 (33 U.S.C 3801 et seq.). ``(C) Permitting.--Effective beginning on the date of enactment of this subsection-- ``(i) the Small Vessel General Permit is repealed; and ``(ii) the Administrator, or a State in the case of a permit program approved under section 402, shall not require, or in any way modify, a permit under that section for-- ``(I) any discharge that is subject to regulation under this subsection; ``(II) any discharge incidental to the normal operation of a vessel from a small vessel or fishing vessel, regardless of whether that discharge is subject to regulation under this subsection; or ``(III) any discharge described in paragraph (2)(B)(ii). ``(D) No effect on civil or criminal actions.--Nothing in this subsection, or any standard, regulation, or requirement established under this subsection, modifies or otherwise affects, preempts, or displaces-- ``(i) any cause of action; or ``(ii) any provision of Federal or State law establishing a remedy for civil relief or criminal penalty. ``(E) No effect on certain secretarial authority.--Nothing in this subsection affects the authority of the Secretary of Commerce or the Secretary of the Interior to administer any land or waters under the administrative control of the Secretary of Commerce or the Secretary of the Interior, respectively. ``(F) No limitation on state inspection authority.--Nothing in this subsection limits the authority of a State to inspect a vessel pursuant to paragraph (5)(A)(iii) in order to monitor compliance with an applicable requirement of this section. ``(10) Additional regional requirements.-- ``(A) Minimum great lakes system requirements.-- ``(i) In general.--Except as provided in clause (ii), the owner or operator of a vessel entering the St. Lawrence Seaway through the mouth of the St. Lawrence River shall conduct a complete ballast water exchange or saltwater flush-- ``(I) not less than 200 nautical miles from any shore for a voyage originating outside the United States or Canadian exclusive economic zone; or ``(II) not less than 50 nautical miles from any shore for a voyage originating within the United States or Canadian exclusive economic zone. ``(ii) Exceptions.--Clause (i) shall not apply to a vessel if-- ``(I) complying with an applicable requirement of clause (i)-- ``(aa) would compromise the safety of the vessel; or ``(bb) is otherwise prohibited by any Federal, Canadian, or international law (including regulations) pertaining to vessel safety; ``(II) design limitations of the vessel prevent a ballast water exchange from being conducted in accordance with an applicable requirement of clause (i); ``(III) the vessel-- ``(aa) is certified by the Secretary as having no residual ballast water or sediments onboard; or ``(bb) retains all ballast water while in waters subject to the requirement; or ``(IV) empty ballast tanks on the vessel are sealed and certified by the Secretary in a manner that ensures that-- ``(aa) no discharge or uptake occurs; and ``(bb) any subsequent discharge of ballast water is subject to the requirement. ``(B) Enhanced great lakes system requirements.-- ``(i) Petitions by governors for proposed enhanced standards and requirements.-- ``(I) In general.--The Governor of a Great Lakes State (or a State employee designee) may submit a petition in accordance with subclause (II) to propose that other Governors of Great Lakes States endorse an enhanced standard of performance or other requirement with respect to any discharge that-- ``(aa) is subject to regulation under this subsection; and ``(bb) occurs within the Great Lakes System. ``(II) Submission.--A Governor shall submit a petition under subclause (I), in writing, to-- ``(aa) the Executive Director of the Great Lakes Commission, in such manner as may be prescribed by the Great Lakes Commission; ``(bb) the Governor of each other Great Lakes State; and ``(cc) the Director of the Great Lakes National Program Office established by section 118(b). ``(III) Preliminary assessment by great lakes commission.-- ``(aa) In general.--After the date of receipt of a petition under subclause (II)(aa), the Great Lakes Commission (acting through the Great Lakes Panel on Aquatic Nuisance Species, to the maximum extent practicable) may develop a preliminary assessment regarding each enhanced standard of performance or other requirement described in the petition. ``(bb) Provisions.--The preliminary assessment developed by the Great Lakes Commission under item (aa)-- ``(AA) may be developed in consultation with relevant experts and stakeholders; ``(BB) may be narrative in nature; ``(CC) may include the preliminary views, if any, of the Great Lakes Commission on the propriety of the proposed enhanced standard of performance or other requirement; ``(DD) shall be submitted, in writing, to the Governor of each Great Lakes State and the Director of the Great Lakes National Program Office and published on the internet website of the Great Lakes National Program Office; and ``(EE) except as provided in clause (iii), shall not be taken into consideration, or provide a basis for review, by the Administrator or the Secretary for purposes of that clause. ``(ii) Proposed enhanced standards and requirements.-- ``(I) Publication in federal register.-- ``(aa) Request by governor.--Not earlier than the date that is 90 days after the date on which the Executive Director of the Great Lakes Commission receives from a Governor of a Great Lakes State a petition under clause (i)(II)(aa), the Governor may request the Director of the Great Lakes National Program Office to publish, for a ***period*** requested by the Governor of not less than 30 days, and the Director shall so publish, in the Federal Register for public comment-- ``(AA) a copy of the petition; and ``(BB) if applicable as of the date of publication, any preliminary assessment of the Great Lakes Commission developed under clause (i)(III) relating to the petition. ``(bb) Review of public comments.--On receipt of a written request of a Governor of a Great Lakes State, the Director of the Great Lakes National Program Office shall make available all public comments received in response to the notice under item (aa). ``(cc) No response required.--Notwithstanding any other provision of law, a Governor of a Great Lakes State or the Director of the Great Lakes National Program Office shall not be required to provide a response to any comment received in response to the publication of a petition or preliminary assessment under item (aa). ``(dd) Purpose.--Any public comments received in response to the publication of a petition or preliminary assessment under item (aa) shall be used solely for the purpose of providing information and feedback to the Governor of each Great Lakes State regarding the decision to endorse the proposed standard or requirement. ``(ee) Effect of petition.--A proposed standard or requirement developed under subclause (II) may differ from the proposed standard or requirement described in a petition published under item (aa). ``(II) Coordination to develop proposed standard or requirement.--After the expiration of the public comment ***period*** for the petition under subclause (I), any interested Governor of a Great Lakes State may work in coordination with the Great Lakes Commission to develop a proposed standard of performance or other requirement applicable to a discharge referred to in the petition. ``(III) Requirements.--A proposed standard of performance or other requirement under subclause (II)-- [[Page H9643]] ``(aa) shall be developed-- ``(AA) in consultation with representatives from the Federal and provincial governments of Canada; ``(BB) after notice and opportunity for public comment on the petition published under subclause (I); and ``(CC) taking into consideration the preliminary assessment, if any, of the Great Lakes Commission under clause (i)(III); ``(bb) shall be specifically endorsed in writing by-- ``(AA) the Governor of each Great Lakes State, if the proposed standard or requirement would impose any additional equipment requirement on a vessel; or ``(BB) not fewer than 5 Governors of Great Lakes States, if the proposed standard or requirement would not impose any additional equipment requirement on a vessel; and ``(cc) in the case of a proposed requirement to prohibit 1 or more types of discharge regulated under this subsection, whether treated or not treated, into waters within the Great Lakes System, shall not apply outside the waters of the Great Lakes States of the Governors endorsing the proposed requirement under item (bb). ``(iii) Promulgation by administrator and secretary.-- ``(I) Submission.-- ``(aa) In general.--The Governors endorsing a proposed standard or requirement under clause (ii)(III)(bb) may jointly submit to the Administrator and the Secretary for approval each proposed standard of performance or other requirement developed and endorsed pursuant to clause (ii). ``(bb) Inclusion.--Each submission under item (aa) shall include an explanation regarding why the applicable standard of performance or other requirement is-- ``(AA) at least as stringent as a comparable standard of performance or other requirement under this subsection; ``(BB) in accordance with maritime safety; and ``(CC) in accordance with applicable maritime and navigation laws and regulations. ``(cc) Withdrawal.-- ``(AA) In general.--The Governor of any Great Lakes State that endorses a proposed standard or requirement under clause (ii)(III)(bb) may withdraw the endorsement by not later than the date that is 90 days after the date on which the Administrator and the Secretary receive the proposed standard or requirement. ``(BB) Effect on federal review.--If, after the withdrawal of an endorsement under subitem (AA), the proposed standard or requirement does not have the applicable number of endorsements under clause (ii)(III)(bb), the Administrator and the Secretary shall terminate the review under this clause. ``(dd) Dissenting opinions.--The Governor of a Great Lakes State that does not endorse a proposed standard or requirement under clause (ii)(III)(bb) may submit to the Administrator and the Secretary any dissenting opinions of the Governor. ``(II) Joint notice.--On receipt of a proposed standard of performance or other requirement under subclause (I), the Administrator and the Secretary shall publish in the Federal Register a joint notice that, at minimum-- ``(aa) states that the proposed standard or requirement is publicly available; and ``(bb) provides an opportunity for public comment regarding the proposed standard or requirement during the 90-day ***period*** beginning on the date of receipt by the Administrator and the Secretary of the proposed standard or requirement. ``(III) Review.-- ``(aa) In general.--As soon as practicable after the date of publication of a joint notice under subclause (II)-- ``(AA) the Administrator shall commence a review of each proposed standard of performance or other requirement covered by the notice to determine whether that standard or requirement is at least as stringent as comparable standards and requirements under this subsection; and ``(BB) the Secretary shall commence a review of each proposed standard of performance or other requirement covered by the notice to determine whether that standard or requirement is in accordance with maritime safety and applicable maritime and navigation laws and regulations. ``(bb) Consultation.--In carrying out item (aa), the Administrator and the Secretary-- ``(AA) shall consult with the Governor of each Great Lakes State and representatives from the Federal and provincial governments of Canada; ``(BB) shall take into consideration any relevant data or public comments received under subclause (II)(bb); and ``(CC) shall not take into consideration any preliminary assessment by the Great Lakes Commission under clause (i)(III), or any dissenting opinion under subclause (I)(dd), except to the extent that such an assessment or opinion is relevant to the criteria for the applicable determination under item (aa). ``(IV) Approval or disapproval.--Not later than 180 days after the date of receipt of each proposed standard of performance or other requirement under subclause (I), the Administrator and the Secretary shall-- ``(aa) determine, as applicable, whether each proposed standard or other requirement satisfies the criteria under subclause (III)(aa); ``(bb) approve each proposed standard or other requirement, unless the Administrator or the Secretary, as applicable, determines under item (aa) that the proposed standard or other requirement does not satisfy the criteria under subclause (III)(aa); and ``(cc) submit to the Governor of each Great Lakes State, and publish in the Federal Register, a notice of the determination under item (aa). ``(V) Action on disapproval.-- ``(aa) Rationale and recommendations.--If the Administrator and the Secretary disapprove a proposed standard of performance or other requirement under subclause (IV)(bb), the notices under subclause (IV)(cc) shall include-- ``(AA) a description of the reasons why the standard or requirement is, as applicable, less stringent than a comparable standard or requirement under this subsection, inconsistent with maritime safety, or inconsistent with applicable maritime and navigation laws and regulations; and ``(BB) any recommendations regarding changes the Governors of the Great Lakes States could make to conform the disapproved portion of the standard or requirement to the requirements of this subparagraph. ``(bb) Review.--Disapproval of a proposed standard or requirement by the Administrator and the Secretary under this subparagraph shall be considered to be a final agency action subject to judicial review under section 509. ``(VI) Action on approval.--On approval by the Administrator and the Secretary of a proposed standard of performance or other requirement under subclause (IV)(bb)-- ``(aa) the Administrator shall establish, by regulation, the proposed standard or requirement within the Great Lakes System in lieu of any comparable standard or other requirement promulgated under paragraph (4); and ``(bb) the Secretary shall establish, by regulation, any requirements necessary to implement, ensure compliance with, and enforce the standard or requirement under item (aa), or to apply the proposed requirement, within the Great Lakes System in lieu of any comparable requirement promulgated under paragraph (5). ``(VII) No judicial review for certain actions.--An action or inaction of a Governor of a Great Lakes State or the Great Lakes Commission under this subparagraph shall not be subject to judicial review. ``(VIII) Great lakes compact.--Nothing in this subsection limits, alters, or amends the Great Lakes Compact to which Congress granted consent in the Act of July 24, 1968 (Public Law 90-419; 82 Stat. 414). ``(IX) Authorization of appropriations.--There is authorized to be appropriated to the Great Lakes Commission $5,000,000, to be available until expended. ``(C) Minimum pacific region requirements.-- ``(i) Definition of commercial vessel.--In this subparagraph, the term `commercial vessel' means a vessel operating between-- ``(I) 2 ports or places of destination within the Pacific Region; or ``(II) a port or place of destination within the Pacific Region and a port or place of destination on the Pacific Coast of Canada or Mexico north of parallel 20 degrees north latitude, inclusive of the Gulf of California. ``(ii) Ballast water exchange.-- ``(I) In general.--Except as provided in subclause (II) and clause (iv), the owner or operator of a commercial vessel shall conduct a complete ballast water exchange in waters more than 50 nautical miles from shore. ``(II) Exemptions.--Subclause (I) shall not apply to a commercial vessel-- ``(aa) using, in compliance with applicable requirements, a type-approved ballast water management system approved by the Secretary; or ``(bb) voyaging-- ``(AA) between or to a port or place of destination in the State of Washington, if the ballast water to be discharged from the commercial vessel originated solely from waters located between the parallel 46 degrees north latitude, including the internal waters of the Columbia River, and the internal waters of Canada south of parallel 50 degrees north latitude, including the waters of the Strait of Georgia and the Strait of Juan de Fuca; ``(BB) between ports or places of destination in the State of Oregon, if the ballast water to be discharged from the commercial vessel originated solely from waters located between the parallel 40 degrees north latitude and the parallel 50 degrees north latitude; ``(CC) between ports or places of destination in the State of California within the San Francisco Bay area east of the Golden Gate Bridge, including the Port of Stockton and the Port of Sacramento, if the ballast water to be discharged from the commercial vessel originated solely from ports or places within that area; ``(DD) between the Port of Los Angeles, the Port of Long Beach, and the El Segundo offshore marine oil terminal, if the ballast water to be discharged from the commercial vessel originated solely from the Port of Los Angeles, the Port of Long Beach, or the El Segundo offshore marine oil terminal; ``(EE) between a port or place of destination in the State of Alaska within a single Captain of the Port Zone; ``(FF) between ports or places of destination in different counties of the State of Hawaii, if the vessel may conduct a complete ballast water exchange in waters that are more than 10 nautical miles from shore and at least 200 meters deep; or ``(GG) between ports or places of destination within the same county of the State of Hawaii, if the vessel does not transit outside State marine waters during the voyage. ``(iii) Low-salinity ballast water.-- ``(I) In general.--Except as provided in subclause (II) and clause (iv), the owner or operator of a commercial vessel that transports ballast water sourced from waters with a measured salinity of less than 18 parts per thousand and voyages to a Pacific Region port or place of destination with a measured salinity of less than 18 parts per thousand shall conduct a complete ballast water exchange-- ``(aa) not less than 50 nautical miles from shore, if the ballast water was sourced from a Pacific Region port or place of destination; or ``(bb) more than 200 nautical miles from shore, if the ballast water was not sourced from a Pacific Region port or place of destination. [[Page H9644]] ``(II) Exception.--Subclause (I) shall not apply to a commercial vessel voyaging to a port or place of destination in the Pacific Region that is using, in compliance with applicable requirements, a type-approved ballast water management system approved by the Secretary to achieve standards of performance of-- ``(aa) less than 1 organism per 10 cubic meters, if that organism-- ``(AA) is living, or has not been rendered nonviable; and ``(BB) is 50 or more micrometers in minimum dimension; ``(bb) less than 1 organism per 10 milliliters, if that organism-- ``(AA) is living, or has not been rendered nonviable; and ``(BB) is more than 10, but less than 50, micrometers in minimum dimension; ``(cc) concentrations of indicator microbes that are less than-- ``(AA) 1 colony-forming unit of toxicogenic Vibrio cholera (serotypes O1 and O139) per 100 milliliters or less than 1 colony-forming unit of that microbe per gram of wet weight of zoological samples; ``(BB) 126 colony-forming units of escherichia coli per 100 milliliters; and ``(CC) 33 colony-forming units of intestinal enterococci per 100 milliliters; and ``(dd) concentrations of such additional indicator microbes and viruses as may be specified in the standards of performance established by the Administrator under paragraph (4). ``(iv) General exceptions.--The requirements of clauses (ii) and (iii) shall not apply to a commercial vessel if-- ``(I) complying with the requirement would compromise the safety of the commercial vessel; ``(II) design limitations of the commercial vessel prevent a ballast water exchange from being conducted in accordance with clause (ii) or (iii), as applicable; ``(III) the commercial vessel-- ``(aa) is certified by the Secretary as having no residual ballast water or sediments onboard; or ``(bb) retains all ballast water while in waters subject to those requirements; or ``(IV) empty ballast tanks on the commercial vessel are sealed and certified by the Secretary in a manner that ensures that-- ``(aa) no discharge or uptake occurs; and ``(bb) any subsequent discharge of ballast water is subject to those requirements. ``(D) Establishment of state no-discharge zones.-- ``(i) State prohibition.--Subject to clause (ii), after the effective date of regulations promulgated by the Secretary under paragraph (5), if any State determines that the protection and enhancement of the quality of some or all of the waters within the State require greater environmental protection, the State may prohibit 1 or more types of discharge regulated under this subsection, whether treated or not treated, into such waters. ``(ii) Applicability.--A prohibition by a State under clause (i) shall not apply until the date on which the Administrator makes the applicable determinations described in clause (iii). ``(iii) Prohibition by administrator.-- ``(I) Determination.--On application of a State, the Administrator, in concurrence with the Secretary (subject to subclause (II)), shall, by regulation, prohibit the discharge from a vessel of 1 or more discharges subject to regulation under this subsection, whether treated or not treated, into the waters covered by the application if the Administrator determines that-- ``(aa) prohibition of the discharge would protect and enhance the quality of the specified waters within the State; ``(bb) adequate facilities for the safe and sanitary removal and treatment of the discharge are reasonably available for the water and all vessels to which the prohibition would apply; ``(cc) the discharge can be safely collected and stored until a vessel reaches a discharge facility or other location; and ``(dd) in the case of an application for the prohibition of discharges of ballast water in a port (or in any other location where cargo, passengers, or fuel are loaded and unloaded)-- ``(AA) the adequate facilities described in item (bb) are reasonably available for commercial vessels, after considering, at a minimum, water depth, dock size, pumpout facility capacity and flow rate, availability of year-round operations, proximity to navigation routes, and the ratio of pumpout facilities to the population and discharge capacity of commercial vessels operating in those waters; and ``(BB) the prohibition will not unreasonably interfere with the safe loading and unloading of cargo, passengers, or fuel. ``(II) Concurrence with secretary.-- ``(aa) Request.--The Administrator shall submit to the Secretary a request for written concurrence with respect to a prohibition under subclause (I). ``(bb) Effect of failure to concur.--A failure by the Secretary to concur with the Administrator under subclause (I) by the date that is 60 days after the date on which the Administrator submits a request for concurrence under item (aa) shall not prevent the Administrator from prohibiting the relevant discharge in accordance with subclause (III), subject to the condition that the Administrator shall include in the administrative record of the promulgation-- ``(AA) documentation of the request submitted under item (aa); and ``(BB) the response of the Administrator to any written objections received from the Secretary relating to the proposed standard of performance during the 60-day ***period*** beginning on the date of submission of the request. ``(III) Timing.--The Administrator shall approve or disapprove an application submitted under subclause (I) by not later than 90 days after the date on which the application is submitted to the Administrator. ``(E) Maintenance in effect of more-stringent standards.-- In any case in which a requirement established under this paragraph is more stringent or environmentally protective than a comparable requirement established under paragraph (4), (5), or (6), the more-stringent or more-protective requirement shall control.''. (2) Repeals.-- (A) In general.--Effective beginning on the date of enactment of this Act, the following provisions of law are repealed: (i) Section 1101 of the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (16 U.S.C 4711). (ii) Public Law 110-299 (33 U.S.C 1342 note). (B) Conforming amendments.--Section 1102 of the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (16 U.S.C 4712) is amended-- (i) in subsection (c)(1), by inserting ``(as in effect on the day before the date of enactment of the Vessel Incidental Discharge Act of 2018)'' after ``section 1101(b)''; and (ii) in subsection (f)(1)(B), by inserting ``(as in effect on the day before the date of enactment of the Vessel Incidental Discharge Act of 2018)'' after ``section 1101(c)''. (b) Regulations for Use of Marine Pollution Control Devices.--Section 312 of the Federal Water Pollution Control Act (33 U.S.C 1322) is amended-- (1) by striking the section designation and heading and all that follows through ``For the purpose of'' in subsection (a) and inserting the following: ``SEC. 312. MARINE SANITATION DEVICES; DISCHARGES INCIDENTAL TO THE NORMAL OPERATION OF VESSELS. ``(a) Definitions.--In''; (2) in subsection (a)-- (A) in paragraph (7), by striking ``devices or of vessels'' and inserting ``devices, marine pollution control device equipment, or vessels''; and (B) in paragraph (13), in the matter preceding subparagraph (A), by inserting ``, except as provided in subsection (p),'' after ``means''; (3) in subsection (g)-- (A) by inserting ``or marine pollution control device equipment'' after ``marine sanitation device'' each place it appears; (B) in paragraph (1)-- (i) by inserting ``or equipment'' after ``such device''; and (ii) by inserting ``or equipment'' after ``test device''; and (C) in paragraph (2)-- (i) by inserting ``or equipment'' after ``the device'' each place it appears; and (ii) in the fourth sentence, by inserting ``or equipment'' after ``device'' each place it appears; and (4) in subsection (h)-- (A) in paragraph (1), by inserting ``and marine pollution control device equipment'' after ``marine sanitation device''; (B) in paragraph (2), by inserting ``or any certified marine pollution control device equipment or element of design of such equipment'' after ``such device''; (C) by redesignating paragraphs (1) through (4) as subparagraphs (A) through (D), respectively, and indenting the subparagraphs appropriately; (D) by striking ``(h) After'' and inserting the following: ``(h) Sale and Resale of Properly Equipped Vessels; Operability of Certified Marine Sanitation Devices.-- ``(1) In general.--Subject to paragraph (2), after''; and (E) by adding at the end the following: ``(2) Effect of subsection.--Nothing in this subsection requires certification of a marine pollution control device for use on any vessel of the Armed Forces.''. (c) Enforcement Authority.-- (1) In general.--Section 312(k) of the Federal Water Pollution Control Act (33 U.S.C 1322(k)) is amended-- (A) by striking the second sentence and inserting the following: ``(3) States.-- ``(A) In general.--This section may be enforced by a State or political subdivision of a State (including the attorney general of a State), including by filing a civil action in an appropriate Federal district court to enforce any violation of subsection (p). ``(B) Jurisdiction.--The appropriate Federal district court shall have jurisdiction with respect to a civil action filed pursuant to subparagraph (A), without regard to the amount in controversy or the citizenship of the parties-- ``(i) to enforce the requirements of this section; and ``(ii) to apply appropriate civil penalties under this section or section 309(d), as appropriate.''; (B) by striking ``(k) The provisions of this'' and inserting the following: ``(k) Enforcement Authority.-- ``(1) Administrator.--This section shall be enforced by the Administrator, to the extent provided in section 309. ``(2) Secretary.-- ``(A) In general.--This''; and (C) in paragraph (2) (as so designated)-- (i) in subparagraph (A), by striking ``operating and he may utilize by agreement'' and inserting ``operating, who may use, by agreement''; and (ii) by adding at the end the following: ``(B) Inspections.--For purposes of ensuring compliance with this section, the Secretary-- ``(i) may carry out an inspection (including the taking of ballast water samples) of any vessel at any time; and ``(ii) shall-- ``(I) establish procedures for-- ``(aa) reporting violations of this section; and ``(bb) accumulating evidence regarding those violations; and [[Page H9645]] ``(II) use appropriate and practicable measures of detection and environmental monitoring of vessels. ``(C) Detention.--The Secretary may detain a vessel if the Secretary-- ``(i) has reasonable cause to believe that the vessel-- ``(I) has failed to comply with an applicable requirement of this section; or ``(II) is being operated in violation of such a requirement; and ``(ii) the Secretary provides to the owner or operator of the vessel a notice of the intent to detain.''. (2) Preservation of federal enforcement authority.--Section 309 of the Federal Water Pollution Control Act (33 U.S.C 1319) is amended-- (A) in subsection (a)(3), by striking ``318'' and inserting ``312(p), 318''; (B) in subsection (c), by striking ``318'' each place it appears and inserting ``312(p), 318''; (C) in subsection (d), in the first sentence-- (i) by striking ``318'' and inserting ``312(p), 318,''; and (ii) by striking ``State,,'' and inserting ``State,''; and (D) in subsection (g)(1)(A), by striking ``318'' and inserting ``312(p), 318''. (3) Preservation of public enforcement authority.--Section 505(f) of the Federal Water Pollution Control Act (33 U.S.C 1365(f)) is amended by striking ``(5) certification'' and all that follows through the ***period*** at the end and inserting the following: ``(5) a standard of performance or requirement under section 312(p); (6) a certification under section 401; (7) a permit or condition of a permit issued under section 402 that is in effect under this Act (including a requirement applicable by reason of section 313); or (8) a regulation under section 405(d).''. (4) Review.--Section 509(b) of the Federal Water Pollution Control Act (33 U.S.C 1369(b)) is amended by adding at the end the following: ``(4) Discharges incidental to normal operation of vessels.-- ``(A) In general.--Except as provided in subparagraph (B), any interested person may file a petition for review of a final agency action under section 312(p) of the Administrator or the Secretary of the department in which the Coast Guard is operating in accordance with the requirements of this subsection. ``(B) Venue exception.--Subject to section 312(p)(7)(C)(v), a petition for review of a final agency action under section 312(p) of the Administrator or the Secretary of the department in which the Coast Guard is operating may be filed only in the United States Court of Appeals for the District of Columbia Circuit.''. (d) Logbook Requirements.--Section 11301(b) of title 46, United States Code, is amended by adding at the end the following: ``(13) when a vessel fails to carry out ballast water management requirements as applicable and pursuant to regulations promulgated by the Secretary, including when the vessel fails to carry out ballast water management requirements due to an allowed safety exemption, a statement regarding the failure to comply and the circumstances under which the failure occurred, made immediately after the failure, when practicable to do so.''. (e) Quagga Mussel.--Section 42(a)(1) of title 18, United States Code, is amended, in the first sentence, by inserting ``of the quagga mussel of the species Dreissena rostriformis or Dreissena bugensis;'' after ``Dreissena polymorpha;''. (f) Coastal Aquatic Invasive Species Mitigation Grant Program and Mitigation ***Fund***.-- (1) Definitions.--In this subsection: (A) Coastal zone.--The term ``coastal zone'' has the meaning given the term in section 304 of the Coastal Zone Management Act of 1972 (16 U.S.C 1453). (B) Eligible entity.--The term ``eligible entity'' means-- (i) a State; (ii) a unit of local government; (iii) an Indian Tribe; (iv) a nongovernmental organization; and (v) an institution of higher education. (C) Exclusive economic zone.--The term ``Exclusive Economic Zone'' means the Exclusive Economic Zone of the United States, as established by Presidential Proclamation 5030, dated March 10, 1983 (16 U.S.C 1453 note). (D) Foundation.--The term ``Foundation'' means the National Fish and Wildlife Foundation established by section 2(a) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C 3701(a)). (E) ***Fund***.--The term ``***Fund***'' means the Coastal Aquatic Invasive Species Mitigation ***Fund*** established by paragraph (3)(A). (F) Program.--The term ``Program'' means the Coastal Aquatic Invasive Species Mitigation Grant Program established under paragraph (2)(A). (G) Secretary.--The term ``Secretary'' means the Secretary of Commerce. (2) Grant program.-- (A) Establishment.--The Secretary and the Foundation shall establish a program, to be known as the ``Coastal Aquatic Invasive Species Mitigation Grant Program'', under which the Secretary and the Foundation shall award grants to eligible entities in accordance with this paragraph. (B) Purposes.--The purposes of the Program are-- (i) to improve the understanding, prevention, and mitigation of, and response to, aquatic invasive species in-- (I) the coastal zone; and (II) the Exclusive Economic Zone; (ii) to support the prevention and mitigation of impacts from aquatic invasive species in the coastal zone; and (iii) to support the restoration of Pacific Island habitats, marine, estuarine, and Great Lakes environments in the coastal zone and the Exclusive Economic Zone that are impacted by aquatic invasive species. (C) Use of grants.-- (i) In general.--A grant awarded under the Program shall be used for an activity to carry out the purposes of the Program, including an activity-- (I) to develop and implement procedures and programs, including permissible State ballast water inspection programs, to prevent, detect, control, mitigate, and rapidly or progressively eradicate aquatic invasive species in the coastal zone or the Exclusive Economic Zone, particularly in areas with high numbers of established aquatic invasive species; (II) to restore habitat impacted by an aquatic invasive species; (III) to develop new shipboard and land-based ballast water treatment system technologies and performance standards to prevent the introduction of aquatic invasive species; (IV) to develop mitigation measures to protect natural and cultural living resources, including shellfish, from the impacts of aquatic invasive species; or (V) to develop mitigation measures to protect infrastructure, such as hydroelectric infrastructure, from aquatic invasive species. (ii) Prohibition on ***funding*** litigation.--A grant awarded under the Program may not be used to ***fund*** litigation in any matter. (D) Administration.--Not later than 90 days after the date of enactment of this Act, the Foundation, in consultation with the Secretary, shall establish the following: (i) Application and review procedures for awarding grants under the Program. (ii) Approval procedures for awarding grants under the Program, including a requirement for consultation with-- (I) the Secretary of the Interior; and (II) the Administrator. (iii) Performance accountability and monitoring measures for activities ***funded*** by a grant awarded under the Program. (iv) Procedures and methods to ensure accurate accounting and appropriate administration of grants awarded under the Program, including standards of recordkeeping. (E) Matching requirement.--Each eligible entity that receives a grant under the Program shall provide, in cash or through in-kind contributions from non-Federal sources, matching ***funds*** to carry out the activities ***funded*** by the grant in an amount equal to not less than 25 percent of the cost of the activities. (F) ***Funding***.--The Secretary and the Foundation are authorized to use the amounts available in the ***Fund*** to award grants under the Program. (3) Mitigation ***fund***.-- (A) Establishment.--There is established in the Treasury of the United States a trust ***fund***, to be known as the ``Coastal Aquatic Invasive Species Mitigation ***Fund***'', consisting of such amounts as are appropriated or credited to the ***Fund*** in accordance with this paragraph or section 9602 of the Internal Revenue Code of 1986. (B) Transfers to ***fund***.-- (i) Appropriation.--There is authorized to be appropriated from the Treasury to the ***Fund***, for each fiscal year, an amount equal to the amount of penalties assessed for violations of subsection (p) of section 312 of the Federal Water Pollution Control Act (33 U.S.C 1322) during the preceding fiscal year. (ii) Additional authorization.--In addition to the amounts transferred to the ***Fund*** under clause (i), there is authorized to be appropriated to the ***Fund*** $5,000,000 for each fiscal year. (C) Use of ***fund***.--Subject to appropriations, the amounts in the ***Fund*** shall be available to the Secretary and the Foundation to award grants under the Program. (g) Great Lakes and Lake Champlain Invasive Species Program.-- (1) Definitions.--In this subsection: (A) Administrator.--The term ``Administrator'' means the Administrator of the Environmental Protection Agency. (B) Aquatic nuisance species.--The term ``aquatic nuisance species'' has the meaning given that term in subsection (p)(1) of section 312 of the Federal Water Pollution Control Act (33 U.S.C 1322). (C) Director.--The term ``Director'' means the Director of the Great Lakes National Program Office established by section 118(b) of the Federal Water Pollution Control Act (33 U.S.C 1268(b)). (D) Great lakes and lake champlain systems.--The term ``Great Lakes and Lake Champlain Systems'' includes-- (i) Lake Champlain; and (ii) all bodies of water (including wetlands) within-- (I) the Great Lakes System (as defined in section 118(a)(3) of the Federal Water Pollution Control Act (33 U.S.C 1268(a)(3))); or (II) the Lake Champlain drainage basin (as defined in section 120(g) of the Federal Water Pollution Control Act (33 U.S.C 1270(g))). (E) Program.--The term ``Program'' means the Great Lakes and Lake Champlain Invasive Species Program established under paragraph (2)(A). (2) Establishment of program.-- (A) In general.--The Administrator shall establish within the Great Lakes National Program Office a program, to be known as the ``Great Lakes and Lake Champlain Invasive Species Program''-- (i) in collaboration with-- (I) the Director of the United States Fish and Wildlife Service; (II) the Administrator of the National Oceanic and Atmospheric Administration; (III) the Director of the United States Geological Survey; and (IV) the Secretary of the department in which the Coast Guard is operating; and (ii) in consultation with-- (I) the head of Great Lakes Aquatic Nonindigenous Species Information System of the [[Page H9646]] National Oceanic and Atmospheric Administration; and (II) the head of Great Lakes Environmental Research Laboratory of the National Oceanic and Atmospheric Administration. (B) Purposes.--The purposes of the Program shall be-- (i) to monitor for the introduction and spread of aquatic nuisance species into or within the Great Lakes and Lake Champlain Systems; (ii) to detect newly introduced aquatic nuisance species prior to the establishment of the aquatic nuisance species in the Great Lakes and Lake Champlain Systems; (iii) to inform, and assist with, management and response actions to prevent or stop the establishment or spread of an aquatic nuisance species; (iv) to establish a watch list of candidate aquatic nuisance species that may be introduced or spread, and that may survive and establish, within the Great Lakes and Lake Champlain Systems; (v) to monitor vectors likely to be contributing to the introduction or spread of aquatic nuisance species, including ballast water operations; (vi) to work collaboratively with the Federal, State, local, and Tribal agencies to develop criteria for prioritizing and distributing monitoring efforts; (vii) to develop, achieve type approval for, and pilot shipboard or land-based ballast water management systems installed on, or available for use by, commercial vessels operating solely within the Great Lakes and Lake Champlain Systems to prevent the spread of aquatic nuisance species populations within the Great Lakes and Lake Champlain Systems; and (viii) to facilitate meaningful Federal and State implementation of the regulatory framework in this subsection, including monitoring, shipboard education, inspection, and compliance conducted by States. (3) Methodology.--The Program shall seek-- (A) to build on-- (i) existing aquatic nuisance species monitoring efforts; and (ii) efforts to develop criteria for prioritizing and distributing monitoring efforts, geographically and among taxa, in the Great Lakes and Lake Champlain Systems; (B) to advance early detection and monitoring, and capacity to control the establishment and spread, of aquatic nuisance species within the Great Lakes and Lake Champlain Systems; (C) to identify opportunities to interdict the introduction and spread of aquatic nuisance species through sound science and technological advancements; (D) to assess the risk of aquatic nuisance species introduction and spread via the range of vectors active within the Great Lakes and Lake Champlain Systems; (E) to advance the development of type-approved ballast water management system (as defined in subsection (p)(1) of section 312 of the Federal Water Pollution Control Act (33 U.S.C 1322) equipment for commercial, non-seagoing vessels that operate solely within the Great Lakes System (as defined in section 118(a)(3) of the Federal Water Pollution Control Act (33 U.S.C 1268(a)(3))); (F) to immediately make available to the public information regarding-- (i) the detection of new aquatic nuisance species within the Great Lakes and Lake Champlain Systems; or (ii) the spread of aquatic nuisance species within the Great Lakes and Lake Champlain Systems; (G) to annually submit to appropriate individuals and entities in each affected region a report describing the findings and activities of the Program; (H) to identify roles and responsibilities of Federal agencies in aquatic nuisance species monitoring and response; and (I) to provide resource assistance to States implementing State-level programs to enter into partnerships with Federal agencies in enforcing the requirements under subsection (p) of section 312 of the Federal Water Pollution Control Act (33 U.S.C 1322). (4) Collaboration.--In carrying out and developing the Program, the Director shall collaborate with-- (A) applicable Federal, State, local, and Tribal agencies; and (B) such other research entities or stakeholders as the Director determines to be appropriate. (5) Data availability.--The Director shall-- (A) make the data collected under the Program available on a publicly accessible internet website, including in an annual summary report; and (B) in coordination with the entities identified under paragraph (4), develop communication and notification protocols for the purpose of communicating the range of aquatic nuisance species and any identification of a new aquatic nuisance species introduced to the Great Lakes and Lake Champlain Systems. (6) Report to congress.-- (A) In general.--Not later than December 31, 2019, the Director shall submit to Congress a report summarizing the outcomes of activities carried out under the Program. (B) Contents.--The report under subparagraph (A) shall include-- (i) a description of activities carried out under the Program, including an explanation of how those activities help to achieve the purposes described in paragraph (2)(B); (ii) an analysis of Federal, State, and local efforts to enhance multidisciplinary approaches to achieve the purposes described in paragraph (2)(B); (iii) recommendations relating to activities that would contribute to achievement of the purposes described in paragraph (2)(B); and (iv) recommendations to improve the efficiency and effectiveness of the Program. (7) Authorization of appropriations.--There is authorized to be appropriated to carry out the Program $50,000,000 for each of fiscal years 2019 through 2023. (h) Technical and Conforming Amendments.-- (1) Section 1102(f) of the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (16 U.S.C 4712(f)) is amended by striking paragraph (2) and inserting the following: ``(2) Ballast water reporting requirements.-- ``(A) In general.--The owner or operator of a vessel subject to this title shall submit to the National Ballast Information Clearinghouse, by not later than 6 hours after the arrival of the vessel at a United States port or place of destination, the ballast water management report form approved by the Office of Management and Budget numbered OMB 1625-0069 (or a successor form), unless the vessel is operating exclusively on a voyage between ports or places within contiguous portions of a single Captain of the Port Zone. ``(B) Multiple discharges.--The owner or operator of a vessel subject to this title may submit a single report under subparagraph (A) for multiple ballast water discharges within a single port or place of destination during the same voyage. ``(C) Advance report to states.--A State may require the owner or operator of a vessel subject to this title to submit directly to the State, or to an appropriate regional forum, a ballast water management report form-- ``(i) not later than 24 hours prior to arrival at a United States port or place of destination in the State, if the voyage of the vessel is anticipated to exceed 24 hours; or ``(ii) before departing the port or place of departure, if the voyage of the vessel to the United States port or place of destination is not anticipated to exceed 24 hours. ``(3) Vessel reporting data.-- ``(A) Dissemination to states.--On receipt of a ballast water management report under paragraph (2), the National Ballast Information Clearinghouse shall-- ``(i) in the case of a form submitted electronically, immediately disseminate the report to interested States; or ``(ii) in the case of a form submitted by means other than electronically, disseminate the report to interested States as soon as practicable. ``(B) Availability to public.--Not later than 30 days after the date of receipt of a ballast water management report under paragraph (2), the National Ballast Information Clearinghouse shall make the data in the report fully and readily available to the public in a searchable and fully retrievable electronic format. ``(4) Report.-- ``(A) In general.--Not later than July 1, 2019, and annually thereafter, the Secretary shall prepare and submit a report in accordance with this paragraph. ``(B) Contents.--Each report under this paragraph shall synthesize and analyze the data described in paragraph (1) for the preceding 2-year ***period*** to evaluate nationwide status and trends relating to-- ``(i) ballast water delivery and management; and ``(ii) invasions of aquatic nuisance species resulting from ballast water. ``(C) Development.--The Secretary shall prepare each report under this paragraph in consultation and cooperation with-- ``(i) the Task Force; and ``(ii) the Smithsonian Institution (acting through the Smithsonian Environmental Research Center). ``(D) Submission.--The Secretary shall-- ``(i) submit each report under this paragraph to-- ``(I) the Task Force; ``(II) the Committee on Commerce, Science, and Transportation of the Senate; and ``(III) the Committee on Transportation and Infrastructure of the House of Representatives; and ``(ii) make each report available to the public. ``(5) Working group.--Not later than 1 year after the date of enactment of this paragraph, the Secretary shall establish a working group, including members from the National Ballast Information Clearinghouse and States with ballast water management programs, to establish a process for compiling and readily sharing Federal and State commercial vessel reporting and enforcement data regarding compliance with this Act.''. (2) Section 1205 of the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (16 U.S.C 4725) is amended-- (A) in the third sentence, by striking ``Compliance'' and inserting the following: ``(c) Effect of Compliance.--Compliance''; (B) in the second sentence, by striking ``Nothing'' and inserting the following: ``(b) Effect of Title.-- ``(1) In general.--Except as provided in paragraph (2), nothing''; (C) in the first sentence, by striking ``All actions'' and inserting the following: ``(a) Consistency With Environmental Laws.--All actions''; and (D) in subsection (b) (as so designated), by adding at the end the following: ``(2) Exception.--Any discharge incidental to the normal operation of a vessel, including any discharge of ballast water (as those terms are defined in subsections (a) and (p)(1) of section 312 of the Federal Water Pollution Control Act (33 U.S.C 1322)), shall be regulated in accordance with that section.''. [[Page H9647]] TITLE X--HYDROGRAPHIC SERVICES AND OTHER MATTERS SEC. 1001. REAUTHORIZATION OF HYDROGRAPHIC SERVICES IMPROVEMENT ACT OF 1998. (a) Reauthorizations.--Section 306 of the Hydrographic Services Improvement Act of 1998 (33 U.S.C 892d) is amended-- (1) in the matter before paragraph (1), by striking ``There are'' and inserting the following: ``(a) In General.--There are''; (2) in subsection (a) (as designated by paragraph (1))-- (A) in paragraph (1), by striking ``surveys--'' and all that follows through the end of the paragraph and inserting ``surveys, $70,814,000 for each of fiscal years 2019 through 2023.''; (B) in paragraph (2), by striking ``vessels--'' and all that follows through the end of the paragraph and inserting ``vessels, $25,000,000 for each of fiscal years 2019 through 2023.''; (C) in paragraph (3), by striking ``Administration--'' and all that follows through the end of the paragraph and inserting ``Administration, $29,932,000 for each of fiscal years 2019 through 2023.''; (D) in paragraph (4), by striking ``title--'' and all that follows through the end of the paragraph and inserting ``title, $26,800,000 for each of fiscal years 2019 through 2023.''; and (E) in paragraph (5), by striking ``title--'' and all that follows through the end of the paragraph and inserting ``title, $30,564,000 for each of fiscal years 2019 through 2023.''; and (3) by adding at the end the following: ``(b) Arctic Programs.--Of the amount authorized by this section for each fiscal year-- ``(1) $10,000,000 is authorized for use in the Arctic-- ``(A) to acquire hydrographic data; ``(B) to provide hydrographic services; ``(C) to conduct coastal change analyses necessary to ensure safe navigation; ``(D) to improve the management of coastal change; and ``(E) to reduce risks of harm to subsistence and coastal communities associated with increased international maritime traffic; and ``(2) $2,000,000 is authorized for use to acquire hydrographic data and provide hydrographic services in the Arctic necessary to delineate the United States extended Continental Shelf.''. (b) Limitation on Administrative Expenses for Surveys.-- Section 306 of such Act (33 U.S.C 892d) is further amended by adding at the end the following: ``(c) Limitation on Administrative Expenses for Surveys.-- Of amounts authorized by this section for each fiscal year for contract hydrographic surveys, not more than 5 percent is authorized for administrative costs associated with contract management.''. SEC. 1002. SYSTEM FOR TRACKING AND REPORTING ALL-INCLUSIVE COST OF HYDROGRAPHIC SURVEYS. (a) In General.--Not later than 1 year after the date of the enactment of this Act, the Secretary of Commerce shall-- (1) develop and implement a system to track and report the full cost to the Department of Commerce of hydrographic data collection, including costs relating to vessel acquisition, vessel repair, and administration of contracts to procure data; (2) evaluate measures for comparing cost per unit effort in addition to measures of cost per nautical square mile; and (3) submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Natural Resources of the House of Representatives a report on which additional measures for comparing cost per unit effort the Secretary intends to use and the rationale for such use. (b) Development of Strategy for Increased Contracting With Nongovernmental Entities for Hydrographic Data Collection.-- Not later than 180 days after the date on which the Secretary completes the activities required by subsection (a), the Secretary shall develop a strategy for how the National Oceanic and Atmospheric Administration will increase contracting with nongovernmental entities for hydrographic data collection in a manner that is consistent with the requirements of the Ocean and Coastal Mapping Integration Act (Public Law 111-11; 33 U.S.C 3501 et seq.). SEC. 1003. HOMEPORT OF CERTAIN RESEARCH VESSELS. (a) Acceptance of ***Funds*** Authorized.--The Secretary of Commerce may accept non-Federal ***funds*** for the purpose of the construction of a new port facility, including obtaining such cost estimates, designs, and permits as may be necessary to facilitate the homeporting of the R/V FAIRWEATHER in accordance with title II of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2002 (Public Law 107-77; 115 Stat. 775) at a location that during such homeporting shall be under the administrative jurisdiction of the Under Secretary of Commerce for Oceans and Atmosphere. (b) Strategic Plan Required.--Not later than 180 days after the date of the enactment of this Act, the Secretary shall develop and submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Natural Resources of the House of Representatives a strategic plan for implementing subsection (a). (c) Acceptance of ***Funds*** Authorized.--The Secretary may accept non-Federal ***funds*** for the purpose of the construction of a new port facility, including obtaining such cost estimates, designs, and permits as may be necessary to facilitate the homeporting of a new, existing, or reactivated research vessel in the city of St. Petersburg, Florida, at a location that during such homeporting shall be under the administrative jurisdiction of the Under Secretary of Commerce for Oceans and Atmosphere. (d) Strategic Plan Required.--Not later than 180 days after the date of the enactment of this Act, the Secretary shall develop and submit to Congress a strategic plan for construction or acquisition of the facilities needed to allow for an oceanographic research vessel to be homeported in St. Petersburg, Florida. The strategic plan shall include an estimate of ***funding*** needed to construct such facilities. The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Pennsylvania (Mr. Shuster) and the gentleman from Oregon (Mr. DeFazio) each will control 20 minutes. The Chair recognizes the gentleman from Pennsylvania. General Leave Mr. SHUSTER. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and include any extraneous material on S. 140. The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania? There was no objection. Mr. SHUSTER. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I am very proud to come to the floor tonight, not only with another Coast Guard reauthorization bill, but it will be the last bill I will pass and the Committee on Transportation and Infrastructure will pass, as my chairmanship expires and I leave Congress here at the end of the year. So it is a proud moment for me. I am especially proud that S. 140 was named the Frank LoBiondo Coast Guard Authorization Act of 2018. This is a product of bicameral and bipartisan efforts. The Coast Guard is an armed service with a very difficult mission: to enforce all Federal laws on, under, and over the high seas in the jurisdiction of the United States. This bill supports the Coast Guard and its servicemembers by authorizing ***funding*** for fiscal year 2018 and 2019. The legislation includes three bills reported from the Transportation and Infrastructure Committee: the Coast Guard Improvement Reform Act of 2017; the Coast Guard Authorization Act of 2017; and the Federal Maritime Commission Authorization Act of 2017. The bill promotes commercial and recreational vessel safety, protects the environment, modernizes Coast Guard administration laws, and provides protection for American business in regard to foreign shipping alliances. {time} 1815 Once again, it authorizes a heavy icebreaker to be purchased by the Coast Guard. We just hope the appropriators find the ***funding*** to do that for a much-needed icebreaker. The bill is named for our colleague, Frank LoBiondo, who previously served as chairman and ranking member of the Coast Guard and Maritime Transportation Subcommittee during five different Congresses. His leadership on the subcommittee translated into many legislative victories for the Coast Guard and their hardworking Coast Guard members. So it is absolutely fitting to name this after Frank LoBiondo. Mr. Speaker, I urge all Members to support the Frank LoBiondo Coast Guard Reauthorization Act by voting ``yes'' on S. 140, and I reserve the balance of my time. Mr. DeFAZIO. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I rise in full support of S. 140, legislation that we have been somewhat patiently waiting for the Senate to move on for over a year. This legislation incorporates three different bills passed and reported by the Transportation and Infrastructure Committee last year: H.R 2518, the Coast Guard Authorization Act of 2017; H.R 1726, the Coast Guard Improvement and Reform Act; and H.R 2593, the Federal Maritime Commission Authorization Act. This is going to provide both positive improvements in maritime policy, help with the competitiveness of the U.S maritime industry, and it is going to be of substantial assistance to the Coast Guard. There are issues where we had some disagreement. It is not a perfect bill, but I am pleased to support it, and I urge all Members to support it. I am particularly pleased with the 2-year authorized ***funding*** levels for the Coast Guard. It has been hurt over a number of years. Their budget has been too thin, and cuts imposed by the [[Page H9648]] Budget Control Act have been harmful. So this is a reasonable--not optimal--***funding*** level, but it will meet both the acquisition and operational needs, and the Appropriations Committee will have the capability of meeting the targets we have set. It would have a rigorous new process before the Coast Guard can permanently close any air facility it operates. In my home State of Oregon there was a rather sudden announcement of a closure of an air facility in the mid-coast, Newport, in Representative Schrader's district. The waters of the Pacific are extraordinarily cold year- round. Survival times are not long, and we were putting mariners--both recreational, commercial, and others--at risk. So we have now imposed a new process. There will have to be an extensive public review justification, and then Congress will also have time to review, evaluate, and, if necessary, reject future proposed closures. I also support a provision in the bill that will allow certificates of documentation to be renewed on a multiyear basis. The Coast Guard has had a backlog forever on certificates of documentation, and they are annual. The rationale has been, well, we need to know your home port every year. We are going to have a process where you can get a 5- year certificate, and then if you change your home port, you have to report it within a certain number of days to the Coast Guard. That solves that issue. There was a long-discussed provision that was very controversial on the Senate side on the Vessel Incidental Discharge Act. We came up with a compromise. Again, I don't know that it is optimal, but we can live with it. It sets strict technological standards for vessel discharges under the Clean Water Act to protect local waters, minimizing the introduction and spread of aquatic invasive species to where it was becoming an incredibly expensive and difficult problem. We don't need to spread anymore. It establishes a uniform national standard for ballast water treatment that will be developed both by the EPA and the Coast Guard to aid commercial carriers in movement of goods by providing regulatory certainty throughout the United States. It retains a significant role for individual States and citizens to protect their local waters, which has been a critical sticking point in prior efforts to pass this measure. So under this proposal, States are guaranteed the ability to co- enforce and oversee implementation of the vessel discharge program, petition the EPA and Coast Guard to strengthen ballast discharge standard, should technologies that are more stringent become commercially available, and call for the establishment of no discharge zones in important and sensitive State waters, similar to those currently available for marine sewage. That, again, was not necessarily optimal, but I think it is workable and protects the interests of the State and our precious resources. I want to acknowledge the chairman and thank him. This will be the last bill he manages on the floor. He has imposed regular order on the Transportation and Infrastructure Committee with the water resources development bills, the first long-term FAA bill in three decades, and now an excellent Coast Guard authorization in addition to other products. I would like to also thank my ranking member--soon, perhaps, depending on where he decides to go--chairman of this subcommittee for his contributions. This is the third time that John Garamendi has worked with the Republicans to deliver a good Coast Guard bill during his tenure. So, all in all, this is a strangely productive day for the House of Representatives, and I am proud to be here. Mr. Speaker, I reserve the balance of my time. Mr. SHUSTER. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. Mast), who is the chairman of the Coast Guard and Maritime Transportation Subcommittee. Mr. MAST. Mr. Speaker, I thank the chairman for yielding me time to speak in support of this act named after our friend, Frank LoBiondo. I thank the gentleman also for his time as chairman of the full committee. As a Representative of Florida, the State with the second largest coastline in the country, I do have a profound respect for the men and women of the U.S Coast Guard, and as a veteran as well. It has been an honor to work on such a bipartisan committee, which likewise has been filled with members who support the Coast Guard across a diverse set of evolving mission sets. Every hour of every day the Coast Guard protects America's waterways. They promote a healthy environment, they ensure the safety of mariners, they enforce our laws, they keep us safe from piracy, and they keep us safe from smugglers. Day in and day out I have had the opportunity to see some of their work firsthand. Recently I met with a search and rescue team in Pollocksville, North Carolina, as they worked tirelessly on behalf of communities impacted by Hurricane Florence. I see my local Coasties in places like Fort Pierce. I see them saving mariners young and old, those lost at sea. There is no doubt that their selfless heroism and their decisive work saved many lives in the Carolinas, just as it did in Florida's Panhandle after Michael and across the Nation, wherever disaster befalls us. I am proud to support this bill, which also authorizes $10.6 billion to strengthen and support the U.S Coast Guard in its invaluable defense of our waterways and of our homeland. I am especially glad to see the inclusion of my bill, the Jupiter Island Land Transfer Act. This provision will finally resolve a decades-old conservation issue in my district and transfer four critical acres of unused Coast Guard property to the Hobe Sound National Wildlife Refuge to ensure the endangered turtles will continue to thrive. By protecting this land, we are doing our part to help ensure that the natural beauty of the Treasure Coast is maintained and continues to be the driver of our economy for many decades to come. Mr. Speaker, I ask my colleagues to join me in supporting the brave and hardworking men and women of the U.S Coast Guard and their indispensable work by supporting the Frank LoBiondo Coast Guard Authorization Act. Mr. DeFAZIO. Mr. Speaker, I yield 4 minutes to the gentleman from California (Mr. Garamendi), who is the ranking member. Mr. GARAMENDI. Mr. Speaker, I will make this very brief. I know we are up against the clock here. Mr. Speaker, I thank Mr. Shuster so very much for chairing the committee during my tenure on it and Mr. DeFazio, also, for his leadership. I want to also express my appreciation to the new chair, as well as the previous chair of the subcommittee, Mr. Hunter, with whom I was able to work over the last 3 years. Essentially, this is a good bill. It covers the things that the Coast Guard needs. It increases their ***funding*** to a level that is necessary. The title of the bill is proper. We all thank Mr. LoBiondo for his many years of service. There are a couple of things about the bill that I do want to speak to, and that is we have in the bill a backup system for the GPS that we so much rely upon now. It is finally going to get into the legislation. We also move forward with Blue Technologies and the autonomous, both air and underwater, vehicles that are going to be necessary for the Coast Guard to fully carry out its responsibilities. Beyond that there are some things in the bill that are a compromise. I want to point one out that is very important, and that is section 834 to which I continue to object. This is a bill that actually allows for an aged wooden ship to ply the waters of the Mississippi. The Coast Guard correctly states that this vessel, constructed primarily of wood, and operating the overnight passenger trade, presents an unacceptable fire risk to its passengers and crew, and, accordingly, the Coast Guard is opposed to this particular section. It is unfortunate that is in the bill. Mr. Speaker, I include in the Record two letters, one from the Department of Homeland Security and another one from the National Volunteer Fire Council. [[Page H9649]] Assistant Secretary for Legislative Affairs, U.S Department of Homeland Security, Washington, DC, June 28, 2017. Hon. Bill Shuster, Chairman, Committee on Transportation and Infrastructure, House of Representatives, Washington, DC. Dear Representative Shuster: This letter sets forth Department of Homeland Security (DHS) views with regard to S.      89, a bill ``[t]o amend title 46, United States Code, to exempt old vessels that only operate within inland waterways from the fire-retardant materials requirement if the owners of such vessels make annual structural alterations to at least 10 percent of the areas of the vessels that are not constructed of fire-retardant materials and for other purposes.'' Notwithstanding the form in which S. 89 is drafted, only one vessel, the Steamer DELTA QUEEN, would be eligible for the exemption. Because of the advanced age, construction, and configuration of the Steamer DELTA QUEEN, the vessel represents an unacceptable degree of fire safety risk to its passengers and crew. Given the risk that a marine casualty aboard the Steamer DELTA QUEEN poses to life, property, and infrastructure, the DHS must oppose S. 89. Background: The Steamer DELTA QUEEN is a 20th century vessel, the superstructure of which is constructed of wood. The vessel's boilers are original and open directly to the wood superstructure. Uniquely, the vessel's configuration has been altered such that the sole means of egress is the stage (gangway) on the bow. In 1966, Congress stipulated that, ``no passenger vessel of the United States . . . shall be granted a certificate of inspection . . . unless the vessel is constructed of fire- retardant materials (emphasis added).'' During the ensuing decades, Congress temporarily delayed the effect of the mandate as it would apply to the Steamer DELTA QUEEN five separate times. Finally, in 2008, the temporary delay expired, and the mandate was made applicable to the Steamer DELTA QUEEN. S. 89 would, once again, render the mandate inapplicable with regard to the Steamer DELTA QUEEN, provided that the vessel's owner or operator makes structural alterations to those portions of the vessel that are not constructed of fire-retardant materials. Discussion: The prospect of fire aboard the Steamer DELTA QUEEN while underway cannot be readily dismissed. In 2008, the United States Coast Guard's Traveling Inspector who was attending the vessel for examination noted ``evidence of a lack of both short- and long-term maintenance that adversely impacts the safety of the vessel . . . [a]ll [of which has] to do with unintended or excess but unnecessary fireload [sic] (emphasis added).'' The fire load was concentrated in the lower decks (i.e , the fire room, other mechanical areas, and the bilge, as well as in other non-public spaces that, at the time, were bare-wood compartments with no fire-rated insulation or finish). This fact is significant inasmuch as the most likely source of ignition would be the approximately 100-year-old boilers. The boilers' footprint (height) is not wholly contained within the steel hull; as such, the boilers open directly to the aged and dry wood superstructure. Given that the vessel itself is not divided by thermal and structural boundaries, a fire within any one compartment could readily spread horizontally and vertically. In a worst-case scenario, a fire would begin in the boilers, overwhelm the vessel's fire suppression system, and spread throughout the whole of lower deck and into the berths and staterooms that sit atop the lower decks. If so, the planned evacuation would be hampered, if not precluded, because the only egress in the present (and not original) configuration is via the stage (gangway) on the bow, directly through the likely location of the fire. And if the vessel's propulsion system too were to fail during this scenario, the vessel could pose a threat to other vessels and improvements on or above the navigable waters. Separately, DHS notes that 46 U.S.C Sec. 3503(b)(1)(D) requires the vessel's owner/operator to ``notify the Coast Guard of structural alterations to the vessel, and with regard to those alterations comply with any noncombustible material requirements that the Coast Guard prescribes for non-public spaces.'' However, as late as 2008, the Traveling Inspector noted that: Renovations, modifications[,] and or upgrades . . . were found to be limited to those associated with the installed sprinkler system only. Based on a review of Coast Guard records . . . there is no evidence of further modifications or structural fire protections upgrades since 1998 with most activity tapering off after 9/11/2001. Some existing non- public spaces, like the carpenter's shop[,] have been improved by cleaning and organizing, which helps reduce the fire load. Other non-public spaces, such as the laundry room[,] still only show bare wood construction with varying degrees of stainless steel similar to the galley, but as indicated, the installations are not consistent throughout with fire rating unknown. The Coast Guard advises that, if it were to inspect the Steamer DELTA QUEEN today, those non-public spaces would likely still be found wanting. Additionally, S. 89 includes a provision whereby passenger vessels having berth or stateroom accommodations for at least 50 passengers shall only be granted a certificate of inspection if, among other things, the vessel has multiple forms of egress off the vessel's bow and stern. While multiple forms of egress would be beneficial for the Steamer DELTA QUEEN during the ***period*** while she is exercising the proposed legislative exemption of S. 89, the implementation of a new standard would likely result in an unsubstantiated financial burden for the remainder of the passenger vessel industry not equipped with multiple forms of egress. Specifically, those vessels presently meeting the fire retardant requirements are not required, under current regulations, to meet a standard for multiple forms of egress off the bow and stern. If S. 89 is enacted those vessel owners and operators of presently compliant vessels, with only one form of egress, will incur costs associated with securing multiple forms of egress. Such costs will be borne with no identified benefit; all while the vessel that would benefit from multiple forms of egress, the Steamer DELTA QUEEN would continue to benefit from an exemption to the new standard. Lastly, the DHS notes that S. 89 does not require the owner/operator to install thermal and structural boundaries, particularly about the boilers, and does not carry a monetary or non-monetary penalty for failure to comply with the proposed subparagraph (D) requirement. Given this infirmity, and in light of the lack of past compliance or improvements, DHS is not persuaded that allowing incremental alterations of some percentage of the vessel represents a viable solution. In light of the aforementioned, DHS is resigned to oppose continuously any legislation that would provide any form of statutory relief for the Steamer DELTA QUEEN. The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this letter to Congress. I appreciate your interest in the Administration's concerns and input, and I look forward to working with you on future homeland security issues. An identical letter has been sent to Representative DeFazio, Senator Thune, and Senator Nelson. If I may be of further assistance, please contact me. Respectfully, Benjamin Cassidy, Assistant Secretary for Legislative Affairs. \_\_\_\_ National Volunteer Fire Council November 19, 2018. Hon. Bill Shuster, Chairman, House Committee on Transportation and Infrastructure, Washington, DC. Hon. Brian Mast, Chairman, Coast Guard and Maritime Transportation Subcommittee, Washington, DC. Honorable Peter Defazio, Ranking Member, House Committee on Transportation and Infrastructure, Washington, DC. Honorable John Garamendi, Ranking Member, Coast Guard and Maritime Transportation Subcommittee, Washington, DC. Dear Chairman Shuster, Ranking Member DeFazio, Chairman Mast, and Ranking Member Garamendi: On behalf of the National Volunteer Fire Council (NVFC), which represents the interests of the nation's volunteer fire, EMS, and rescue services, I am writing in opposition to a provision that was included in S. 140, legislation reauthorizing the U.S Coast Guard, to exempt from fire safety standards certain historical vessels wishing to operate as cruise ships providing overnight accommodations to passengers. As the Department of Homeland Security (DHS) stated last year in opposing this provision: ``The use of wood construction, even when supplemented by other fire safety measures, has failed time and again to provide an acceptable level of safety for United States citizens carried on board ships.'' Fire safety standards have a proven track record of saving lives. Our members see this every day responding to fires in structures with and without modern fire safety protections. Fires occurring in updated structures are far less likely to kill or injure occupants and responders. One of the greatest challenges that fire safety advocates face is the belief that many people have that fire will never happen to them. The widespread adoption and enforcement of fire safety standards has led to a significant decrease in the number of fires, fire-related deaths, and fire-related injuries in vessels and structures in the United States, in spite of the fact that the general public underestimates the risk posed by fire. I am concerned not only that the fire safety exemption in S. 140 will endanger the lives of the passengers and crew members aboard historical vessels, but also for the dangerous precedent that it sets. If you have any questions regarding this communication please contact Dave Finger, Chief of Legislative and Regulatory Affairs. Sincerely, Kevin D. Quinn, Chair. Mr. GARAMENDI. With that, I think I have consumed all the time allowed. I will simply close in this way: All in all this is our third effort to successfully pass legislation. I see the majority counsel over there. I thank John so very much for working with us. And on the minority side David is an extraordinary individual. It has been a pleasure working with him on this, the third [[Page H9650]] successful passage of the Coast Guard reauthorization. Mr. Speaker, I rise to join my Chairman on the Transportation and Infrastructure Committee, Congressman Bill Shuster, and my Ranking Democrat Member on the Transportation Committee, Congressman Peter DeFazio, to endorse and support S. 140, the Frank LoBiondo Coast Guard Authorization Act of 2018. The Coast Guard is a special Federal agency, one that is selfless in service and highly proficient in its work. Ironically, the Coast Guard also is an agency that is over-worked, under-resourced, and rarely given the thanks that the men and women of the Coast Guard so rightly deserve. Today, with the passage of this legislation, we can say that we are at last stepping up and authorizing ***funding*** levels commensurate with the many demands we ask our Coast Guard to undertake. The 2.6 percent increases for both fiscal years 2018 and 2019 will go far to address the deferred needs of the Coast Guard. This stands in sharp contrast to the folly of the Trump administration's skinny budget for Fiscal Year 2017 that actually sought to cut Coast Guard ***funding*** by $1.3 billion--a gross mistake if there ever was one. In general, I applaud Chairman Shuster and his staff, and Ranking Member DeFazio and his staff, for their cooperative and collegial, yet determined, negotiations with the other body to arrive at a final bill that advances or clarifies several maritime policy initiatives, improves Coast Guard administration and management, and enhances Coast Guard mission readiness and capabilities. I am particularly pleased that this legislation advances the Coast Guard's future use of new technologies to improve maritime safety and security and maritime domain awareness. Chief among these is my provision to direct the Department of Transportation to establish a reliable back-up timing system to function should the positioning, navigation and timing signals transmitted by GPS satellites be disrupted or degraded. The loss of GPS signals has been characterized as a ``single point of failure'' for national security and for critical infrastructure systems. Simply stated, we no longer can afford to ignore this threat, and I urge members to join me and support this legislation today. The bill also institutes a new acquisition policy for the Coast Guard to acquire unmanned aerial systems, or UAS. The inability of the Coast Guard to acquire UAS systems for its National Security Cutters is a chronic problem. Restricting the Coast Guard to acquire only systems already acquired and proven effective by other military or non-military agencies, should enable the Service to acquire a UAS system that meets its mission needs without, as they say, ``re-creating the wheel.'' In addition, the bill directs the Coast Guard to sponsor a National Academy of Science study on the status of unmanned, underwater vessels and their potential as mission platforms for the Coast Guard, especially for surveillance activities. This study should help inform the work of the Coast Guard's Blue Technology Center of Expertise that Congress authorized earlier this year with the enactment of Public Law 115-265. I also want to express my support for Title VII of the bill that reauthorize the activities of the Federal Maritime Commission and enact some important amendments to the Shipping Act made necessary by the disruption and consolidation in the global container shipping market. Overall, I am pleased that this legislation would authorize increased ***funding*** levels for fiscal years 2018 and 2019 for the Federal Maritime Commission. Increased ***funding*** should enable the Commission to improve its capabilities to monitor shipping trades that remain turbulent. The bankruptcy of Hanjin Lines in 2016 and the subsequent consolidation of the few remaining ocean carriers into three large alliances produced shock waves in global shipping markets. These new alliances also sent shock waves to U.S marine terminal operators, tug operators, bunkering operators, and other marine service providers. Title VII of this bill amends the Shipping Act to make some targeted and strategic amendments to improve the legal standing of U.S port service providers. Additionally, this title strengthens the authority of the Federal Maritime Commission to oversee and intervene, if necessary, in future interactions between these alliances and U.S port service providers to ensure fair competition. I support these amendments to the Shipping Act as a good first step. I expect that these ideas will require additional refinement as the process moves forward, especially on how best to protect confidential and proprietary information gathered by the Federal Maritime Commission to understand market dynamics. I am open to those discussions and look forward to improving the bill. I also want to express my support for Title IX of the bill that establishes new authorities for the regulation of ballast water and incidental discharges from commercial vessels. While perhaps not perfect, the measure does provide for uniform regulation of vessel discharges within the scope of the Clean Water Act. In addition, the legislation addresses several important issues raised by coastal states, none the least granting states the ability to establish ``no discharge zones'' if necessary to protect sensitive state waters. In closing, this bill is non-controversial legislation that addresses the interests of the Coast Guard and U.S maritime industry. It also addresses the needs of the members on both sides of the aisle, and both sides of the Capitol. I support the legislation and urge its adoption. Although I spoke earlier to express my full support for the underlying bill, I rise now to express my strong opposition to a provision that the Senate inserted into the legislation over my objection. The specific provision is section 834, Fire Retardant Materials. Nothing could be further from the truth. What this provision actually does is reinstate an exemption from a longstanding fire safety requirement for passenger vessels carrying 50 or more people on overnight voyages to be constructed using fire retardant materials. And although the provision does not clearly state the vessel or vessels that would benefit from this exemption, the reality is that there is only one vessel, the Delta Queen, an aged paddlewheel steamship whose superstructure is almost entirely built out of wood, for which the exemption will apply. In 2008, the 110th Congress decided--wisely in my view--not to renew this ill-advised exemption for the Delta Queen in favor of upholding maritime safety. It was the correct decision then, and it remains the correct decision today. I have little choice but to raise my objections to this provision based on the manner by which the other body tacked it onto the Coast Guard bill despite the fact that companion legislation introduced in the House, H.R 619, went nowhere. This legislation would waive a critical maritime fire safety standard and consequently expose the American public to overnight travel on a vessel that the Coast Guard maintains is ``an unacceptable fire hazard to passengers and crew.'' The Coast Guard's position remains clear and unequivocal. As stated in its 2008 Special Inspection report, the Coast Guard found that ``The combustible construction of the vessel presents an unacceptable fire risk that cannot be mitigated by the addition of fire suppression measures.'' The Coast Guard also concluded that, ``The vessel, constructed primarily of wood and operating in the overnight passenger trade, presents an unacceptable fire risk to its passengers and crew.'' Accordingly, the Coast Guard has been, and remains, opposed to legislation to renew the exemption from fire safety standards for the Delta Queen. Mr. Speaker, I have included in the Record the administration's views letter stating its opposition to S. 89, which is the underlying provision in section 834. This provision also has drawn opposition from the National Volunteer Fire Council. The Council concludes that the ``fire safety exemption in S. 140 will endanger the lives of passengers and crew members aboard historical vessels, but also for the dangerous precedent it sets.'' Mr. Speaker, I have included in the Record the Council's letter stating its opposition to section 834. I commend the Coast Guard for upholding its fire safety standards. I fail to see why it makes any sense for the other body to advance legislation that would sharply contradict the Coast Guard's recommendations and compromise maritime safety. The American public trusts Congress to ensure that our nation's transportation system remains the safest in the world. Section 834 violates that trust. Mr. SHUSTER. Mr. Speaker, it is my honor to yield 2 minutes to the gentleman from New Jersey (Mr. LoBiondo), who is the current chairman of the Subcommittee on Aviation, the former chairman of the Coast Guard and Maritime Transportation Subcommittee, and the namesake of this bill. Mr. LoBIONDO. Mr. Speaker, I thank Chairman Shuster for yielding. It is an honor to have represented the Coast Guard's only recruit training center in the Nation which is in my district. It is an honor to have represented the Coast Guard Air Station in Atlantic City, which is the largest helicopter air station that the Coast Guard has. Most of all, I want to recognize the men and women of the Coast Guard whom this bill will benefit. There are very few issues that have been so bipartisan across the board in my time here [[Page H9651]] in Congress. When I first came, I didn't really understand the commitment that the men and women of the Coast Guard continue to make for our Nation, always being asked to do more and given less to do it. In many respects I wish we could have done more over the years, but to be able to move forward with a bill like this that is so bipartisan I think speaks to our commitment as a legislative body to the men and women to whom we owe so much that protect our country. I want to particularly thank Geoff Gosselin who is now with the full Transportation and Infrastructure Committee, but was on my staff for a number of years and really did an amazing and outstanding job with Coast Guard issues for me in helping me to understand them and move them forward. So I want to thank all of my colleagues who have made this day possible. Mr. DeFAZIO. Mr. Speaker, I yield 2 minutes to the gentleman from the State of Washington (Mr. Larsen). Mr. LARSEN of Washington. Mr. Speaker, I rise in support of the Frank LoBiondo Coast Guard Authorization Act of 2018. Protecting the maritime jobs of the hardworking Washingtonians in the second district of my State, including at Dakota Creek Industries in Anacortes, is a priority of mine. The passage of this legislation supports U.S maritime defense policy and sustains a strong domestic shipbuilding industry. It is a win as well for the hundreds of men and women at Dakota Creek Industries, which is a key contributor to our regional economy. I appreciate the coordination with Senator Cantwell, Senator Sullivan, and Representative Don Young as we have worked for a year and a half to find a path to save the hundreds of jobs at DCI. I also want to thank my friend, Frank LoBiondo. It is fitting that this bill is named for him, as he is a champion of all things transportation. He has worked tirelessly for the people of New Jersey, the people of his district, and for the people of this country to ensure that we have an infrastructure system in this country that works for all of them. It has been an honor to serve with him for nearly two decades, and I will miss the work of Representative Frank LoBiondo. Mr. SHUSTER. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. Hunter), who is the former chairman of the Subcommittee on Coast Guard and Maritime Transportation and an advocate for the Coast Guard. Mr. HUNTER. Mr. Speaker, I first want to thank Chairman Shuster for giving me the opportunity to serve for nearly 6 years as the chairman of the Coast Guard and Maritime Transportation Subcommittee, and I would like to thank him for yielding me time. {time} 1830 Mr. Speaker, I rise in strong support of S. 140, the Frank LoBiondo Coast Guard Authorization Act of 2018. Congressman LoBiondo is and has been a tireless advocate for the men and women of the Coast Guard, and there is no other name more fitting for this bill. Let me run through a few of the things that I find extremely great about this bill. Title 9 contains the Vessel Incidental Discharge Act, legislation that I have introduced for three consecutive Congresses. It was compromised a little bit in the Senate but is still getting done. Mr. Garamendi and I held many, many subcommittee hearings together. He has been known to ask at the appropriate hearings about the backup to GPS. This question is always met with blank stares. This bill makes important progress on a backup GPS system. Finally, specifically section 514 establishes this backup timing component of the GPS system. That is no doubt thanks to Mr. Garamendi's tireless work. I am also pleased that the legislation establishes a land-based unmanned aircraft system program for the Coast Guard. They have never had their unmanned aerial vehicle program until now. They have had to rely on other services or agencies for this important capability. These additional UAS assets will strengthen the Coast Guard's ability to interdict contraband and improve search and rescue missions. During the last 6 years, we have held 46 hearings and five roundtables. We have worked to protect the Jones Act and ensure that our country has a strong maritime industrial base, including a skilled pool of American shipyard workers and mariners who would be critical in a time of conflict. Earlier this year, Congress enacted legislation coming out of the tragic El Faro accident to improve the safety of those American mariners. We have also worked to reduce burdensome regulations that harm U.S maritime jobs and the competitiveness of the U.S flag fleet. We held joint hearings with the Committee on Homeland Security to shed light on security vulnerabilities at our ports and sought to enhance the screening of cargo entering our country and, with the Armed Services Committee, to look at the shared missions of the Navy and the Coast Guard in carrying out defense missions. We pushed the Coast Guard to act like the military service that they are. The subcommittee also took massive steps to modernize our Nation's icebreaker fleet and to encourage the Navy and Coast Guard to have a comprehensive plan for the Arctic. Mr. Speaker, I want to end by thanking a few people. Some of the most fulfilling work serving as the subcommittee chairman was forming strong relationships with the men and women who guard our coasts. The Coast Guard House Liaison Office and the Coast Guard fellows assigned to the subcommittee over the last 6 years have represented their service well. I would like to thank them for their hard work and camaraderie. I also want to thank Congressman Garamendi for his friendship and being such a strong partner on these issues. Finally, I want to thank the subcommittee's staff director, John Rayfield, and the exceptional committee staff who have been invaluable as a resource and worked tirelessly to carry out the subcommittee's mission. With that, Mr. Speaker, I urge all Members to support the legislation. Mr. DeFAZIO. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut (Mr. Courtney). Mr. COURTNEY. Mr. Speaker, I rise today in support of the Frank LoBiondo Coast Guard Authorization Act of 2018. This bill provides critical policy guidance to the Coast Guard as it protects our Nation's shores and maritime interests. The bill increases authorized ***funding*** levels, requires a review of our Arctic strategy and the Coast Guard's ability to achieve it, and provides authority to procure three new National Security Cutters. The bill also includes a provision to ensure that public safety answering points that respond to 911 calls from vehicles in distress are trained to relay that information to the Coast Guard or tow companies. Sector Long Island Sound has been working with municipality dispatch centers in Connecticut and New York to implement a training program to route these calls. I want to thank Mystic towboat Captain Jeff Dziedzic for bringing this issue to my attention and Congresswoman Esty for working with my office last year to include this language in the bill. Mr. Speaker, eastern Connecticut is the proud home of the U.S Coast Guard Academy and Coast Guard Station New London. Therefore, I am particularly excited that this bill includes a provision that will help boost construction of the future National Coast Guard Museum to be built along the Thames River in New London. In particular, it authorizes engineering and design work to be performed by the Coast Guard in this project. The Coast Guard is the only military service without its own museum. Under the leadership of Jim Coleman, Richard Grahn, Admiral Papp, Captain Wes Pulver, and many others, this project is well on its way to becoming a world-class destination to showcase the rich heritage of the Coast Guard, which dates back to 1790 when Alexander Hamilton created America's ``first fleet,'' which, by the way, was organized before the U.S Navy. I would like to thank the chairman, Mr. Shuster, and Mr. LoBiondo, as they depart. Again, they are great role models of bipartisan leadership and about getting results. I want to also [[Page H9652]] thank the ranking member, Mr. DeFazio, and also the subcommittee ranking member, John Garamendi, for their hard work. I also thank Dave Jansen and John Rayfield for helping guide this bill to a successful conclusion. Mr. Speaker, I urge support of this bill. Mr. SHUSTER. Mr. Speaker, I yield 1 minute to the gentleman from Ohio (Mr. Chabot). Mr. CHABOT. Mr. Speaker, I rise in very strong support of this legislation. I want to thank the chairman and the ranking member for their leadership. I would like to highlight a specific portion of the bill. This provision preserves an important piece of American history and it supports American jobs. It would reinstate the Delta Queen's grandfathered status from a law that prohibits wooden boats from carrying overnight passengers. Congress granted the Delta Queen a reprieve from that grandfathered law, which adversely impacts it, for four decades. In doing so, Congress recognized that the Delta Queen was constructed before the law that adversely impacted it was in place and that the law was intended to regulate vessels at sea, oceangoing vessels. It was never intended for river-faring boats like the Delta Queen. That is why Congress granted this reprieve for 40 years. We failed to do that back in 2008. We are looking at $100 million in development, in economic dollars in the river areas of this country, including the city of Cincinnati, my area. It used to be the home port. It will be one of the stops. It means a lot of jobs for a lot of people. It will be safely done. Mr. DeFAZIO. Mr. Speaker, I yield myself such time as I may consume. I want to thank Dave Jansen for his hard work and again congratulate the chairman on his last bill passing on the floor. Mr. Speaker, I yield back the balance of my time. Mr. SHUSTER. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I urge all my colleagues to support S. 140, the Frank LoBiondo Coast Guard Authorization Act of 2018. It is a good bipartisan bill. I urge all my colleagues to vote for it. Finally, I would like to thank the staff on both sides of the aisle. On our side, especially, I thank the Coast Guard Subcommittee staff and John Rayfield, who heads up that staff, for his tremendous work. He just informed me that, under the subcommittee's jurisdiction, we will have authorized every single program under that committee's jurisdiction. Great work by John and his team on the subcommittee. Mr. Speaker, I include in the Record the names of the staff on the committee. From Chairman Shuster's Staff: John Rayfield Bonnie Bruce Lt. Commander Luke Peterson Kevin Reig Maggie Chan Kathy Loden Brittany Smith Hannah Matesic Fred Miller Geoff Gosselin Chris Vieson From Ranking Member DeFazio's Staff: Dave Jansen Kathy Dedrick Alex Burkett From the Office of Legislative Counsel: Hank Savage Tom Dillon Mr. SHUSTER. Mr. Speaker, I would also like to thank all my members for the great support they have given me on both sides of the aisle to move a lot of bipartisan legislation. I want to thank them for that. I thank my subcommittee chairmen for their leadership in working with me. Finally, I thank my counterpart, the leader of the Democrats on the Transportation and Infrastructure Committee, sometimes being a worthy foe, most of the time being a dependable and able ally. I thank him for all his work. I also thank him for the very, very thoughtful small going away gift that he gave me. I appreciate that greatly. Again, I finally thank him for all his effort and work. I have no say in who is going to be the next chairman of the committee, but I can tell you that nobody is more able and knowledgeable about the transportation and infrastructure world than Peter DeFazio. I wish him the best and look forward to seeing him down the road. Mr. Speaker, I urge passage of S. 140, and I yield back the balance of my time. Mr. PASCRELL. Mr. Speaker, I rise today in strong support of S. 140, the Frank LoBiondo Coast Guard Authorization Act of 2018. Congressman LoBiondo has served his constituents in New Jersey's 2nd congressional district well, including the Coast Guard Training Center Cape May in Cape May, New Jersey. From his position on the House Transportation and Infrastructure Committee, a panel on which we served together for a decade, he successfully fought on behalf of our state and the brave men and women in uniform who guard our nation. Congressman LoBiondo has focused on strengthening our nation's maritime industry, which is a critical source of jobs and economic output in New Jersey. During his time in Congress, Congressman LoBiondo fought to improve the lives of our service men and women and their families. Given his service to bettering the Coast Guard, it is fitting that this year's authorization legislation is named after Congressman Frank LoBiondo. I look forward to this bill's passage and strongly urge all my colleagues to support S. 140. Mrs. TORRES. Mr. Speaker, I rise in support of S. 140, the Frank LoBiondo Coast Guard Authorization Act. No institution is more critical to our national defense and homeland security than the United States Coast Guard, and every day, the men and women of the Coast Guard carry out vital, life-saving missions, including drug interdiction and search and rescue. On November 9, I had the opportunity to tour the Coast Guard's District 11 facilities in Alameda, California. I was deeply impressed by the dedication and professionalism of the Coast Guard officials I met. However, I was also troubled by the state of some of Coast Guard's equipment. Resources for the Coast Guard are clearly needed, now more than ever, so it is deeply unfortunate that the Trump administration has sought to cut the Coast Guard's budget by as much as 14 percent and has transferred millions of dollars in Coast Guard ***funding*** to Immigration and Customs Enforcement. Congress should not allow the Trump administration to raid the Coast Guard budget to implement its anti-immigrant policies. But today, I urge all my colleagues to support S. 140, and I applaud the Chairman and Ranking Member for their hard work bringing this important measure to the floor. Likewise, it is vitally important that, as negotiations regarding the Fiscal Year 2019 Department of Homeland Security Appropriations Act continue, Congress include sufficient ***funding*** for the Coast Guard so that it has the resources it needs to carry out its vital missions. The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Pennsylvania (Mr. Shuster) that the House suspend the rules and concur in the Senate amendment to the House amendment to the bill, S. 140. The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the Senate amendment to the House amendment was concurred in. A motion to reconsider was laid on the table.

**Load-Date:** November 29, 2018

**End of Document**



[***What happens to UK citizens in Estonia post-Brexit? Essential FAQs answered (1)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5V19-76W1-F0YC-N2Y2-00000-00&context=1516831)

Impact News Service

December 21, 2018 Friday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 3849 words

**Body**

Tallinn: Government of Estonia has issued the following media release:

Given the level of concern amongst UK citizens living, working and studying in Estonia on the possible effects of Brexit, we thought it useful to put together some FAQs on what will and won't change, from the perspective of the relevant government ministries and other authorities.

This is not so much a case of ''so you don't have to'', however. UK citizens living here are responsible for keeping on top of their own admin on what has turned out to be a somewhat erratically-moving target. Nevertheless, to iron out any half-truths and hearsay, we contacted a wide range of specialists from nearly all the government ministries, the police, the state electoral office and other authorities, and they were kind enough to respond to our questions.

At the time of writing, with the cancelled House of Commons vote on 11 December on the EU deal, and reports of a no-deal meaning UK citizens revert to 'third country' status immediately the UK leaves the EU on 29 March, rather than the proposed ***transitional*** ***period*** to the end of 2020 when most EU laws and rights should apply to UK citizens, we cannot be sure of how things will pan out, so the information following is as understood at present and may be subject to change.

Readers should therefore also regularly check the essential information from the UK Government here and here, as well as the British Embassy in Tallinn site.

Furthermore, the Estonian Government's stance on the issue, which looking at the answers received is overwhelmingly one of ***continuity*** and cooperation so far as UK citizens living in Estonia are concerned, also needs to be aligned with the rest of the EU27.

''UK Citizen'' refers to any persons holding citizenship of the United Kingdom of Great Britain and Northern Ireland, plus citizens of the British Overseas Territory of Gibraltar. Those with other British nationality status (such as ''British Subjects'' and those from other British Overseas Territories, were often not EU citizens in the first place, and would need to check their status accordingly).

Each answer includes the sources from the relevant ministry or other authority; the questions run from the more general to the more specific.

1) What is your overall stance on the situation regarding UK nationals resident in Estonia after March 2019 and after year end 2020?

''Estonia's intention is that UK withdrawal goes ***smoothly*** for those UK citizens and their family members residing in Estonia today, so that they can continue their everyday life without any notable additional bureaucracy. The Ministry of the Interior is in charge of issues concerning citizens of the UK and their family members who wish to settle in Estonia, as well as their personal identification documents in Estonia''.

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

''Estonia's main goal is that Brexit has as little negative impact for our citizens and businesses as possible. Currently, the status of Estonian and other EU citizens remains the same as it was before the referendum of 23 June 2016. The UK will leave the EU on 29 March 2019 and until this date, the UK remains an EU Member State with all the rights and obligations associated with membership (including the EU law on the free movement of persons). The Brexit agreement guarantees that EU citizens and businesses can live and operate on the same basis as before in the UK until the end of the transition ***period***. The status of Estonian citizens studying in the UK will remain the same''.

(Ministry of Foreign Affairs, Media Adviser Liisa Toots).

2) What, if anything, should a UK citizen resident and working in Estonia, who has residency permission and an ID card, do in the immediate term?

''According to the United Kingdom withdrawal agreement, after the UK leaves the EU on 29 March 2019, the transition ***period*** will start. The transition ***period*** will last until 31 December 2020. Until the end of the transition ***period*** the law of the EU will generally remain applicable to citizens of the UK and their family members. UK citizens residing in Estonia don't need to take any additional steps so far.  We would like to remind to the UK citizens that their place of residence in the registries should be up to date. It is also important to renew their ID card if it expires''.

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

''Starting in April 2021, the Aliens Act will apply to citizens of the UK arriving in Estonia, and they will have to apply with the Police and Border Guard Board for a residence permit similarly to other third-country nationals. In the future, the United Kingdom will be treated in the same way as the United States and Japan, with no immigration quota applicable to the citizens of these countries in Estonia''.

(Ministry of the Interior website).

3) What will change for those who came with a UK or non-EU spouse and/or children, to Estonia? What about other family members? Will having a spouse and/or children who are Estonian citizens have any bearing on the situation of a UK citizen living here?

''The Ministry of the Interior has sent the Draft Bill of  the EU Citizens Act to the Estonian government. According to the Draft Bill, all regulation that is in place up to present moment for EU citizens will apply to the UK citizens and their family members who reside in Estonia at the end of transition ***period*** [ie. until 31 December 2020-ed.]. UK citizens residing in Estonia at the end of the transition ***period***, can invite their family members to Estonia on the same regulation as today. As it is draft bill, some changes may occur in some details. However, in case of withdrawal agreement, the conditions, stipulated in the agreement, will have a direct impact over a Member State law and UK citizens in Member States can rely on it''.

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

4) Will UK citizens need to apply for a new ID card once the nature of the UK's withdrawal from the EU is known entirely?

''As UK nationals will become third-country nationals, they need to change their Estonian ID card for a residence permit. According to the Draft Bill, all ID cards are valid until the end of their validity date and thus UK citizens do not need to hurry to change their ID cards. An ID card can be exchanged for a residence permit card from 1 January 2020. We will inform UK citizens directly in the future about this''.

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

5) UK citizens who have been living here for five years automatically qualify for permanent residence; is this likely to change?

''We are not planning any limitations for the UK citizens compared with the current system. A citizen of the UK will have the right to such status after five years, just as before''.

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

6) Will anything change regarding UK citizens who additionally also hold the citizenship of a third (ie. non-EU) state?

''No it won't''.

(Ministry of Foreign Affairs, Media Adviser Liisa Toots).

7) Will UK citizens still qualify for the use of a European Health Insurance Card (EHIC) after 2020?

''According to the draft withdrawal agreement, UK citizens still qualify to use their EHIC if medical expenses incur after the end of the transition ***period*** [ie. After 31 December 2020-ed.] only in cases where a person travelled to Estonia before the end of the transition ***period***. The corresponding reimbursement procedures shall also apply even after the stay or treatment ends''.

(Ministry of Social Affairs, Head of Communications Karin Volmer).

8) Will those hoping to claim state and other pensions have to do anything, after (or before) 2020?

''According to the draft withdrawal agreement those hoping to claim pension still have a right to do that as the acquired insurance ***periods*** before the end of the transition ***period*** are aggregated. For instance, insurance ***periods*** while working in UK and Estonia are both taken into account. ***Periods*** acquired after the transition ***period*** shall be a matter of the future agreement. As also the information exchange system will continue to be applied, people themselves do not have to do anything extra compared to current claiming system''.

(Ministry of Social Affairs, Head of Communications Karin Volmer).

9) Will there be any changes to existing taxation treaties and agreements? Will there be any excise duty changes or allowances?

''If the Brexit withdrawal agreement enters into force, nothing will actually change for people regarding customs regulations for the duration of the transition ***period*** (and also after the transition ***period*** in case a similar agreement is concluded at a later stage as planned now)''.

''However, if the withdrawal agreement does not apply, then as of midnight of March 30, 2019, the UK will become a 'third country' to which full customs control and customs duties will apply''.

''The website of the European Commission on taxation and customs union is here and on external trade here; these provide general information on the rules as they apply currently to the importation and exportation of goods. The relevant pages will be updated with further information, whenever available''.

''It is important to note that all of the above concerns British citizens in all member states of the European Union, there are no exceptions regarding UK residents in Estonia''.

(Ministry of Finance, Head of Communications Ivi Heldna).

10) How, where, and how often should people keep up to date with the details and changes, especially in the event of a no-deal if the EU27 agreement is rejected?

''We will inform UK citizens directly in case additional action is needed. In the case of a no-deal, we need to keep in mind that UK will be a third country according to EU legislation and therefore relevant EU law for third-country nationals will be applied. At the time of writing, the exact plan for no-deal situation is not agreed upon, and the EU Commission together with Member States will prepare for the no-deal situation in the coming months. We are sure that in case of a no-deal scenario, we will not limit UK citizens and their family members residence in Estonia and we will try to do everything so that UK citizens and their family members residing in Estonia can continue their everyday life here without major obstacles''.

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

11) Will anything change regarding travel to Estonia's immediate EU neighbours, Finland and Latvia; should a UK citizen take his or her passport when travelling to those states by any means of transport?

''If the agreement is ratified by the UK Parliament, then until the end of the transition ***period*** (ie. until 31 December 2020), EU legislation applies and UK citizens can travel between Member States according to the same rules that have been valid so far''.

''In case of a no-deal or after the end of transition ***period***, the EU rules for third-country nationals will apply. UK citizens need to carry their travel document (passport) and document which proves their right of residence (eg. residence permit) in case of travel between Members States. The Estonian ID card for the UK citizens proves the right of residence in Estonia and is not a travel document inside the EU. Therefore we recommend carrying the UK national passport together with the Estonian ID card while travelling between EU Member States''.

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

12) The next European elections are in May 2019 – will this be the final European election UK citizens can vote in, or will they already be ineligible? Will this also apply to local elections?

''After withdrawal (March 30 2019) UK will become a third country in relation to the EU. After that, the UK will no longer be participating in the work of the European Parliament – it will not be organising or participating in elections to the European Parliament. In short, UK citizens cannot run for office or vote in the European Parliamentary elections in May [held over two phases 23-26 May-ed.]''.

''As for local elections in Estonia, UK citizens will still be able to vote – a citizen of a non-EU Member State or a stateless person residing in Estonia may vote at the local government council elections if he/she resides in Estonia on the basis of a long-term residence permit or the right of permanent residence''.

(State Electoral Office, adviser Kristi Kirsberg).

13) Will companies/people who employ UK citizens in Estonia have to make any major changes? Conversely will UK nationals who employ people here, either Estonian citizens or others, need to change any of their procedures?

''After the transition ***period***, all regulation for the third-country nationals will apply to the new UK citizens, who will arrive after the transition ***period***. As negotiations of the exact details under the future relationship will start after Brexit, there may be some changes in the near future''.

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

14) Will Brexit, particularly a no-deal situation, imply any changes for the children of UK nationals going to school in Estonia, or UK nationals who are students studying, researching or otherwise working at the higher education institutes (also teaching in secondary schools)?

''Our main goal is that Brexit would have as little negative impact for citizens as possible. It must be stressed that students and people working in (higher) education are above all citizens of some country. Therefore, whichever agreement is achieved on living abroad between the UK and the EU, all students, researchers and other working in education must follow these. It cannot be said that the outcome of Brexit will change something specific for students, researchers or employees – as long they are eligible to live in Estonia they are very welcome to do so; all study- or work-related matters or disputes are settled in their contract with their school or employer''.

(Ministry of Education and Research, Consultant at the Department of Communications Sten Otsmaa).

15) Will anything change regarding UK citizens bringing pets from the UK/outside Estonia?

''If the prepared withdrawal agreement is approved, then the movement of pets during the ***transitional*** ***period*** will continue under current procedures. Provisions of EU law shall apply to live animals and germinal products transported from a Member State to the UK or vice versa, presuming that the starting date for the transportation was before the end of the ***transitional*** ***period***''.

''The corresponding EU law is derived from Chapter II of Regulation (EU) No 576/2013 of the European Parliament and of the Council of 12 June 2013 on the non-commercial movement of pet animals and repealing Regulation (EC) No 998/2003, which lays down the conditions for the non-commercial movement of pet animals between Member States''.

''If no agreement is reached, then the UK will be considered a third country starting from the moment of withdrawal and provisions from Chapter III will apply''.

''A more precise overview of the current regulations is available at the webpages of the Estonian Veterinary and Food Board here (in Estonian) and the Estonian Tax and Customs Board (MTA) here''.

(Ministry of Rural Affairs, Deputy Head of Food Safety Department Pille Tammemägi).

16) Will any of the changes affect UK military and ancillary personnel at Tapa and other bases/installations?

''Estonia and the United Kingdom share a special defence relationship and Brexit has no impact on UK's NATO and enhanced forward presence (eFP) commitment in Estonia''.

(Ministry of Defence, Deputy Director of Strategic Communications Department Andres Sang).

17) Will there be any changes regarding ownership of land, in other words would UK citizens not be able to make purchases (including forest) that they previously could have?

''The only law that restricts the acquisition of land for foreign nationals in Estonia is the Law on the Limitation of the Acquisition of Immovables (Sections 5 and 10). Section 4 (1) of this Act provides that:

    'A citizen of Estonia or another country which is a contracting party to the EEA Agreement or a member state of the Organisation for Economic Cooperation and Development (hereinafter Contracting State) has the right to acquire an immovable which contains ***agricultural*** or forest land without restrictions'.

Therefore, if the UK continues to be 'contracting state', then nothing will change for UK citizens in this area''.

(Ministry of the Environment, Silver Jakobson, Head of the State Assets Department of the Ministry of the Environment).

18) Will there be any changes for UK citizens in hunting rights in Estonia?

''Hunting in Estonia is regulated by law and is permitted to those who possess a permit. There are no differentiations between a foreign citizen and a citizen of the EU when hunting, so nothing will change for UK citizens after Brexit''.

(Ministry of the Environment, Hunting Adviser Tõnu Traks).

19) Are there any differences in carbon emissions for UK citizens running a company in Estonia?

''The ETS (the EU's greenhouse gas emission trading scheme), is a Europe-wide market-based measure that regulates emissions from energetic and industrial sectors. Therefore, there is no difference, from which country the company is – if it acts in our legal area, the rules of our country and also of the EU apply to it''.

''For example, if a British company produces electricity in Estonia, then it will receive all corresponding permits from the state of Estonia, not from the UK. And if it exceeds the limit values of the membership of ETS, it is a systemic responsibility irrespective of which state owns the company. A good example of this is Kunda Nordic Cement (a cement producer) which belongs to the Heidelberg Group or, Fortum Estonia, and which produces heat''.

(Ministry of the Environment, Head of Climate Department Getlyn Denks).

20) At least one UK citizen was working at Danske bank during the ***period*** of illicit ***funds*** allegedly being transferred via the Tallinn branch. Whilst he was not implicated, he claims he blew the whistle on activities to management. Will criminal activities be harder to detect or apprehend after the UK's withdrawal? Will anything change regarding sharing information between police jurisdictions in the UK and Estonia, in both directions?

''Brexit can cause some negative impact on information exchange. Many matters depend on the agreements that will be made in the future, for example with Europol (SIENA). Possible effects are still being analysed, however, and there are several alternatives when it comes to exchanging information, for example INTERPOL''.

(Ivo Kolk of the Central Criminal Police (PPA) and head of Interpol National Central Bureau).

21) Will anything change regarding UK nationals apprehended in or suspected of committing a crime in Estonia? What about any UK nationals incarcerated in Estonian prisons if that were to happen/has happened?

''The situation for UK nationals arrested in Estonia will not change, as it is national law, that affects this. The courts and The Ministry of Justice can comment on possible changes in extradition processes. The status of ay UK Nationals incarcerated in Estonia also depends on national law. However, we do suggest you also seek clarification from Estonian prisons on the issue''.

(Ivo Kolk of the Central Criminal Police (PPA) and head of Interpol National Central Bureau).

22) How can we know that the status quo will not change dramatically in future, particularly in the event of a no-deal withdrawal?

''The EU Commission together with Member States is only commencing to prepare for the no-deal situation and therefore the overall EU Member States approach is not clear yet''.

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

23) With at least two political parties recently stating their opposition to the UN Global Compact on Migration, in (arguably) an atmosphere broadly opposed to immigration, in some quarters and from some regions of the world, how can we know that a change in the make-up of the Estonian government after the March 2019 general won't alter the situation negatively for UK citizens living here?

''The agreement is directly applicable, ie. the agreement prevails over the law of a Member State, and only contradiction of the law of a Member State to the agreement can be considered, not its interpretation. It is important to emphasise that any persons whose rights are covered by the Agreement can rely on the Agreement directly, if they feel that their rights have been violated''.

(Ministry of the Interior, Citizenship and Migration Policy Department Adviser Harry Kattai).

24) Is the UK's withdrawal likely to affect the status of English as the second foreign language (after Russian) provided in state and public-sector institutions, services, notices etc.?

''English is overwhelmingly the most popular first foreign language that students choose in schools and we do not expect this to change. Public services are always provided in Estonian as per the Language Act [of 2013-ed.], but additional languages are optional and often welcomed in the public sphere. Brexit is not going to affect these nor any other parts of Estonia's language policy''.

(Ministry of Education and Research Consultant at the Department of Communications Sten Otsmaa).

All information correct at time of writing, 21 December 2018.

Hopefully the aforementioned provides more than enough information on a wide range of concerns. If and when significant updates or changes occur, we will cover them on ERR News.

Please note we were unable to find satisfactory answers to the status of a UK driver's licence in Estonia after Brexit, as well as the question of any changes to the use and storage of personal data after the UK withdrawal. Information on the current status of a UK driver's licence on Estonian roads is here.

The foreign ministry's Brexit page is here and the interior ministry's is here.

ERR News would like to thank the following for their invaluable help in compiling this piece:

Harry Kattai and Merje Klopets (Ministry of the Interior), Liisa Toots and Britta Tarvis (Ministry of Foreign Affairs), Karin Volmer and Enneli Mikko (Ministry of Social Affairs), Ivi Heldna (Ministry of Finance), Sten Otsmaa and Tarmu Kurm (Ministry of Education and Research), Silver Jakobson, Tõnu Traks, Getlyn Denks and Agnes Aaslaid (Ministry of the Environment), Pille Tammemägi and Angelika Lebedev (Ministry of Rural Affairs), Kai-Ines Nelson (Ministry of Culture), Andres Sang (Ministry of Defence), Kristi Kirsberg (State Electoral Office), Ivo Kolk and Barbara Lichtfeld (Police and Border Guard Board), Maj. Arvo Jõesalu (Estonian Defence Forces), Viivika Siplane (Harju County Court).

**Load-Date:** December 22, 2018

**End of Document**



[***EVENINGS***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5XD1-W6T1-JBK9-21DD-00000-00&context=1516831)

Forbes Polska (English)

October 2019

Copyright 2019 Ringier Axel Springer Polska Sp.z. ul All Rights Reserved



**Section:** EVENINGS; S. 50; Ausg. 11

**Length:** 10109 words

**Body**

7. CCC

DARIUSZ MILK

PLN 8,244 million

CCC is still going through a painful restructuring process. Until recently, Mi ek's shoe business was based on a simple recipe for success: develop a chain of stores and enter new markets. However, the expansion of CCC in Germany undermined this model: the stores there were loss-making and eventually sold for a symbolic EUR 1 to the local HR Group.

Revenue: PLN 4,726 million

EBIT: PLN 373 million

8. MASPEX GROUP

PAVILION'S LEATHERETTE

PLN 8,169 million

Maspex boasts an extremely rich portfolio of brands. The Wadowice-based company started a series of successful acquisitions in 1995 and is still buying new ones. In April, Maspex became famous due to information that a native food giant would be interested in buying Continental Foods - a Belgian food producer valued at about EUR 1 billion. The transaction ultimately did not take place.

Revenue: PLN 4,765 million

EBITDA: PLN 643 million

9. TZMO

YAROSLAVL JOSEPHOVICH

PLN 6,312 million

One of the most popular brands of the company are Bella, Happy and Seni. But the production of diapers and sanitary towels alone would not make Toruñskie Zak³ady Materia ów Opatrunkowych one of the largest companies in Poland. Such a development could only be ensured by foreign expansion on a large scale.

TZMO export their products to 80 countries around the world. The group consists of 50 companies in 18 countries, employing almost 8 thousand people.

Revenue: PLN 2,762 million

EBIT: PLN 370 million

10. KRUK

PIOTR KRUPA

PLN 5,219 million

The sentiment of investors towards Piotr Krupa's company is still weak. Kruk was not helped by the improvement in profits (+14%) or the entry into the market of short-term loans as a result of the acquisition of wonga.pl.

During the year, the company lost 7 per cent of its value. Kruk is not only the largest debt collector in Poland, but also one of the few companies in the financial sector that is developing abroad.

Revenue: PLN 1,165 million

EBIT: PLN 478 million

6.

SYNTHOS

MICHAEL SOFTWARE

PLN 8,696 million

The largest Polish chemical concern developed by Micha So owow. The position of Synthos is evidenced by the fact that every European driver drives today on tires made of rubber coming from the Polish concern. The growing demand for butadiene and styrene has supported the company in recent years, but the economic situation ended in 2017. The situation was aggravated by the acquisition of the Dutch styrofoam producer Ineosa for EUR 80mn. Not only was styrofoam perceived as a decadent product, but there was also a problem with the rights to a patent for the use of graphite improving the insulating properties of styrofoam. Synthos made an impairment write-down on goodwill, reducing the result by PLN 153 million. So owow decided to buy out stock exchange investors and do restructuring. This strategy is working, as evidenced by an 18 percent increase in operating profit in 2018.

Revenue: PLN 6,989 million

EBIT: PLN 869 million

11. ASSECO POLAND

ADAM GÓRAL

PLN 4,542 million

The Rzeszów IT company started its business activity from delivering IT systems to local cooperative banks. For a long time it remained in the shadow of Ryszard Krauze's business. However, when it got into trouble, Asseco seized the opportunity to buy out a competitor for PLN 580m. A breakthrough event for the company was the acquisition of the Israeli Formula Systems in 2010. Thanks to this move, Asseco has grown into a global company. The sixth largest IT company in the EU.

Revenue: PLN 9,329 million

EBIT: PLN 797 million

12. INTER CARS

OLEXOVICH'S SHRIMP

PLN 4,108 million

Krzysztof Oleksowicz came into contact with the automotive industry in Germany, where, as a graduate of the ATK philosophy department, he travelled to work in car workshops. The business started with the repair of cars imported from Germany, but the import of parts proved to be more profitable. That's how Inter Cars was founded. In 2007, the company merged with JC Auto - the leader in Japanese and Korean car parts - and Inter Cars stood in the way of its competitors.

Revenue: PLN 7,943 million

EBIT: PLN 313 million

13.

ADAMED

ADAMKIEWICZ, MA GORZATA ADAMKIEWICZ

PLN 3,460 million

The history of Adamed dates back to the times of the People's Republic of Poland, but the company's reputation on the pharmaceutical market began to develop only after the transformation. The key to Adamed's success was a furagina. The company's drug for urinary tract problems became the basis for its later success.

Since the beginning of the last decade Adamed has been working on innovative drugs for cancer and nervous system diseases. The result of the research was the creation of Zolafren, a biogenic drug used in the fight against schizophrenia. Last year Adamed opened a pilot plant in Pabianice, where research on new drugs is being conducted.

Revenue: PLN 1,202 million

EBIT: PLN 211 million

14. CIECH

SEBASTIAN KULCZYK

PLN 3,243 million

The history of the company dates back to 1945, when the Chemicals Import and Export Centre was established. In the ***period*** of the People's Republic of Poland Ciech remained a leader in the trade in chemical raw materials. In contrast to many companies established during the communist era, it did not go out of business after 1989. It survived the transformation and maintained its position among the leaders of the chemical industry. Currently, it is the second largest producer of soda in Europe and remains unrivalled on the domestic market in the field of plant protection products.

Revenue: PLN 3,673 million

EBIT: PLN 379 million

15. VECTRA

TOMASZ WÊGRZYNSKI

PLN 3,173 million

From a local Pomeranian company it became a nationwide provider of cable television within a few years. After 2000. Vectra started to expand its offer with new services. These include Internet access, VoIP telephony and HD channels. In February this year, the operator also started broadcasting channels in 4K resolution. Following technological trends, Vectra has established itself as a strong provider of telecommunications services. Currently, it is the second largest cable operator in Poland.

Revenue: PLN 782 million

EBIT: PLN 115 million

16. BARLINEK

MICHAEL SOFTWARE

PLN 2,805 million

Barlinek climbed to the top of the stock exchange quotations during the ***period*** of prosperity on the real estate market - it was then valued at PLN 2.5 billion. However, when the housing boom passed, the business started to be loss-making. Barlinek managed to recover only in 2014, after the company's withdrawal from the stock exchange. Shortly afterwards, the Barlinek board began to experience a renaissance that lasted for the best. The company is worth PLN 2.8 billion today, which is more than in the best stock exchange times.

Revenue: PLN 1,812 million

EBIT: PLN 210 million

18. TERG (MEDIA EXPERT)

FAMILY OF COMBS

PLN 2,735 million

The company is the owner of Media Expert - a chain of shops selling home appliances and electronics. The brand was founded in 2002 and was initially present only in small towns. Over time, the network has grown in strength and started to develop a strong position among the popular RTV/AGD networks. In 2014, when AVANS went bankrupt, Media Expert took over some of its stores. Today, the brand is present in almost 400 cities and successfully competes with the Euro and Media Markt networks.

Revenue: PLN 5,730 million

EBIT: PLN 292 million

17.

AFLOFARM

WAGON FAMILY

PLN 2,791 million

A leading manufacturer of medicines and dietary supplements in Poland. Aflofarm was founded in 1989 by Andrzej Furman. In 2006, his son, Jacek, took over the company's helm. Over the next few years Aflofarm has expanded its product range to include products such as Opokan and Desmoxan. Currently, the company is not only a leader in the production of dietary supplements, but also the largest advertiser on the Polish media market. The giants Orange and Unilever are overtaken in this respect. The last 12 months, however, were not favourable to Aflofarm: goodwill fell by 27 per cent. It seems that the market for prescription drugs is becoming increasingly saturated, and a growing number of players have hit Aflofarm's sales.

Revenue: PLN 671 million

EBIT: PLN 170 million

19. CERSANIT

MICHAEL SOFTWARE

PLN 2,717 million

Twenty years ago the tile market in Poland was ruled by Opoczno. When in 1999 Micha So owow, a businessman from Kielce, bought Cersanit, the leader did not pay much attention to this transaction. In 2005 A year later David defeated Goliath and it was Cersanit who bought the current leader. Recent years have been marked by business problems in Russia, but this difficult ***period*** of Cersanit is over.

Revenue: PLN 2,177 million

EBIT: PLN 204 million

20. CEDROB

MIROS AW KO LAKIEWICZ

PLN 2,705 million

Cedrob is rapidly strengthening its position in our ranking. In the last 12 months its value increased by 30%, which placed the company 6 places higher than last year. Such a promotion would not be possible without the large investments and acquisitions that have been made in recent years. In 2015 Cedrob purchased Gobarto, one of the largest suppliers of red meat in Poland. The Ko lakiewicza company then absorbed the Silesia Meat Plant. Last year, Cedrob decided to expand its activities and set up slaughterhouses for geese and ducks.

Revenue: PLN 3,881 million

EBIT: PLN 276 million

21. TFKABLE

BOGUS AW CUPIA

PLN 2,506 million

Tele-Fonika was established at the beginning of the 90's of the last century, i.e. in the ***period*** when Internet access started to spread in Poland. The increasing number of orders has driven the business and Tele-Fonika soon purchased competitors, including Krakowska Fabryka Kabli, Fabryka Kabli Za om and Bydgoska Fabryka Kabli. Then came the time for companies from Ukraine and Serbia, the huge debt and crisis of the company. However, this is a thing of the past and TFK cables are taking over again. The last major investment was the purchase in 2017. JDR Cable Systems Ltd. - a British company specialising in the manufacture of submarine power cords.

Revenue: PLN 3,594 million

EBIT: PLN 174 million

22. PRESS GLASS

ARCHADIUS OF THE MUSIC

PLN 2,467 million

Press Glass is one of the largest manufacturers of double glazing units in Europe. Arkadiusz Mu took over the company established as a Polish-Swedish joint venture in 1992. He focused on the most modern technology. The golden days for Press Glass came at the end of the 1990s when the boom in construction broke out. Today, the company has 14 factories, half of which are located abroad.

Last year Press Glass opened a new factory near Szczecin, including a glassworks near ód , and next year production will start in a new factory in the United States. Only the first stage of this investment will consume 43 million dollars.

23. BZK GROUP

ZBIGNIEW, BARBARIAN CHAMBERLAIN

PLN 2,257 million

Bakom created by Zbigniew Komorowski was one of the first Polish products to be able to compete with foreign competitors without complexes, including Danone. Simultaneously with the development in the dairy sector, Komorowski started to invest in the biofuel sector. He established Komagra, Poland's largest producer of rapeseed oil, and built a biodiesel and bioethanol production installation. For such extensive businesses, in 2016 he established the BZK Group, which gathers all his agri-food brands. Last year the holding was joined by BZK Alco, a company producing spirits. The company is a beneficiary of the boom, among other things.

Revenue: PLN 3,190 million

EBIT: PLN 144 million

24. FAMUR

TOMASZ DOMOGA A

PLN 2,251 million

Famur for years was a leading manufacturer of mining machinery not only in Poland, but also in the entire demolition industry. In the 1990s, along with the mining crisis, Famur also fell into trouble, which in 2002 was bought out of the hands of the National Investment ***Funds*** by Jacek Domoga a. Since then Famur has started to take over other plants producing machinery and equipment for the processing of coal. In 2012, Jacek Domoga a's son, Tomasz, took care of the company. He became famous for his acquisition of a competitive Kopex Group. Now it wants to start foreign expansion, among others in the direction of Russia.

Revenue: PLN 2,229 million

EBIT: PLN 300 million

25. VIRTUAL POLAND

...BRISTLES, BRISTLES, BRISTLES, ORPHANS, ORPHANS..

PLN 2,246 million

Created in 1995, the pioneer of the Polish Internet five years ago was in the hands of the founders of 02: Jacek widerski, Krzysztof Sierota and Micha Bra ski. Since then, WP has significantly expanded its services, becoming the owner of, among others, holidays. pl, Allani.pl and nocowanie.pl. In 2016, the owners of the company decided to try their hand at the digital terrestrial television market. However, these attempts were unsuccessful. The last major acquisition of Wirtualna Polska was a minority stake in Teroplan, the owner of the e-podroznik.pl portal.

Revenue: PLN 567 million

EBIT: PLN 107 million

26.

BORISHEV

ROMAN KARKOSIK

PLN 2,207 million

Almost until the end of the 20th century, Boryszew's popularity was based solely on its radiator fluid called Borygo. The company's situation changed dramatically when Roman Karkosik became its owner, who was more widely unknown at that time. Boryszew started to take over other companies from the widely understood industry, including automotive, chemical and metallurgical. Boryszew's new policy has proved to be the key to success. Over time, the company has become a leader in the Polish automotive industry. Roman Karkosik, however, did not rest on his laurels and began his expansion outside Poland. At the end of 2016, it put its plants into operation in Mexico and a year later in Germany.

Revenue: PLN 6,100 million

EBIT: PLN 230 million

27. STS

MATEUSZ JUROSZEK

PLN 2,081 million

Only a few years ago the biggest Polish bookmaker was on the verge of collapse. Zbigniew Juroszek, the owner of the STS, asked his son Mateusz for help. A few weeks before the start of Euro 2012 he managed to purchase and implement a new betting system. The company started to grow rapidly. She was helped by the new Gambling Act, which eliminated foreign competition from the domestic market, escaping from paying taxes. When STS established itself as a leader in the domestic market, it was time for expansion abroad: the company expanded into the UK, Germany and Norway.

Revenue: PLN 2,413 million

28. DOCPLANNER

MARIUSZ GRALEWSKI

PLN 2,000 million

The history of DocPlanner began in 2012, when Mariusz Gralewski took over the service KnownLekarz. On its basis, he built one of the world's largest platforms connecting patients with doctors. It is an international network of services for appointment appointments. DocPlanner's websites are used by more than 30 million users per month. The company is a leader in the market of medical platforms in ten countries, including Poland, Spain, Brazil, Mexico and Italy.

29. TECHLAND

COTTON CARROT

PLN 1,973 million

Pawe Marchewka's company is the second largest game producer on the Polish market after CD Project. The company entered the global market thanks to a series of games "Call of Juarez ", published jointly with Ubisoft. However, the real hit was "Dying Light", a survival horror game, which Pawe Marchewka released at his own expense. The production brought the company a gigantic operating profit exceeding PLN 500 million. Today Techland is focusing on the release of the second installment of "Dying Light ", the most expensive game in the history of the studio with a budget exceeding 100 million dollars. The results of its sales will show whether the company is able to create hits like CD Projekt and may even increase the value of Techland several times. The game is expected to be released in spring 2020.

Revenue: PLN 183 million

EBIT: PLN 45 million

30. PELION

BAT BAT SWISS

PLN 1,933 million

Wholesale of medicines created by Jacek Szwajcowski, known on the market mainly thanks to the network of pharmacies Dbam o Zdrowie (DOZ) and Drugstore Natura. The company grew mainly due to acquisitions. Today it employs 10 thousand people.

Revenue: PLN 9,816 million

EBIT: PLN 136 million

31. NEUCA

CASIMIR AND WIES AWA HERBA

PLN 1,822 million

Kazimierz Herba founded his first drug wholesaler in 1990. Like most companies in this sector, Neuca developed thanks to acquisitions of other wholesalers. The key factor was the merger in 2009 with Prospectus, another large distributor of medicines. Since then, the company has increased its value sevenfold.

Revenue: PLN 7,753 million

EBIT: PLN 127 million

32. EURO-NET

KUCZY SKI ROBERT, KUK WALDEMAR, KUK, IWONA KUK

PLN 1,796 million

They established their first shop with household appliances and audio/video devices in Warsaw in 1991. Today, the Euro RTV AGD chain has 282 stores in almost every major city in Poland. On top of that, there's the Ole-Ole website. Despite this expansion, the company had to recognize the superiority of another Polish Media Expert network this year.

Revenue: PLN 6,896 million

EBIT: PLN 164 million

33. POLMLEK

JERZY BORUCKI, ANDRZEJ GRABOWSKI

PLN 1,775 million

The largest private dairy in Poland. Andrzej Grabowski and Jerzy Borucki started in 1994 with a milk collection point in G sewo. A breakthrough event for Polmlek was the takeover of a dairy in Lidzbark Warmi ski in 2002. Warmia, which is a part of it, a well-known brand of maturing cheeses, opened the door to Polmlekowi's business success. In 2015 Polmlek took over part of Agros Nova, the owner of brands such as Fortuna and Pysio. In 2017, at a cost of PLN 250 million, the company built the most modern protein concentrate factory in Europe. And this year Rolmlecz joined the group.

Revenue: PLN 4,200 million

EBITDA: PLN 160 million

33.

POLAND

DOMINATION

PLN 1,775 million

In this year's edition of the ranking, the leading Polish producer of renewable energy records a modest promotion - by one place. Polenergia started its activity in 1997 as the first private company in the country producing energy. Initially, it dealt mainly with the construction of heat and power plants, and in 2004 it entered the renewable energy sector. Seven years ago the company was taken over by Jan Kulczyk and since then it has been the leader in the industry. The successful development of the company was disturbed in 2016 by the so-called Distance Act, which significantly reduced the possibilities of building new wind farms. The company had to write off as much as 80 million PLN for the impairment of their value. However, this year's statistics show that Polenergia is slowly recovering.

Revenue: PLN 3,449 million

EBIT: PLN 84 million

35. CELON PHARMA

THE EVENING..

PLN 1,734 million

Maciej Wieczorek's company is becoming more and more popular among investors, which is best evidenced by a 30% increase in the company's valuation over the last 12 months. The founder of the company started from working for Adamed, another large Polish pharmaceutical company. Celon's success shows that working in a corporation can be a source of valuable knowledge that can be used in the future to lay the foundations for your own business. Celon Pharma has so far launched two generic drugs to combat breast cancer and Alzheimer's disease. He is currently working on esketamine, a substance that can be effective in combating drug-resistant depression.

Revenue: PLN 125 million

EBIT: PLN 36 million

36. CORRECT

BOGDAN DUCKLING

PLN 1,731 million

The company from O a near Kalisz is one of the largest suppliers of mattresses for the IKEA chain. Correct products are also sold in almost 70 countries around the world. Bogdan Kaczmarek, the founder of the company, is also the owner of Com.4 - a large manufacturer of sofas and sofas. Both companies were included in this year's edition of the ranking, but Correct is the biggest undertaking of Kaczmarek.

Revenue: PLN 1,486 million

EBIT: PLN 118 million

37.

MULTIMEDIA

TOMASZ ULATOWSKI AND YGAL OZECHOV

Similarly to Vectra, Multimedia Polska started its business activity from providing cable TV to local customers. The year 1999 was a breakthrough, when the Emerging Ventures ***fund***, founded by Tomasz Ulatowski and Ygal Ozechov, invested in Multimedia. Since then, Multimedia has been growing rapidly - mainly due to the acquisition of other, smaller cable networks. At the same time, the company followed technological trends. Telephone and Internet services appeared in the offer, which strengthened its position in the telecommunications providers' industry. Currently, the company is the third largest cable TV operator in the country. Last year, negotiations started on the acquisition of Multimedia by Vectra, but the intervention of the Office of Competition and Consumer Protection (UOKiK) delays the finalisation of the talks.

Revenue: PLN 692 million

EBITDA: PLN 190 million

38. CHEMIROL

BORUCH LESSEK

PLN 1,705 million

Founded in 1990 as a supplier of products and services for ***agriculture*** in Mogilno. The company started as a local wholesaler of plant protection products, today it is the largest company trading in fodder, fertilizers and seed materials in Poland. Revenues in 2018 exceeded PLN 1.5 billion. Since 2006, the company has been developing a retail network in Romania. Chemirol is also the owner of Polmos Toru , a well-known vodka producer.

Revenue: PLN 1,530 million

EBIT: PLN 135 million

39. INTER EUROPOL SWISS BAKERY

LAUGHABLE WARRIOR

PLN 1,691 million

In 1989. Wojciech miechowski opened a small bread factory in Warsaw at Okrag Street. Initially, it supplied only the residents of the capital city, but the number of customers began to grow gradually. Similarly as in the case of the competitive Bakery Oskroby Bakery, the flywheel of the business was frozen bread, which miechowski supplies to retail chains.

Revenue: PLN 642 million

EBIT: PLN 88 million

40. ATAL

JUROR'S ZBIGNIEW

PLN 1,688 million

One of the largest Polish developers can count the last year as a successful one. Atal's capitalization increased by 18%, and the company will put into use a record number of almost 2.5 thousand flats.

Revenue: PLN 1,055 million

EBIT: PLN 260 million

41.

OF THE HEALTH SECTOR

VEIL'S WEDGE, COTTON GREETING, MIROSLAW'S PEAR

PLN 1,637 million

The largest Polish water producer, known mainly for its Cisowianka brand. Its beginnings date back to the 1970s, but the real development took place when in 1999 the declining bottling plant in Na czów was taken over by Polish entrepreneurs. The company quickly overtook the vice-leader of the market, the Swiss concern Nestlé, and started to compete for the position of number one of the French Danone ( ywiec). This year the company invested 156 million PLN in the modernization and improvement of water production technology.

Revenue: PLN 455 million

EBIDT: 105 million PLN

42. FAKRO

FLAVORED FLAVORED DRAWER

PLN 1,599 million

It is the second largest manufacturer of roof windows in Europe after the Danish Velux. The company was founded on the basis of the experience of its founder: in his childhood Ryszard Florek slept several times in the attic, which had no window. He knew how annoying it could be to be in a room without a natural light source. That's how the idea of Fakro was born. Not without significance is also the place where the company was established - Nowy S cz. The city is considered to be the capital of Polish entrepreneurship, hence the origin of the manufacturer of Wisniowski gates, Koral Ice Cream and Onet portal.

Revenue: PLN 1,390 million

43. AGATA MEBLE

" WANKER, WANKER, WANKER, WANKER, SEBASTIAN WANK

PLN 1,597 million

One of the most recognizable Polish furniture companies has had a difficult year behind it. The goal of Aleksander wika, the founder of Agata, was to create a retail chain in Poland that could compete with IKEA. Agata Meble is present in 27 locations all over the country, at the same time it produces furniture itself.

Revenue: PLN 1,574 million

EBIT: PLN 140 million

44. ZARMEN

CONCEIT ZBIGNIEW

PLN 1,595 million

Chorzowska company is one of the largest companies specializing in industrial investments. So far, she has executed orders for clients such as PKN Orlen, Lotos, ArcelorMittal or JSW. Zarmen belongs to Zbigniew Koncewicz, who built it from scratch thirteen years ago. He started by creating assembly and repair plants for industrial plants, such as Koksownia "Przyja " in D browa Górnicza or the Warsaw Lucchini steelworks. In 2017. Zarmen started its activity in the energy sector, trading in electricity. Apart from the Polish market, it is also present in Germany and the Czech Republic.

Revenue: PLN 1,916 million

EBIT: PLN 112 million

45. GROUP WORK GROUP

PRZEMYS AW GACEK

PLN 1,491 million

The largest Polish recruitment service has been operating continuously since 2000. Several times he came out with a defensive hand from difficult situations, including the one after the bursting of the Internet bubble. He also did not give in to the fight against the media giant Agora. The Pracuj. pl portal was also helped by the financial crisis in 2009, when companies looking for employees moved away from using expensive advertisements in the press in favour of Internet offers. In 2017 TCV ***fund***, one of the most valued in Silicon Valley and an investor in Netflix, invested in the group. In the same year Grupa Pracuj made its debut in our ranking. The majority shareholder of Pracuj. pl remains its founder Przemys aw Gacek and a group of the most important managers of the company.

Revenue: PLN 327 million

EBIT: PLN 88 million

46. DRUTEX

LESZEK GRYSZEWSKI

PLN 1,451 million

The largest window manufacturer in Europe continues to grow. Despite the legal dispute over control between the Gierszewski family, the value of Drutex increased by 17%. In 2016, the value of Drutex increased by 17%. Leszek Gierszewski has completed the construction of new production plants, and last year another investment worth 60 million zlotys was launched. However, Drutex started very modestly as a company specializing in the production of wires and cages for foxes (hence the name). Today, the company is boosting exports, mainly to the German and Italian markets. The Polish company built its brand there with the help of football players Philipp Lahma, former captain of the German national team, and Andrea Pirlo, the great star of Juventus Turin.

Revenue: PLN 927 million

EBIT:109 million PLN

47. ZIAJA

ZENON ZIAJA, BARTOSZ ZIAJA, BARBARA BIERNACKA

PLN 1,431 million

Zenon Ziaja has had a very successful year. The company's revenues increased by 19% and profits by 39%. The company is the largest Polish cosmetics manufacturer, selling 70 million packages.

Revenue: PLN 342 million

EBIT: PLN 89 million

48.

COMARCH

JANUS FILIPIAK

PLN 1,391 million

The second largest IT company in Poland. Comarch is the work of Janusz Filipiak, who in the early 1990s returned from Australia to the AGH University of Science and Technology, where he intended to cooperate with industry. On the advice of the university rector, he founded a company. Already in the initial phase of development, Comarch developed IT solutions for large enterprises. He completed his first order in 1994 for Telekomunikacja Polska. Four years later, he became the first partner of the global Oracle giant. Together with RMF FM radio station, he created the Interia.pl portal, which in 2007 sold Bauer Media to the German company for 200 million zlotys. For 15 years the company has been focused on foreign expansion, has offices in 47 countries around the world, in July it opened two new offices in Rome and Sydney. The services of the Kraków-based company are used, among others, by BP, T-Mobile, Etihad Airways, CaixaBank, Enterprise Rent-a-Car, TeleYemen, SAS. Thanks to last year's agreement signed with LG Comarch, it became involved in one of the first commercial implementations of the 5G network.

Revenue: PLN 1,370 million

EBIT: PLN 88 million

49. PRUSZY SKI

PRUSZY SKI'S CHRISTOPHER'S CHRISTOPHER

PLN 1,347 million

The beginnings of Krzysztof Pruszy ski's business date back to the mid-eighties of the last century. Today, the company has more than 20 companies. It is one of the largest manufacturers of roofing and facades in Europe. Blacha Pruszy ski products were used to make a cycling track in Pruszków, a Volkswagen factory in Wrze nia or Chopin Airport in the capital city.

Revenue: PLN 2,116 million

EBIT: PLN 91 million

50. APART

RACZYNSKI ADAM, RACZYNSKI PIOTR

PLN 1,334 million

The largest jewellery manufacturer in Poland with almost 200 stores in Poland. The pride of the company is the Swiss brand Albert Riele, which was acquired six years ago.

Revenue: PLN 694 million

EBIT: PLN 116 million

51. AWW GROUP

THE GLORIOUS AND WARRIOR LAUREL

PLN 1,251 million

The largest Polish alcohol producer. It all started with an alcohol wholesale company launched by Wies aw Wawrzyniak in 1991. Seven years later she started to produce spirit herself. In 2009, the AWW Group started bottling vodkas and nalewkas in its factory in Kalisz. The company produces alcohol under its own brands (Alaska, Jarz biak, o dkówka, Charley's) and is also a significant supplier of alcohol under brands dedicated to retail chains. Over the last few years, the company has been helped by the growing consumption of alcohol in Poland, consumed, among others, in small bottles of "monkeys ".

Revenue: PLN 757 million

EBIT: PLN 95 million

52. DUCKLING MALWO

DUCKLING FAMILY

PLN 1,245 million

A manufacturer of plastics, which has existed on the market since the 80s of the twentieth century. Initially, the company was a supplier of softened PVC to Fiat 126p. But the real shot was the production of PVC pipes, in which the company specializes to this day. The company founded by Barbara Kaczmarek is now managed by her children.

Revenue: PLN 648 million

EBIT: PLN 101 million

53.

NEW STYL

ADAM KRZANOWSKI, JERZY KRZANOWSKI

PLN 1,242 million

A leading manufacturer of office furniture and chairs in Europe. The company was founded in 1992 and after three years was ready for foreign expansion. In 1995 the products of Nowy Styl entered the markets of Eastern Europe. The following years were better and better for the company. The offer was soon extended to include elements of equipment for public utility facilities, including stadiums. Interestingly, each of the buildings built for Euro 2012 has been equipped with chairs manufactured by Nowy Styl. In the following years the company started its expansion in Western Europe. So far, it has taken over companies with plants in France, Germany, Austria, Switzerland and other countries. Nowy Styl still maintains its high form: the value of the company has increased by almost 20% over the last year. And it can only be better, because the company has recently concluded another major contracts, including equipment for Qatar stadiums built for the upcoming championships.

Revenue: PLN 1,321 million

EBITDA: PLN 135 million

54. VAN PUR

VANTUSIAC ZBIGNIEW

PLN 1,238 million

The largest independent beer producer in Poland. It has five breweries, among others in om a, Zabrze and Koszalin. Van Pur was the first company to introduce canned beer to the market. However, the brewery did not resist the consolidation of the market and in 2000 it was taken over by the Austrian Brau Union. However, new owners were soon taken over by Heineken and three years later Van Pur was again on sale. The company was bought by its founders Zbigniew Wantusiak and Siegfried Pura, whose names it took its name from. Van Pur focuses primarily on the production of private label beer for retail chains.

Revenue: PLN 1,198 million

EBITDA: PLN 124 million

55. TRANSFER MULTISORT ELECTRONICS

KUCZYNSKI'S ZBIGNIEW, KUCZYNSKI'S ADAM

PLN 1,235 million

The leading distributor of electronic components in Europe has almost doubled its value in the last 12 months. The pioneering mail order sales in the 1990s gave the company success. Currently, TME offers its 200,000 customers access to 300,000 articles.

Revenue: PLN 740 million

EBIT: PLN 117 million

56.

FORTE FURNITURE FACTORIES

FORMANOVICH

PLN 1,189 million

The plants were established on the basis of the factory in Ostrow Mazowiecka, privatised in 1992. Since then, the company has grown on a large scale and its products have become a hit in German-speaking countries, France and the Iberian Peninsula. Unfortunately, this year the company failed with its results: the revenues from the sale of furniture fell, and simultaneously with them the value of the company, by almost 30%. Already in February last year, Forte Furniture Factories had problems with fluctuations in share prices. Since then, the condition of the company has deteriorated and there are no signs of a rapid improvement in the current state of affairs.

Revenue: PLN 1,107 million

EBIT: PLN 73 million

57. EVELINE COSMETICS

WHITE-BOY PIOTR

PLN 1,188 million

Family company Eveline is one of the oldest Polish cosmetic brands. Over the years, it remained in the shadow of more well-known brands, but with time, improving the quality of its products - mainly colour cosmetics - it began to enter new drugstore chains with its own stands. Eveline, which also distributes products in supermarket chains, remains a budget brand in the minds of its customers. However, Poland is only a small part of Piotr Kasprzycki's business. More than 80 percent of production is exported to more than 70 countries. In some markets the company has a very strong position, in Bulgaria it is a leader and in Dubai it has more than a hundred distribution points.

Revenue: PLN 506 million

EBIT: PLN 77 million

58. STALPRODUCT

PIOTR JANECZEK

PLN 1,187 million

It is rare for Polish investors to buy companies from foreign owners. However, such a story happened to Stalprodukt. In the past, the producer of metallurgical products belonged to the Katowice Steelworks. Then it was in the hands of the Indian billionaire Lakshmi Mittal. In 2016, a consortium of investors led by the former president Piotr Janeczek purchased part of the shares from Mittal, taking control over 66% of votes.

Revenue: PLN 3,957 million

EBIT: PLN 300 million

59. IMPEXMETAL

ROMAN KARKOSIK

PLN 1,175 million

The second, after Boryszew, company of Roman Karkosik included in our ranking this year. The company is a holding company controlling the entire portfolio of companies involved in the processing of non-ferrous metals. Roman Karkosik bought her shares off the stock exchange to take her off the market.

Revenue: PLN 3,300 million

EBIT: PLN 195 million

60. PLAYWAY

KOSTOVICH'S CHRISTOPHER'S CHRISTOPHER

PLN 1,174 million

The information is quite surprising, but PlayWay is today the second most valued computer game producer listed on the stock exchange after the CD Project. The company founded by Krzysztof Kostowski is at the same time a complete opposite of the company run by Adam Kici ski. While there are costly superproductions on the CD of the project, PlayWay focuses on low-cost games that cost several hundred thousand dollars to release - usually different types of simulators. As the title turns out to be successful, the earnings exceed the costs several times over, and only last year PlayWay released as many as eight games. That is why Krzysztof Kostowski's business is so profitable and safe at the same time - a large amount of production guarantees that several titles will attract the attention of players. The flagship product of the Warsaw studio is today "Car Mechanic", a simulation of a car repair shop.

Revenue: PLN 79 million

EBIT: PLN 50 million

61. BEST

BORUS CHRISTOPHER

PLN 1,143 million

The company started as an intermediary of installment loans, but when in 2002 it was taken over by Krzysztof Borusowski, it went into debt collection. It gained displacement 12 years ago after taking over a package of receivables worth PLN 1.5 billion from Kredyt Bank. In 2015 Borusowski recapitalised Best, which allowed him to double his investments in new debt portfolios.

Revenue: PLN 190 million

EBIT: PLN 75 million

63. MOKATE

TERRACES AND ADAM MOKSHAWS

PLN 1,138 million

Teresa Mokrysz focuses on development - also international. Mokate products can be found in Colombia, South Africa, Japan and the Maldives. Coffee and tea from the concern in Ustro are sold on 70 markets in total.

Revenue: PLN 612 million

EBIT: PLN 95 million

64. CITRONEX

TORONTO ARTHUR, REEF AND ROBERT INDICTEES

PLN 1,134 million

Artur Toronowski started his career as a colonial shopkeeper in the 1980s. When he realized that bananas were his best selling product, he focused on import. The majority of Polish importers from that ***period*** lost or were taken over by global banana suppliers: Chiquita, Del Monte, Dole and Fyffes. Everyone except Citronex. Today, the Polish company not only controls 70% of the market in Poland, but also delivers them to stores in Germany, Romania and Lithuania. This makes it the fourth largest supplier in Europe.

Revenue: PLN 1,227 million

EBIT: PLN 89 million

65. PLAST CATEGORY

MATHIAS AND JENS KRÖGER

PLN 1,105 million

Founded by Mathias and Jens Kröger in 1992, the company has specialised from the very beginning in the production of garden and household articles made of plastics. It started with a rented hall and 15 employees, today Jelenia Plast employs 700 employees and processes 30 thousand tons of plastic annually in seven production halls. Jens Kröger is a well-known local philanthropist and last year the company was awarded the title of Benefactor of the Year.

Revenue: PLN 700 million

EBIT: PLN 95 million

62.

NEWAG

ZBIGNIEW JAKUBAS

PLN 1,140 million

The company from Nowy S cz was rescued from bankruptcy in 2006. Zbigniew Jakubas. Then he paid PLN 6 million for it, and today Newag is the largest Polish supplier of trains alongside Pesa. The sales hit was the Impuls traction unit. In 2015, the company signed contracts for the delivery of trains for over 600 million PLN. Newag follows the blow and continues to expand its offer. At the September railway fair Trako presented its latest project - the first hybrid-powered train on the Polish market.

Revenue: PLN 1,022 million

EBIT: PLN 128 million

67. HEALTH AUTHORITY

POLISH CAPITAL

PLN 1,094 million

Leader of OTC (over-the-counter) products and medicines. The company was established in 1992 in the United States. Its flagship products include Apap, Gripex and Ibuprom. The founders of USP Zdrowie, Wojciech Napiórkowski and Józef Pilch, were the first in Poland to promote them in large advertising campaigns. Last year the company finalized the purchase of a new factory in Wroc aw.

Revenue: PLN 729 million

68. MENNICA POLAND

ZBIGNIEW JAKUBAS

PLN 1,077 million

The Mint of Poland was founded in 1765 by King Stanis aw August Poniatowski himself. The current owner is Zbigniew Jakubas, and the Mint no longer deals exclusively with minting coins, but also with the sale of investment products and public transport tickets. It is also developing in the real estate sector. In July the Mint of Poland leased almost 46 thousand. sqm. of office space to mBank in the Mint of Legacy Tower, and on a 27-hectare plot taken over from FSO is building the largest housing estate on the right bank of the Vistula River.

Revenue: PLN 1,037 million

EBIT: PLN 80 million

66.

ENTER AIR

MARCIN KUBRAK, GRZEGORZ POLANIECKI

PLN 1,104 million

The largest Polish charter air carrier, which was established in 2009 on the initiative of pilot Marcin Kubrak and former advisor to the Management Board of LOT Polish Airlines Grzegorz Polaniecki. The owners started with three rented boeings, which they used to drive tourists. Already during the first 19 months, one million passengers boarded their aircraft, and in less than 10 years the fleet managed to grow to 19 aircraft. The company owes its good results, among others, to social programs of the government, such as 500+, which supported the growth of tourism. In the 2018 season, Enter Air completed a contract worth almost PLN 300 million for customer service for TUI. This year, the company acquired a 49% stake in the Swiss company Germania Flug, which became the basis for the latest venture of Enter Air - the airline network Chair, which has been operating since June.

Revenue: PLN 1,296 million

EBIT: PLN 119 million

69. STARCH BAKERY

DARIUSZ OSKROBA

PLN 1,074 million

The baking tradition began in 1931 with Wac aw Oskroba, Dariusz's grandfather, the current head of the company. However, the company in Celestynów near Warsaw is no longer a small local bakery. It employs 900 people, its franchise network includes about 150 outlets, and the scale of its operations has increased the entry into the market of frozen bread.

Revenue: PLN 470 million

EBIT: PLN 73 million

70. VISTULA

JERZY MAZGAJ

PLN 1,062 million

The clothing group around Vistula started to be established in 2005. Wólczanka was the first to be bought out, then W.Kruk joined Vistula. The transaction was very expensive and the company went into considerable financial difficulties. Jerzy Mazgaj pulled her out of a difficult situation. For many years, it has been repaying over 300 million PLN worth of loans that Vistula took to purchase W.Kruk. In 2012, however, Vistula returned to the path of growth. Since then, its stock exchange valuation has already quadrupled, exceeding one billion zlotys. The acquisition of the Bytom brand, the largest competitor to date, helped in this process.

Revenue: PLN 806 million

EBIT: PLN 72 million

71. AMICA

RUTKOWSKIACEK

PLN 1,057 million

It is one of the most consistently built production companies in Poland. When in 1994 Amica was taken over by Jacek Rutkowski, she had about PLN 100 million in revenue. Currently, annual sales amount to almost PLN 3 billion, and a significant percentage of it is exported. In the meantime, the company has taken over the Danish manufacturer of GRAM refrigerators and distributors of household appliances in the UK (CDA) and France (Sideme).

Revenue: PLN 2,928 million

EBIT: PLN 152 million

72.

MABION

THE EVENING..

PLN 1,045 million

For 10 years, the scientists of Mabionu, a company created in 2007 by Maciej Wieczorek, worked on the creation of a drug against blood cancer. In mid-2018, the company applied to the European Medicines Agency for the marketing authorisation of MabionCD20. At the beginning of the year, the company announced that it would start research on new drugs to fight oncological and autoimmune diseases.

Revenues: PLN 0 million

EBIT: PLN -65 million

73. WIPASH

SOUR CHERRY JOSEPH

PLN 995 million

A million tons. That's the amount of feed that Vipash is producing every year. However, the beginnings were modest: the company started from a small feed mixing plant in Wad g near Olsztyn. Over the years it has grown to become the largest domestic producer of feed for poultry, pigs and cattle. The creator of Wipasz, Józef Wi niewski, likes to repeat that the key to success was a good understanding of the Polish countryside - he is the son of a farmer. He also often emphasizes the Polishness of the company. This year the company opened a poultry plant, the construction of which consumed 220 million zlotys. The target is to employ 1200 people, and the production will exceed 900 tons of meat per day.

Revenue: PLN 2,272 million

EBIT: PLN 92 million

74. GROUP G3

THE GUGALA FAMILY

PLN 994 million

Directed by brothers Grzegorz and Rados aw Guga ów since 2002. The G3 Group is one of the most successful businesses in the Polish furniture industry. Although before the economic crisis, revenues from operations did not exceed PLN 100 million, large investments in production capacity determined the increase in sales.

Revenue: PLN 610 million

EBIT: PLN 90 million

75. LERG

MARIAN APRIL

PLN 980 million

Marian Kwiecie is primarily associated with the once stock exchange group Wistil. In addition to the lace, glass and ceramic industries, he also invested in the chemical industry. Its ancestral asset is the Piotrowice Chemical and Mineral Raw Materials Plant, which under the Stabill brand produces gypsum, ***smoothness*** and adhesives. He spent the money he had earned here on the purchase of new companies. In 2004, he took over ERG, Poland's largest synthetic resins production plant, and then joined the group of companies that produce synthetic resins.was joined by Marpol, a producer of flexible film packaging, and Pabex (a producer of vacuum bags and packaging). The last major acquisition was Hanex, one of the largest producers of PET packaging in Poland, purchased in 2016.

76. BIOFARM

WALDEMAR SZWARCZYNSKI, DENKOWSKA-SZWARCZYNSKA GRA YNA

PLN 978 million

Generic drugs are a specialty of the largest Polish pharmaceutical companies. The tradition of the company dates back to 1982, when the head of the company Waldemar Szwarczy ski and his wife Gra yna started to produce the first cosmetic and dietary preparations. Today, Biofarm sells about 80 different types of preparations and boasts a 32nd position among the largest pharmaceutical companies in the world.

Revenue: PLN 316 million

EBIT: PLN 64 million

77. FARMACOL

ANDREW OLSZEWSKI, ZYTAYA OLSZEWSKA

PLN 937 million

Andrzej Olszewski started his activity in the pharmaceutical industry by delivering medicines to his wife's pharmacy. Entering the stock exchange in 1999, the company raised capital for the acquisition of Cefarmów, including Warsaw, Bia ystok and Wroc aw. Since 2015, Farmacol's own brand, the Family of Health, has been present on the market. Today, its portfolio consists of 280 products and Farmacol's annual sales amount to 480 million products.

Revenue: PLN 5,998 million

EBIT: PLN 35 million

78.

THIS SQUARE GAMES

ARKADIUSZ PERNAL..

PLN 932 million

The name of the company derives from the surface of a tiny office where Maciej Popowicz began his adventure in the computer games industry. When he founded Ten Square Games, he was no longer a beginner startup: he had previously been known as the founder of the popular Nasza Klasa portal. TSG Studio specializes in hobby simulators. Among them we can find games with many talking titles, such as "Let's fish" or "Na musrzyby ". The latest hit of the studio is "Fishing Clash", a free-to-play fishing simulator that has already downloaded over 10 million users.

Revenue: PLN 115 million

EBIT: PLN 44 million

79. DBK GROUP

SATURDAY IRENEUSZ

PLN 920 million

The DBK Group is a specialist in the sale of trucks. It started in 1996 with DAF, but the Olsztyn company quickly expanded its activity in offering all services related to purchase and service. The accession to the EU and the expansion of domestic transport companies, DBK's customers, who dominated the European transport market, helped. Ireneusz Sobieski's main competitors are not other dealers, but truck manufacturers such as Mercedes and Volvo.

Revenue: PLN 2,247 million

EBIT: PLN 73 million

80. ALCHEMIA

PLN 919 million

ROMAN KARKOSIK

Alchemia is a large steel group controlled by one of the largest stock exchange investors Roman Karkosik. It entered the steel market in 2015 after taking over Batory steelworks for PLN 107 million. Two years later, Karkosik bought a new glassworks for it - it cost 230 million zlotys. After a ***transitional*** ***period*** of trouble in 2015. Roman Karkosik decided to restructure and since then the company has been gradually returning to shape. In the past 12 months, the company's operating profit has increased by 350 percent.

Revenue: PLN 1,132 million

EBIT: PLN 64 million

81. MOTOPROFIL

MOUND CUTTER, SOUR SOUP LIGHTER

PLN 915 million

Three businessmen: Krzysztof Kopiec, Leszek urek and Piotr Tochowicz, established a company in Chorzów 25 years ago, which deals with import and distribution of spare parts for cars. Although they are several times smaller than the market leader, they are still developing their company. They reach over 15 thousand car workshops all over Poland. The efforts of Moto-Profile have been noticed by the London Stock Exchange. A year ago, the company was among the 1000 most inspiring European companies.

Revenue: PLN 1,317 million

EBIT: PLN 54 million

82. COM.40

BOGDAN DUCKLING

PLN 913 million

Bogdan Kaczmarek's next company in our ranking, after Correct. Just like her sister Com.40, she is a supplier to the IKEA chain, for which she has been producing upholstered furniture for many years. However, the ducklings didn't want to stop at just working with the Swedish giant, even though it was only thanks to her that he made a fortune. He created the Comforty brand, under which he sells sofas, armchairs and beds of a higher shelf, and the shapes are given to them by leading Polish and world designers.

Revenue: PLN 1,407 million

EBIT: PLN 70 million

83.

SELVITA

PAWE PRZEWI LIKOWSKI, BOGUS AW SIECZKOWSKI

PLN 906 million

The founder of the company, Pawe Przewi likowski, started his career in Comarch with Janusz Filipiak. At the end of the 20th century, he was the main initiator of the Internet portal Interia. Thanks to the proceeds from the sale of 5% of shares, in 2007 he founded the biotechnology company Selvita. It currently employs more than 500 people. In March 2017 Selvita is included in the sWIG80 index. Since August 2018 the company has been implementing its next project - Research and Development Centre of Innovative Medicines Selvita SA in Kraków. In March, the company was announced to be divided into two organisms, which is now on the last straight. The Selvity research division will be separated and will function independently as Ryvu Therapeutics. This manoeuvre is to facilitate, among other things, the acquisition of new investors and companies.

Revenue: PLN 77 million

EBIT: PLN -14 million

84. LIVECHAT

MARIUSH WARM

PLN 898 million

It is one of the greatest successes of Polish entrepreneurs on the global market of new technologies.

The company offers companies software for conducting conversations with customers in the network. The unique thing about LiveChat is that you only have to pay $50 a month to use it, and all sales are made online.

As a result, 99% of the company's customers come from abroad. The majority of them are small and medium-sized companies from the United States.

Revenue: PLN 109 million

EBIT: PLN 71 million

85. 11 BIT

TOMASZ BRZOSTEK, MIECHOWSKI GRZEGORZ, INDUSTRIALIZAW MARSZA

PLN 891 million

It is one of the most successful producers of video games. When Grzegorz Miechowski founded the studio in 2009, he focused mainly on the production of mobile games. Titles such as "This War of Mine" or "Frostpunk" showed that the company can make great games for computers and consoles, which are not inferior to AAA productions, with much lower budgets. On "Frostpunk" 11 bit studios have already earned almost 40 million zlotys, and are still waiting for profits from the console version.

Revenue: 82 million PLN

EBIT: PLN 47 million

86. SK&S LAW FIRM OF LEGAL ADVISERS

SOLTYSINSKI STATUE

PLN 889 million

The most titled Polish law firm, whose strength since its foundation in 1991 is Stanis aw So tysi ski, the creator of the Commercial Companies Code and one of the largest legal authorities in Poland. The first branch of SK&S was established in Pozna , and today the services of the law firm can also be used in Katowice and Wroc aw. It employs a team of over 150 lawyers and specializes in corporate law, mergers and acquisitions.

Revenue: PLN 118 million

EBIT: PLN 57 million

87. WERNER KENKEL

ADAM KENKEL, DAMIAN KENKEL

PLN 887 million

The beginnings of one of the oldest companies in our ranking date back to 1979, when Werner Kenkel, a former employee of a craft cooperative, launched the production of packaging in his garage. In 1989 the company already employed 150 people. In 1997 the company invested in the production of corrugated board. After the founder's death in 2004, his sons Adam and Damian took over the company. Currently, the company produces 600 million cardboard boxes per year and employs 1100 people.

Revenue: PLN 824 million

EBIT: PLN 66 million

88.

PATHWAY

PIOTR MIKRUT

PLN 886 million

The construction materials market is dominated by foreign manufacturers. That is why Polish Snow White - the largest domestic paint manufacturer - stands out among them. The company has its beginnings in the 80's. Then the brothers Stanis aw and Kazimierz Mikrut created two separate companies, which compacted the chips while developing the first snow-white emulsion paint in Poland - nie ka. At the turn of the 20th and 21st centuries, the company went beyond the borders of the country, opening factories in Ukraine and Belarus. In March 2018, Stanis aw Mikrut, one of the founders of nie ka, died. At the same time, the company announced plans to build a logistics centre in Zawadzie near Debica.

Revenue: PLN 587 million

EBIT: PLN 80 million

89. MILKOVITA

DARIUSZ SAPI SKI

PLN 878 million

It is the largest milk producer in Poland. The history of the company dates back to the interwar ***period***, but in 1989 it remained only one of several hundred milk production plants. The success was decided by a brave decision. Mlekovita was the first to create its own brand of milk and sell it in cartons. At the same time, it consolidated the market by taking over smaller dairy plants. This process continues to this day. Last year Mlekovita opened a dairy powder factory, thus entering the market of protein sports nutrients.

Revenue: PLN 4,701 million

EBIT: PLN 2 million

90. APATOR

MARIUSZ LEWICKI

PLN 875 million

One of the longest-listed companies on the Polish stock exchange (since 1993) is controlled by a group of businessmen from Pomerania. At the beginning Apator produced transformer stations, later tried in fiscal cash registers and today it specializes in measuring devices. He completed the offer after a wave of acquisitions, which began in 2004. He has made a series of acquisitions of manufacturers of individual devices: Pafal (electrical meters), KFAP (water and heat meters), Czech Metrix (gas meters) and British George Wilson Industries (intelligent gas metering systems).

Revenue: PLN 828 million

EBIT: PLN 91 million

91. AIC

YOU'RE TOMMOOZHIAC

PLN 863 million

The company coming from the Tri-City area specializes in the production of heat exchangers. It was founded by Tomasz Siemie czuk in 2001, starting with a design office employing several engineers. Today the company employs nearly 1000 people, has three factories and a sales office in Canada. Heat pumps designed by AIC are mainly used in heating and air-conditioning systems in commercial buildings. Last year we praised the AIC for its solid financial results, which gave them a significant advancement in the ranking. This year the company made progress in comparison to last year's results, but it was insignificant and did not allow the company to maintain its position in the previous ranking.

Revenue: PLN 266 million

EBIT: PLN 59 million

92. CERAMICS FOR TUBADZIN

ANDRZEJ WODZYNSKI

PLN 857 million

One of the oldest Polish companies. Its creator Andrzej Wodzy ski has been producing tiles since 1989. After the crisis in 2009, the companies had to fight against the entry of cheap tile manufacturers from China and Turkey, which had an impact on their profitability. But it has already emerged from the crisis, this year it increased its value by 15%.

Revenue: PLN 277 million

EBIT: PLN 84 million

93.

TRACK TEC

YAROSLAVL THE PAVLIK

PLN 856 million

Jaros aw Pawluk is an entrepreneur who has succeeded twice. He built two completely independent companies in the same railway industry. Today's Track Tec Group started to submit after it sold its majority stake in the logistics group CTL. This time he did not deal with transport, but with elements of railway infrastructure. He took the first step in February 2010, buying a Suwa ki-based railway sleeper manufacturer Kolbet, renamed Track Tec, and a year later he bought a turnout manufacturer Koltram. Today, almost half of all railway sleepers and every second turnout currently being built on the Polish railway network was made in Track Tec Group plants.

Revenue: PLN 455 million

EBIT: PLN 64 million

94. PER A

JOSEPH GIEROWSKI'S HUBERT

PLN 852 million

It is the last large and traditional brewery left in Polish hands. Józef Hubert Gierowski, once one of the most serious private stock exchange investors, appeared here at the end of the 1990s. 51% of the package was taken over by employees. In 2005, the Danish Royal Unibrew became its partner and remains a minority shareholder to this day. The Lublin brewery is a very traditional company, which has been selling the same two basic brands for years: Pearl of Export and Hops and beer from the leased brewery in Zwierzyniec. It produces approximately 1.7 million hectolitres of beer annually, which gives it a 3% market share.

Revenue: PLN 578 million

EBIT: PLN 62 million

95. COLLIAN

JAN KOLA SKI

PLN 851 million

The biggest Polish producer of sweets and herbs created by Jan Kolanski. He built his position through acquisitions. He started with the acquisition of Jutrzenka (Grze ki), then saved the beverage producer Hellenna from collapse, to add the producer of Solidarity sweets. Now he is focusing on acquisitions abroad (Lily O'Brien's, Elizabeth Shaw).

Revenue: PLN 808 million

EBIT: PLN 58 million

96. MERKURY MARKET

JAN PAPERZ

PLN 840 million

DIY chain developed since 1991 by the Polish entrepreneur Jan Papierz. It is present in 20 large cities in southern Poland, including Kraków, Rzeszów and Krosno. In recent years, Merkury Market has been expanding in the Czech Republic, where it took over several stores belonging to the Austrian Baumax chain.

Revenue: PLN 707 million

EBIT: PLN 70 million

97. BURY

HENRYK BURY

PLN 832 million

Henryk Bury is a telecommunications engineer who started his adventure with business in the People's Republic of Poland in 1987 when he established his own engineering office. He quickly felt the wind of change brought by mobile telephony and already in 1992 he established wholesalers with accessories for mobile phones. And it was them, and above all the hands-free car kits, that became his first specialty. It introduced its own product to the market already in 1995, and after five years sold 1.5 million pieces. Over time, it has become one of the most important suppliers of this type of equipment to large automotive concerns, such as Volkswagen, which assembles it as a factory product.

Revenue: PLN 708 million

EBIT: PLN 86 million

98. MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMER: MORTIMETER: MORTIMETER: MORTIMETER: MORTIMETER: MORTIMETER: MORTIMETER: MORTIMETER: MORTIMETER: MORTIMETER: MORTIMETER: MORTIMETER: YEAH, MORTIMETIMETIMETER: MORTIMETER: MORTIMETIMETER: MORTIMETER

COTTON AND MARIUS SATANICUS

PLN 813 million

The trailer manufacturer from Wielu is one of the key players in Europe. Four years ago, the company of the Szataniak brothers took over the leading trailer manufacturer in France, Fruehauf Expansion, and the bankrupt Italian company Compagnia Italiana Rimorchi. In September 2018, the company announced the £26 billion acquisition of Lawrence David, the UK's third largest trailer, trailer and body manufacturer. Wielton also wants to expand its operations in West Africa.

Revenue: PLN 2,068 million

EBIT: PLN 96 million

99.

ATLAS GROUP

" A GEEK, A GEEK, AN ANDREW A GEEK, AN ANDREW A GEEK

PLN 793 million

There is probably no more recognizable brand in the construction chemicals industry than Atlas. A characteristic square, tile-like, company sign with a stork nest at the top decorated for years the provincial and county roads. The company is still controlled by two of its three founders - Grzegorz Grzelak (51.4%) and Andrzej Walczak (39%), who have already moved from the management board to the supervisory board. They started with finishing services in Poland and Germany and decided to develop their own glazing adhesive, which was not inferior to the German one. This was followed by extinction, soil, mortar and a whole range of building chemistry products. Already in 1993 Atlas received a prestigious award for the emblem Teraz Polska and became one of the first truly branded Polish products conquering foreign markets.

Revenue: PLN 1,373 million

EBIT: PLN 67 million

100. BETARD

ARTHURIUM

PLN 788 million

Betard in Wroc aw, founded in 1989, specializes in the production of prefabricated concrete elements for the construction industry, with a wide range of customers: from residential housing to public and industrial buildings, to engineering, bridge and hydrotechnical structures. On 30 production lines, modules are created which are used on their construction sites by the largest companies, such as Skanska, Strabag or Budimex.

Revenue: PLN 357 million

EBIT: PLN 71 million

Note: This article has been translated automatically.

Document original

Document original

Document original

Document original

Document original

Document original

Document original

Document original

Document original

Document original

Document original

Document original

Document original

Document original

Document original

Document original

Document original

Document original

Document original

**Graphic**

FOT.: ADAM TUCHLI SKI; DARIUSZ LEWANDOWSKI

Aflofarm is a family business. It was founded by Andrzej Furman, and the legacy of his father was taken over by his sons: Jacek, Tomasz and Wojciech

FOT.: PIOTR VANIOREK; EAST NEWS

FOT.: GIFT FROM LEVANDOWSKI

FOT.: PIOTR VANIOREK; WARRIOR OLKUSNIK/AGENCY NEWSPAPER

Krzysztof Weka, creator of the success of Cisowianka, who makes her debut in our ranking

FOT.: AKPA; PIOTR VANIOREK

PHOTO: SMALL PIOTR; VANILLA PIOTR

FOT.: TOMASZ GOTFRYD; DARIUSZ LE

Founders of Enter Air: Marcin Kubrak, Mariusz Olechnio, Grzegorz Polaniecki, Andrzej Kobielski

PHOTO: SMALL PIOTR

This Square Games by Maciej Popowicz is the third largest producer of computer games

FOT.: ADAM TUCHLI SKI

FOT.: TOMASZ GOTFRYD; PRESS MATERIALS

FOT.: PRESS MATERIALS

Andrzej Walczak started his business with tile laying

FOT.: EAST NEWS

**Load-Date:** October 31, 2019

**End of Document**



[***Southwest outlines latest Max return-to-service plan; E Southwest Airlines executives used much of the company's second quarter earnings call to outline how the Boeing 737 Max grounding has affected its operations, finances and fleet plan.***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WNH-X6R1-DYX4-714K-00000-00&context=1516831)

Flight International

July 26, 2019

Copyright 2019 DVV Media International Ltd. All Rights Reserved



**Section:** FLIGHTGLOBAL.COM

**Length:** 38175 words

**Body**

Southwest Airlines executives used much of the company's second quarter earnings call to outline how the Boeing 737 Max grounding has affected its operations, finances and fleet plan.

Assuming regulators approve the 737 Max to fly in November, Southwest aims to have at least 30 of the aircraft operating by 6 January, airline executives said on the 25 July call.

The Dallas-based carrier pulled 34 737 Max from service following the worldwide grounding in March, prompting it to cancel tens of thousands of flights and rack up $175 million in related costs in the second quarter.

On 25 July Southwest announced it removed 737 Max flights from another two months of flight schedules, pushing to 6 January the date on which Southwest expects the aircraft will be airborne again.

“Assuming regulatory approval to return the Max to service by early November, our baseline plan would be to control the process so we could provide the network at least 30 Max aircraft by January 6," Southwest chief operating officer Mike Van de Ven says. "Then we would ramp up from there in a controlled fashion depending on the delivery schedules.”

Southwest concedes the January date remains uncertain, noting the process for approving the 737 Max rests in the hands of regulators.

Still, based on information from Boeing Southwest expects to receive 16 737 Max from the airframer in 2019, including seven leased aircraft. But executives say most 737 Max they had planned to receive from Boeing this year will now arrive in 2020.

“We don’t have an update to our contractual delivery schedule with Boeing at this point, which shows 41 remaining deliveries this year,” says Southwest’s chief financial officer Tammy Romo. “But we expect the majority of those will shift to 2020.”

Southwest is holding some older aircraft longer to cover capacity requirements until the Max is approved for re-entry. The airline now plans to retire 11 737-700s this year instead of 18, Romo said.

Southwest ended the second quarter with 753 jetliners and has not taken delivery of any aircraft since the Max grounding, Romo says.

NEXT STEPS

Southwest's latest fleet plan has the carrier resuming Max flights several months later than competing airlines estimate.

American Airlines, for instance, has removed 737 Max from its schedules through 2 November, and that carrier's executives said on 25 July they are not ready to push the estimated service-resumption day farther into the future.

In a 25 July earnings note, JPMorgan analysts called American's November service-restart plan “unrealistic".

Carriers' latest estimates account for a 26 June announcement from Boeing that it was working to address a new issue identified by the Federal Aviation Administration.

The airframer confirmed on 25 July plans to deliver an updated software package to regulators in September, and it expects those regulators will clear the aircraft to fly early in the fourth quarter.

But also on 25 July FAA acting administrator Dan Elwell raised doubt the approval process will conform to Boeing's latest timeline.

“We don’t have a timeline. Don’t have October. Don’t have August. Don’t have 2021,” Elwell said, according to Reuters.

Regulators have repeatedly insisted they will clear the Max to fly only after thoroughly vetting the aircraft.

“We’re unhappy that it’s taken so long, and we’re in the dark, just like you are, on a number of technical matters,” Southwest chief executive Gary Kelly said in a July 25 CNBC interview. “Our pilots are heavily engaged and working with Boeing to understand the changes in terms of the software, and impact on flight control systems.”

Once the grounding lifts, Southwest faces the task of bringing into service three distinct groups of 737 Max, Van de Ven says.

One group includes the 34 aircraft Southwest pulled from service when the grounding took effect. Southwest estimates it may need one to two months to perform maintenance required to bring those aircraft, which are in storage at Victorville, California, to operational readiness, Van de Ven says.

Another group includes 737 Max already produced and stored by Boeing, but not yet delivered. Southwest anticipates it could receive those at a rate of three weekly.

The other group includes aircraft that will be delivered normally from Boeing as they come off the production line, Van de Ven says.

Southwest also anticipates needing 30 days for pilots to complete new training required by regulators, assuming that training does not include time in a flight simulator.

Kelly told CNBC he hopes the airline is “more or less” back on track with its fleet plan by the middle of 2020.

JOURNAL : Farmers Weekly

Vaccination to reduce foot-rot in sheep is just one part of a national five-point plan designed to lessen overall disease pressure from infectious lameness, by improving flock resilience to the disease.

When vaccination is done in conjunction with the four other parts of the plan, the reduction in lameness levels can be dramatic. SQP Mark Pass advises on his recommendations.

Watch the video of how to vaccinate properly.

Why does foot-rot need controlling?

The most common cause of lameness is foot-rot, which is an extremely painful, production-limiting disease that affects sheep of all ages.

Foot-rot is caused by the naturally occurring bacteria Dichelobacter nodosus, which is carried by healthy as well as lame sheep, and can remain infectious up to 14 days on contaminated pasture.

This means the feet of infected sheep play a significant role in the transmission of the disease.

By implementing each of the five points of the five-point plan, the incidence of sheep lameness can be reduced below 2% by the end of the third year of implementation.

How do you implement a vaccination protocol?

Vaccination is an aid to preventing lameness by stimulating immunity to the bacteria causing foot-rot. Vaccination should be on a whole-flock basis and timed to coincide with times of high disease risk on the farm.

When is the best time to vaccinate?

The important thing about vaccination is fitting it into the farming calendar. The timings you need to consider include:

Make sure you leave six weeks between the first dose and the booster.

Make sure no other vaccines are used within two weeks of vaccination, to allow the immune system to fully respond to one vaccine before using another.

When vaccinating close to tupping or lambing, make sure you vaccinate at least six weeks before tupping, four weeks before lambing or four weeks after lambing, to prevent the immune response affecting fertility and to avoid stress at these critical times.

Don’t vaccinate six to eight weeks before shearing, and within the previous six months of animals being shown or sold, as a well-

defined, inactive lump at the site of injection may occur.

Most people will vaccinate before the risk ***period*** on their farm, and that time will obviously differ between farms.

For some, foot-rot may be more of a spring/summer issue after lambing, but for others it could be in the autumn or when animals are housed. Timing should be four weeks before the risk ***period***.

You need to work with your healthcare provider to see when the problem is, and then plan in the vaccination, tailored to meet the individual flock.

FAI Five-Point Plan

Does the vaccine cause lumps?

Yes. The vaccine may cause a sterile lump at the site of injection. This may range from a slight swelling from about 24 hours after injection, to a well-defined lump of about 3cm diameter eight days after injection.

These may further increase in size to 5cm or even 8cm diameter, but these swellings generally remain inactive and may resolve completely within four to six weeks. But some swellings may last for at least 10 weeks.

How often do you need to vaccinate?

Initial course: Two doses should be given six weeks apart. Depending how bad the foot-rot situation is on your farm, after the second booster, you can move to twice-yearly doses.

However, a single annual booster may be enough once lameness due to foot-rot has been successfully reduced to a very low incidence, or where there is one clear annual risk ***period***.

How do you inject the vaccine?

A dose of 1ml should be injected under the skin, on the side of the neck, two to three inches below the ear.

It is important to inject under the skin and not into the muscle. Ideally, you should also use a Sterimatic needle/applicator system (subcutaneous vaccination pack) to minimise any bacterial contamination which can cause abscesses.

Are there any potential reactions with other treatments that might be used?

When treating sheep previously vaccinated with Footvax with endoparasiticide injections, ensure you refer to the respective product contraindications prior to use. Some sheep can develop a sensitivity. This is uncommon, but can be fatal.

What age must sheep be before you vaccinate them?

There is normally not a requirement to vaccinate lambs as they are not on the farm long enough.

They usually only suffer scald during this time, and because this is caused by the same bacteria as foot-rot, lameness control in the adult flock will have benefits in the youngstock.

Can you use the vaccine in cold weather?

Yes. The vaccine contains an oil adjuvant, so in cold weather you should warm it up by immersing in warm water for three to four minutes or warm it in your hands or back trouser pocket.

Any special precautions I should take when using this vaccine?

It is important to make sure your handling systems are adequate, and sheep can be secured when administering the vaccine.

Extra care should be taken when using this product, as it contains mineral oil. Should you accidentally inject yourself, even only a small amount, it is vital you seek medical advice and take the package leaflet with you.

Accidental injection/self-injection may result in severe pain and swelling, particularly if injected into a joint or finger. In rare cases, this could result in the loss of the affected finger if prompt medical attention is not given.

Sponsor's message

Through July and into August, MSD Animal Health, together with Farmers Weekly, will be highlighting how the FAI Five-Point Plan (5PP) gives sheep farmers a clear framework for managing lameness effectively. We will bring together recommendations from key stakeholders in the sheep farming community to provide best practice guidance and a range of practical tips.

Adoption of the 5PP will maintain progress towards the industry target of achieving less than 2% lameness (as per FAWC 2011) in the national flock by 2021. Widespread adoption of the 5PP will also help reduce the amount of antibiotics used by the sheep industry by at least 10%, in line with the RUMA Targets Task Force 2017 recommendations.

For a healthy view of a sound flock, follow the Five-Point Plan:

Cull – to build flock resilience

Treat, Quarantine and Avoid – to reduce the disease challenge

Vaccinate – to establish immunity

Further detailed advice and support is available from vet practices and SQPs in animal health trade outlets.

Thanks to MSD Animal Health, whose sponsorship made it possible to run the Sheep Lameness Roundtable 2019. Farmers Weekly had complete editorial control of this report.

JOURNAL : Farmers Weekly

Bare ***agricultural*** land or smaller blocks of pasture that offer flexibility are selling well in Scotland in the first half of 2019, while hill land with forestry planting potential underpins the market.

Land values have remained stable and demand is still outstripping supply, say agents.

There are many people openly seeking farms, whether for relocating and starting a new venture, diversification opportunities or expanding an existing business.

See also: More quality mixed farms wanted to satisfy demand

Competitive buyers

A mix of arable, livestock and dairy units has been launched across the country since January, with new properties sparking interest and some farms finding a buyer within six weeks, says Duncan Barrie, partner at Galbraith.

The majority of the vendors are retiring or selling off surplus land to reinvest in other areas of their business, or clear an element of existing debt, he says.

“Within the most sought-after areas, such as the east coast, we are generally finding competitive bids at closing date in line with values obtained in 2018,” Mr Barrie says.

“Smaller areas of pasture within central Scotland are attracting amenity interest, and in some parts a premium is being offered in order to secure an area adjacent to existing holdings.”

Overall, Galbraith’s number of farm launches is very similar to this time last year.

“We may see a tightening of land being launched in the autumn as we get closer to the Brexit deadline, which will keep prices firm for what is available into the latter end of the year and into early 2020,” Mr Barrie says.

Sales aplenty

Bell Ingram has seen significantly more sales in the first half of this year compared with the first half of 2018, with more farms coming to market (including an increase in upland farms and stock units) and keen interest from buyers.

Even the uncertainty of Brexit has not caused hesitation, with people realising that business must continue regardless, says Stewart Hamilton, an associate at the firm.

“We have farms for sale in the high-value areas of Angus and right up to the Scottish Highlands, with prospective buyers taking interest from all over the UK, Ireland and Europe,” says Mr Hamilton.

“People in the industry seem happy to pay premiums for top-quality land, especially when competition between neighbouring farmers is a factor.”

Mr Hamilton has seen a particular increase in demand for units of 500-plus acres and says premium arable land continues to command record prices amid high demand.

Quality crucial

Decent holdings with good-quality land and fixed equipment has sold well so far this year, especially in areas with a lower turnover of farms, says George Hipwell, director at Davidson & Robertson.

Land capable of being planted for forestry also has a strong market due to political and economic drivers.

“Lifestyle properties in the central belt of Scotland or within commuting distance of centres of population are also popular,” says Mr Hipwell.

Other factors influencing land sales are: the low cost of finance; tax incentives of land ownership as part of active farming; the value for money offered in Scotland compared with the rest of the UK; and strong farmgate prices providing some short-term income comfort, he says.

The firm is set to launch farm units, bare land, blocks with potential planting and lifestyle properties in the near future.

What’s on the market?

Dairy farm

East Tarbrax Farm, near Shotts in North Lanarkshire, is on the market with Galbraith.

The dairy unit includes housing for up to 430 cows, about 523 acres of pasture and silage ground, two residences, and a range of farm buildings.

It also has three robotic milkers, an 80kw turbine and a telecom mast.

The farm is for sale as a whole for offers over £1.875m or in two lots.

Livestock holding

Galbraith has also launched 518-acre Cairnlea Farm and land at Meikle Drumquharn close to Drymen in Stirlingshire.

The livestock unit includes a mix of pasture and silage ground, a farmhouse, and a range of modern and traditional farm buildings.

It is for sale as a whole for offers over £1.52m or in three lots.

Mixed offering

In Kincardineshire, Bell Ingram is selling Johnston Mains Farm as a whole for offers over £2.595m or in two lots.

Lot 1 includes about 231 acres of arable land, a four-bedroom house, a grain dryer, and a range of farm buildings.

Lot 2 has about 309 acres of predominantly class 3:2 grazing land.

Livestock farm

Colaboll Farm, Lairg, in Sutherland, is also on the market with Bell Ingram for offers over £575,000.

The livestock unit includes a four-bedroom house, a range of farm buildings and about 242 acres of predominantly class 4:2 land.

The land and farm buildings are currently subject to a five-year short limited duration tenancy, which expires on 31 July 2021.

JOURNAL : Farmers Weekly

The average size of a dairy herd in the UK fell last year for the first time this century after farmers increased culling rates in response to the prolonged dry weather.

Fresh analysis of almost 2,000 herds by dairy consultancy firm Kingshay revealed the average number of cows on a dairy farm in the year ending March 2019 was 205, back by three compared with the previous 12 months.

This is the first time there has been a drop since 2000 (when the average herd size was 118), after culling rates rose by 2% to 29%, as farmers trimmed numbers to cope with forage deficits.

See also: Guide to using Johne's test to cull in dairy herds

The report reveals the increasing influence the largest dairy businesses have on total UK milk production, with numbers of cattle in the biggest herds bucking the overall trend and continuing to grow.

The 60 herds on their books that annually produce more than 5m litres of milk put on an average of 17 additional cows last year and contributed 14% of total UK milk sales.

“Higher-output herds are less reliant on grazing, so the summer drought had less of a negative impact than in lower-output herds,” said Kathryn Rowland, senior farm services manager at Kingshay.

Their contribution helped the average yield a cow rise from 8,172 litres to 8,352 litres in the most recent set of results, despite the dry conditions in summer 2018.

!function(e,t,s,i){var n="InfogramEmbeds",o=e.getElementsByTagName("script")[0],d=/^http:/.test(e.location)?"http:":"https:";if(/^\/{2}/.test(i)&&(i=d+i),window[n]&&window[n].initialized)window[n].process&&window[n].process();else if(!e.getElementById(s)){var r=e.createElement("script");r.async=1,r.id=s,r.src=i,o.parentNode.insertBefore(r,o)}}(document,0,"infogram-async","[*https://e.infogram.com/js/dist/embed-loader-min.js*](https://e.infogram.com/js/dist/embed-loader-min.js)");

The largest producers also tend to benefit from a more stable milk price and greater efficiency savings, she explained, which allowed them to make a margin of £2,120 a cow compared with £1,287 for herds producing up to 0.5m litres/year.

Kingshay warned there are still significant savings to be made for many producers by reducing cattle health problems.

The 25% of farms that saw the lowest incidence rates of common complaints such as mastitis, lameness, milk fever and calving problems made savings of more than £13,000 for every 100 cows compared with the sample as a whole.

An additional saving of £13,500 per 100 cows was seen by being in the top 25% for fertility.

JOURNAL : Farmers Weekly

Prime cattle prices remain challenged, although some positive news has come in the form of shorter abattoir waiting lists and tightening cattle numbers.

However, farmers, auctioneers and industry leaders do not expect an immediate upturn in beef values as manufacturing beef supplies remain strong and chillers remain well stocked.

Recent deadweight prices of 320p/kg for R-grade cattle in the north of England and 326-330p/kg for U-grades in Northern Ireland have been reported by Farmers Weekly sources.

In response to the market situation, the National Beef Association has urged farmers to lobby MPs and combat supermarket and abattoir power by forming producer groups.

See also: Firm breeding price despite ‘unsustainable’ beef values

Newark

Cattle appear to be scarcer in the East Midlands, which could start helping the price, according to auctioneer James Sealy of Newark Livestock Auctions, who is seeing bulls trade at similar levels to last year.

Last week’s (11 July) prime throughput was down 36% (112-head) on the year, with 66 bulls (181p/kg), 48 steers (186p/kg), 92 heifers (200p/kg) and 38 over-30-month cattle sold.

This means clean cattle were more than 15p/kg back on the year, but bulls faired reasonably well, only seeing a 10p/kg decrease.

“We are seeing the cow and bull beef hold relatively firm as this is the cheaper beef to buy,” Mr Sealy told Farmers Weekly. “Bulls have a higher kill out percentage, which could also help.”

Thirsk

Prices have been, in general, 8-10p/kg back on the year at Thirsk, but auctioneer Tony Thompson says good, well-finished stock are making £70-£100 a head or more over the current depressed deadweight price.

“Quite a lot of our cattle make the equivalent of 340-370p/kg when converting the price to deadweight,” Mr Thompson told Farmers Weekly. “Most deadweight firms are talking 320-330p/kg for an R-grade.”

An entry of 135 clean cattle saw heifers average 222p/kg (-8p/kg on the year) last week (10 July) and steers make 191p/kg, compared to 192p/kg last year.

The 82 bulls that went under the hammer levelled at 164p/kg (-2p/kg back on the year), with Mr Thompson explaining that bull demand is "steadier", particularly for heavier animals.

He warned that Britain could go the way of Ireland, adding: “If the abattoirs had been fair with farmers around the time of foot-and-mouth, I think the prime marts would have struggled to get going again at all.”

JOURNAL : Farmers Weekly

Sugar beet growers are being urged to remain vigilant amid the first reports of a forgotten disease, with monitoring highlighting the much higher aphid pressure in fields this summer.

Virus yellows is carried by peach potato aphids and, up to last year, had been successfully managed with neonicotinoid seed treatments.

This season is the first since the seed dressings were banned.

Trapping by the British Beet Research Organisation (BBRO) has caught as many as 40,000 peach potato aphids across 63 sites, highlighting the heightened virus yellows threat this season.

See also: How to avoid losses from cercospora beet disease

That count compares with just 2,500 aphids caught in the same ***period*** last year, when the crop could still be grown using the neonicotinoid seed treatments and the weather had provided some natural aphid control.

Intense surveillance, which started at the beginning of May, will continue for a couple more weeks, revealed Mark Stevens at the BBRO’s recent BeetField 19 event.

He stressed the importance of monitoring crops so that foliar insecticides are only used when thresholds have been reached.

Perfect storm

“It’s been a busy year,” he said. “Aphid numbers have been very high, following the very mild winter and kind conditions in the spring – a perfect storm for the pest.

“That’s in marked contrast to last year, when the ‘Beast from the East’ helped to keep aphid numbers down and delay their flight into beet crops.”

As well as counting aphid numbers from yellow water pan traps, the BBRO has used the Rothamsted Insect Survey data to help track numbers regionally, as well as diagnostics to determine whether the aphids are carrying the virus.

Of the aphids tested to date, only low numbers have been positive for virus yellows, Dr Stevens revealed.

“That’s in line with our expectations, although we do predict that base level will increase over the next few years.”

Virus symptoms

The first signs of virus yellows are being found in crops, he reported, but there are also other conditions that turn crops yellow and can cause confusion.

“Downy mildew has a similar effect initially and we are seeing more beet mosaic virus this year, which is probably as a result of the mild winter. So don’t always assume that virus yellows is the culprit.”

Secondary spread of virus yellows will start to show in crops in August and September, he said.

Where needed, spraying programmes should have begun when the one green wingless aphid per four plants threshold was reached.

“If programmes start too early, there’s risk that crops could be unprotected at a time when the aphids are still flying.”

As well as one application of Teppeki (flocanimid), growers have been able to use up to two applications Biscaya (thiacloprid) this year, thanks to an emergency 120-day authorisation.

JOURNAL : Farmers Weekly

Rapid advances made by the crop biotechnology sector offer huge benefits for farmers, the economy and the environment, say plant breeders.

New breeding technologies – including using molecular methods to edit or alter genes – promise higher yields, health benefits for consumers and climate change mitigation, they argue.

See also: How gene editing technique may benefit UK growers

Supporters say it is important to highlight these broader benefits so new breeding techniques are more readily accepted by regulators – as well as by as the general public.

Prospects for improving plant breeding using technologies such as gene editing were discussed by more than 50 scientists and growers on Thursday (5 July).

'DNA revolution'

Organised by the British Crop Production Council, the seminar at the Farmers Club in London set out to discuss the advantages and disadvantages of the technology.

Increasingly cost-effective gene-editing techniques mean ***agriculture*** is in the middle of a DNA revolution, said John Innes Centre scientist Cristobal Uauy.

Big yield increases are possible using targeted editing techniques such as Crispr-Cas9 – which enables genes to be changed using “molecular scissors” to cut DNA, he said.

“We have to be careful not to overhype [the technology] and we have a long way to go to know which genes to target,” explained Prof Uauy.

“We still need to keep traditional breeding going – it is not going to disappear – but this is a very important tool that we need to incorporate for breeders to use.”

Fewer pesticides

***Agricultural*** economist Graham Brookes said biotechnology had already seen a 671,000t reduction in the amount of pesticides applied globally since 1996.

New breeding techniques had increased global food and fibre production by 659m tonnes – and seen a reduction of 27.1m tonnes in carbon emissions from ***agriculture***, he added.

Alison Bentley, head of genetics and breeding at Niab, said the industry faced a big regulatory hurdle before farmers were allowed to grow gene-edited crops.

It is a year since the European Court of Justice ruled that products from gene-editing techniques should be considered genetically modified organisms – and restricted accordingly.

This is despite the fact that gene editing involves altering plants by slicing genes to remove undesirable traits, rather than inserting foreign DNA.

Good regulation

Dr Bentley said: “As an industry, we need to come together to develop the narrative around the potential benefit and the benefits for the economy, the environment and for society as a whole.”

Those benefits included celiac-safe wheat and other “exciting products” that aren't currently available on the market, she added.

Karen Holt, senior regulatory affairs manager for biotech company Syngenta, said good regulation should be transparent and proportionate to any perceived risk.

Gene-edited crops are indistinguishable from conventionally bred plants, she added, which begged the question why they need to be regulated so tightly.

New breeding techniques 'critical' for farmers

New breeding techniques are vital – but the industry faces a challenge to get them accepted by society, according to the NFU.

Describing climate change as the challenge of our generation, Essex grower and NFU combinable crops chairman Tom Bradshaw told the seminar that plant breeding is “absolutely critical” in helping to mitigate global warming.

At the same time, plant breeding and varietal selection can help growers to feed an increasing global population at a time when growers face the prospect of lower crop yields due to a diminishing number of available agrochemicals.

But there is an ongoing lack of acceptance by the general public of new breeding technologies, said Mr Bradshaw – largely down to the way the biotech sector tried to introduce genetically modified crops in the 1990s.

“The way we tried to sell it to EU consumers was just wrong,” said Mr Bradshaw.

“It wasn't about consumer benefits – it was about 'this is a wonderful technology, it's the way forward' and there was no thought process about what the benefits might be for society.

“If we tackle this again – which we are going to have to, because novel breeding techniques are a critical part of our future – we are going to have to tackle this challenge head on.”

Farmers can not ignore the anti-science bent in society, said Mr Bradshaw.

But it is a relatively small part of the population, albeit with a very loud voice. One way to build trust is to increase transparency, including by making farm records more accessible, he added.

“If that is going to help build confidence in what we are doing at a farm level, then I think it is something we are going to have to embrace. Because what we need to do is enable the professional grower to be farming in 10 years' time.”

JOURNAL : Farmers Weekly

Boris Johnson has hinted he could ban live animal exports after Brexit if he becomes prime minister.

Speaking at a leadership hustings event in Kent on Thursday evening (11 July), Mr Johnson branded the industry a “really terrible business for these animals”, the Huffington Post reported.

Currently, live animals are exported to European Union (EU) countries from the UK for breeding, fattening, and slaughter.

See also: Johnson promises Scots will receive £160m convergence ***funding***

But after Brexit, the UK would be able to tell exporters it is “no longer possible to take live animals in great distress and confusion very, very long distances”, Mr Johnson said.

He added: “Some of them, by the way, go more or less from Scotland to Spain to Africa.”

Mr Johnson told Tory members: “One of the reasons I resigned from the Cabinet is because when you look at the detail of what is implied by the current Withdrawal Agreement, it would make it impossible for us to vary our laws on the live transport of animals.”

A House of Commons briefing report on live animal exports, published last month, showed that 483,859 sheep, 42,515 cattle, 10,615 pigs and 1,198 goats were exported from the UK to EU countries in 2016.

£1.6bn in annual exports

During this ***period***, the UK exported £1.6bn worth of live animals to the EU – England accounted for 82% of this total, with the east of England alone accounting for 64%. Scotland accounted for 8%, followed by Northern Ireland at 5% and Wales at 4%.

East Sussex sheep farmer Frank Langrish, who is also an NFU East Sussex Council delegate, branded Mr Johnson’s comments as “entirely political”.

“Boris has no understanding of ***agriculture***. He has no idea about what happens in reality,” he said. “The danger is, if you ban live exports, farmers will not have anywhere to take these animals.

“So many small abattoirs are closing down. Our closest mainstream sheep abattoir would be Farmers Fresh in Warwickshire, which is 160 miles away and involves going halfway around the M25. The next nearest is 200 miles away in Yetminster.

“The reality is farm animals are already having to travel longer distances in the UK because of the closure of so many small abattoirs. Everything is becoming centralised.”

Mr Langrish said the most distressing part of the journey was the loading and unloading.

“All these export trucks are higher-standard vehicles. They have got fans and temperature controls for the stock,” he added. “The drivers have to have a specific qualification for travelling more than eight hours.”

Mr Langrish added: “We are an island nation and we rely on overseas trade. Any restrictions would reduce the value of our animals.”

‘Completely unworkable’

The Ulster Farmers’ Union has previously warned that banning the live export of farm animals would be “completely unworkable” for the Northern Ireland farming industry.

Up to 50% of Northern Irish lambs are exported to the Republic of Ireland and a large majority of Northern Irish sows are slaughtered in Great Britain.

The UFU says it is vital that Northern Ireland continues to have access to these markets post-Brexit as any changes to the current levels of trade would have a significant impact.

The Farmers Union of Wales (FUW) has said that live exports currently represent around one-third of Welsh lamb sales, and are an “essential lifeline” for Welsh sheep farmers.

NFU: Live exports 'vital'

NFU chief livestock board chairman Richard Findlay said: “The live export of animals currently operates under strict EU regulations, which are there to maintain the health and welfare of the animals in transport. These regulations require rest stops and place strict limits on journey times.

“Although the trade has developed over the years into exports of carcasses and cuts of meat rather than live animals, it is vital that our ability to export animals continues after we leave the EU as it provides an important option for livestock producers selling their high value product.

“The NFU would support further assurance standards to address concerns and improve transparency, to ensure we maintain the ability to trade across country borders.”

Mr Johnson is favourite to beat Jeremy Hunt and replace Theresa May in No 10 Downing Street. The result of the leadership contest will be announced on 23 July.

JOURNAL : Farmers Weekly

The family of a young boy tragically killed in a farm machinery accident have paid tribute to “the light” of their lives.

Harry Lee died following a collision with a small telehandler-type vehicle on the family farm in Newchurch-in-Pendle, Lancashire, on Monday (8 July).

The four-year-old, who had a passion for tractors and farming, is understood to have fallen from the moving vehicle and been hit by the wheels. He suffered a serious head injury and could not be saved.

See also: Safety campaign: ‘Working farms no place for children’

In a statement, his family said: “Harry was four years old and the light of our lives. He is a much loved son, grandson, brother, cousin and uncle in his large extended family.

“He never failed to make friends and melt hearts wherever he went, with his cheeky smile and his laughter.

“Harry was born and brought up on a farm and loved the outdoor lifestyle. His passion was tractors and animals. He could name every brand and type of tractor in the area by sight and loved to feed and look after the animals.

“Harry has attended the same nursery for three years and he loved his teachers and his friends. Harry’s teacher admitted that everything she knows about farming and tractors had come from him and that even she could identify the different tractors and the trailers by sight.

“Harry loved listening to music, and insisted on being in charge of the playlist whenever he went out in the car.

“Most of all, Harry was our angel and although it is the most difficult time of our lives, trying to come to terms with his loss, he will always be with us and we will think of him every day for the rest of our lives.”

‘Tragic circumstances’

Sgt Michael Belfield, of Lancashire Police, said: “These are tragic circumstances and my thoughts are with Harry and his family at this very difficult time.

“We believe that Harry fell from the vehicle and was then involved in a collision. Sadly, he suffered fatal injuries and died at the scene.

“His death is being treated as accidental and a file will be passed to the HM coroner.”

In a statement, the Health and Safety Executive (HSE) said the initial investigation showed the boy was killed when he fell from a moving tractor or farm vehicle.

Tom Price, NFU farm safety policy adviser, told Farmers Weekly: “Our hearts go out to the family of the boy. It must be a desperate situation.

“We would urge all members to be mindful of the particular risks that young children face on farms. This latest fatality illustrates the devastating consequences that actions can have.

“It is critical that safety is a priority for every farmer, particularly with reference to more vulnerable people in farming.”

Second fatality

It is the second fatality involving a young person on a farm this week. Also on Monday, Iris Annabel Goldsmith, the 15-year-old daughter of financier Ben Goldsmith, was killed in a quad bike accident on the family farm in Somerset.

Provisional HSE figures released last week showed that 32 people, including two children, were killed outright or fatally injured while working on British farms last year.

The fatality rate is 18 times higher than the all-industry average, according to provisional statistics published by the HSE.

The annual Farm Safety Week takes place next week from 15 to 19 July.

JOURNAL : Farmers Weekly

Scientists say they have made a breakthrough which could be a crucial step in the introduction of cattle TB vaccine programmes.

Researchers have developed two candidate skin tests for cattle which they say can distinguish between animals that are infected with bovine TB and those that have been vaccinated against the disease with the BCG vaccine.

At present, the vaccination of cattle against bovine TB is forbidden under international and EU law because it is not possible to distinguish between a Bacille Calmette-Guérin- (BCG) vaccinated and TB-infected cow.

See also: 5 ways to improve TB control in the UK

The next stage is to evaluate these tests in field trials to a level conforming to World Organisation for Animal Health (OIE) standards. If all goes well, the test could be available to use in five years – depending on the appetite for policy makers to use the test.

Further, regulatory issues including demonstrating their safety and effectiveness will also have to be addressed before the diagnostic tools can be allowed to be used as part of TB eradication programmes. Such studies are already under way in the UK and India.

The tests have been established by teams headed by Professor Glyn Hewinson and Professor Martin Vordermeier, of Aberystwyth University, while working at the government’s Animal and Plant Health Agency.

They were created by an international team of scientists from Ethiopia, India, the Netherlands, United Kingdom and USA.

Prof Hewinson said the development of so-called “DIVA tests” – diagnostic tests to Differentiate Infected from Vaccinated Animals – is a potential major breakthrough.

Separate TB cattle

This is because a DIVA test working alongside a cattle vaccine could allow farmers to separate TB-positive animals from uninfected animals in the field.

Prof Hewinson said: “It would be wonderful if either of these tests succeeds in bringing about significant improvements in the control of bovine TB globally.

“Such a development would represent the culmination of a great deal of work by dedicated and talented scientists from around the world, and a significant step forward in our efforts to control this disease.”

Prof Vordermeier said development of these DIVA tests is a “crucial step” in the implementation of cattle TB vaccine programmes.

“Without such tests, traditional test and slaughter control strategies could not be pursued alongside vaccination, nor could vaccine efficacy and disease prevalence be effectively monitored in vaccinated animals in countries where such control strategies are unaffordable or societally not acceptable.”

JOURNAL : Farmers Weekly

A buoyant market for UK-grown organic grains and pulses means there are good opportunities for profitable organic arable production, according to Organic Farmers and Growers (OF&G).

Steven Jacobs, business development manager at OF&G, said demand for organic food had never been greater, with particularly strong markets for milling wheat (minimum 10.5% protein) and milling oats, as well as feed cereals and pulses to supply the growing market for organic meat, milk and eggs.

Organic cereals account for just 1.2% of total combinable crops in the UK. However, the UK is less than 30% self-sufficient in organic grain.

See also: How Duchy Home farm converted to fully organic

With a farmgate price for organic milling wheat of about £320/t and an organic spring malting barley price of £330/t, Mr Jacobs said growers could achieve gross margins 40% higher than in non-organic systems.

Variable costs are typically 40% less in organic production systems and the working capital required is significantly lower.

“This allows for much improved gross margins compared with a non-organic rotation, which is further enhanced by incorporating livestock into the system as a ‘fertiliser’ and to provide potential income during building soil fertility, as part of the crop rotation,” he said.

Mr Jacobs acknowledged that organic arable farming had clear challenges and would not be right for everyone.

Organic crop stats

8% of the total UK organic area is cereals

This equates to 37,100ha

The area has fallen back from the highs of the late 2000s.

Source: Defra

Getting the production system right was the first step, but careful marketing was also vital to realise the full potential organic cereal production could offer.

For example, this could involve building direct relationships with millers and bakers, who were often able to be more flexible on proteins levels and Hagbergs than non-organic buyers, as long as they knew in advance.

“It isn’t simply farming without artificial inputs,” he said. “It involves changing how you think – you must convert your head, not just your land.”

Organic guide

OF&G has produced a guide for farmers (PDF) who are considering converting to organic arable production, which explains the yields they can expect, how the conversion process works, likely rotations and an overview of weed and pest control.

It also includes a gross margin comparison table from organic farmer John Pawsey, who farms in Suffolk and who has compared his own gross margins with typical figures from a non-organic farm.

[*https://infogram.com/organic-vs-non-organic-gross-margin-comparison-1hd12y1polkx2km?live*](https://infogram.com/organic-vs-non-organic-gross-margin-comparison-1hd12y1polkx2km?live)

JOURNAL : Farmers Weekly

Wheat growers are teetering on a cliff edge of fungicide resistance, with one cereal disease expert suggesting that new chemistry, set to be launched next year, could help avoid a big fall.

With the loss of key older fungicides, growers will have to rely on more disease-resistant wheat varieties and new fungicides to keep wet-weather diseases such as septoria at bay.

Stephen Kildea, a septoria specialist and research officer at Irish farm advisory service Teagasc, says the new chemistry will be needed, especially where disease pressure is very high such as in his home country of Ireland.

“We are facing a cliff edge of resistance which chlorothalonil has helped us hover above, so we are hoping the new chemistry will help avoid a fall,” he told a recent briefing in Ireland.

See also: How to save up to £50/ha on your wheat fungicide programme

Fungicide loss

Cereal growers face losing popular multisite fungicide chlorothalonil and probably azoles such as epoxiconazole and tebuconazole, so mixing and alternating products are set to become more important.

New chemistry such as BASF’s Revysol and Corteva’s Inatreq will help, but both will have to be carefully incorporated into spray programmes to delay the onset of fungicide resistance.

“In managing fungicide resistance, mixing modes of action will be key as well as alternating products within a particular chemistry,” Dr Kildea adds.

The winter wheat area in Ireland has slipped to just 60,000ha this season due largely to problems controlling yield-sapping septoria, and this is before the demise of chlorothalonil in May 2020.

Septoria control

BASF, the manufacturer of the new azole Revysol, says this product will give the same septoria control as older azoles such as epoxiconazole and prothioconazole before their efficacy started to decline.

Revysol – chemical name mefentrifluconazole – is cleared for use in wheat and barley and is set to be available with the group's SDHI fungicide fluxapyroxad to complement the group’s other SDHI-azole mixes Adexar and Librax.

Steve Dennis, the group’s head of business development, says the new fungicide shows very good activity against septoria, similar to prothioconazole against yellow rust and slightly better against brown rust.

“This is easily the best azole for septoria, controlling all known isolates of septoria, including those resistant to SDHIs and existing azole,” he says.

Spray timing

The product could have a use at the T1 or T2 spray timing, or both, with Mr Dennis saying it could well be a good T1 option to take some of the pressure off choice of product at the T2 flag leaf spray.

Dr Kildea says the loss of chlorothalonil will be a big blow to growers, and he is busy looking at alternatives such as folpet to control septoria, and other means such as more resistant varieties and different chemistry.

He points out that it took 3-1/2 years before SDHI performance in Ireland against septoria started to drop off, so any new chemistry needs to be protected by mixing and alternating fungicide products.

“Looking forward we will be making recommendations with more tools in the toolbox,” he says.

Systemic fungicide

The advent of Inatreq will give wheat growers three systemic fungicide groups with different sites of activity against septoria disease, adding to just two currently – azoles and SDHIs.

Further down the development path, BASF has a new strobilurin or quinone outside inhibitor (QoI) called Pavecto with good activity against septoria which could give growers four groups of systemic fungicides. This new product could be available in about three years’ time.

Strobilurins were introduced to the UK market more than 15 years ago but were largely overused and become largely inactive against septoria.

Active ingredients

Adexar

SDHI fluxapyroxad + azole epoxiconazole

Librax

SDHI fluxapyroxad + azole metconazole

JOURNAL : Farmers Weekly

Farmers are still waiting for thousands of pounds in late environmental stewardship payments – with less than two weeks before a government deadline for claims to be settled.

Defra promised last month that all farmers and land managers would receive a payment by the end of July for the full amount they are owed in annual revenue claims. Some of those claims date back to 2015.

See also: Thousands of farmers finally to be paid for environmental work

But many farmers say they have still not received a penny – exacerbating cash flow problems for some farm businesses at one of the busiest times of year and raising fears that Defra will miss its self-imposed target.

Little reassurance

Nottinghamshire farmer John Charles Jones said he was still waiting for a quarter of his stewardship payment for 2017 and all of his payment for 2018. This amounts to between £13,000 and £15,000 for environmental work he has undertaken at Woodborough Park Farm, Woodborough.

“I think we are one of about 4,500 farmers in the same group,” Mr Charles Jones said. “I appreciate we still have a fortnight to go but it would have been reassuring to hear that some payments had gone out and I actually haven't heard of any that have been received yet.”

Other growers and livestock producers are in a similar position, according to responses on social media when Mr Charles Jones asked whether any of his fellow farmers had received their outstanding stewardship payments.

Farmers and land managers are owed money for taking land out of production to establish features such as species-rich meadows, building ponds to provide a water source for wildlife, or planting trees for carbon sequestration.

Tax demands

Andrew Robinson, head of ***agriculture*** at Armstrong Watson Accountants, which advises farmers and landowners across the north of England, said: “I am not aware of any clients receiving any monies since [the] announcement.”

A number of other farmers said they were still waiting too – although some said they had been assured they would receive payment by the end of July. One farmer said he was unable to pay his tax demand until the payment had been received.

Some farmers have received their money. Lancashire organic dairy farmer Tom Rigby said he received the balance outstanding for his 2016 countryside stewardship agreement last month following a 75% bridging payment last year.

A Defra spokesman said: “Farmers and land managers in stewardship agreements play a crucial role in protecting our countryside, which is why we committed to paying all farmers who are due a payment on their historic claims by the end of July.

“We are on track to meet that promise and have written to all farmers to update them on our plans.”

JOURNAL : Farmers Weekly

Farm consultants across Britain are alerting farmers to fast-approaching cross-compliance dates for hedge trimming, fertiliser spreading and Ecological Focus Areas (EFAs).

The cross-compliance measures apply to all Basic Payment Scheme (BPS) claimants and are designed to ensure farmers and growers adhere to environmental, health and animal welfare rules.

See also: Handy guide to key cross-compliance dates 2019

Any breaches – even if unintentional – result in penalties applied to farm support payments. These range from a 1% reduction in BPS for every area breached, to 100% of the BPS in cases of severe, persistent, intentional failures.

The measures are associated with calendar dates and the Farming Advice Service – a network of Defra-approved consultants in England – has issued a warning that some key dates are looming.

1 August

Hedge trimming/tree cutting

For growers in England, Scotland and Wales who have an agreed derogation, 1 August marks the first date on which hedge trimming and tree cutting are permitted.

The derogation must have been approved by the devolved regional authority. It is granted only to allow drilling of crops such as oilseed rape or temporary grass leys which cannot otherwise be left until the autumn.

For all other farms the ban on hedge trimming and tree cutting remains in force until 1 September.

Organic manure spreading

The start of August also marks the beginning of the closed ***period*** for applying organic manures to certain land and soil types.

The cross-compliance issue covers manures with a high readily available nitrogen content, such as slurry, poultry manures and liquid digested sewage sludge.

These cannot be spread on tillage land on shallow or sandy soils except where crops will be sown on or before 15 September.

EFA catch crops (Scotland)

In Scotland only, EFA catch crops must be established before 1 August, according to the SRUC advisory service.

20 August

EFA catch crops (England)

For growers in England the date by which catch crops must be established is 20 August. These crops must be retained until at least 14 October.

JOURNAL : Farmers Weekly

Like many kids growing up on a farm, Nathan Heathcote's first driving experience came well before the days of slapping L-plates on his first car.

His earliest memory of driving is around the age of seven, sitting on his dad's lap, cautiously steering the Land Rover as they checked cattle out in the fields.

Some years later, Nathan had graduated to the joy of tearing about in a field car, practising his control in an old Ford Fiesta.

See also: Top tips for starting a new farm contracting business

The first tractor he ever got behind the wheel of was an iconic Massey Fergusson 165, when his dad put him on topping or rolling duties.

Through his teenage years, and to this day, Nathan has been involved in the contracting side of the the family business, FGS Agri – one of the South East's largest contractors, based near Ashford in Kent.

Farm facts

810ha arable and beef farm

Growing cereals and oilseed rape

250-head Limousin cross Sussex cattle suckler herd

Large ***agricultural*** and utility contracting operation

It's the experiences his farming background has given him that makes him the highly talented racing driver he is today – an adrenaline-fuelled journey that has taken him to race tracks around the world.

He's as happy blasting around a track in a 400hp race car as he is bailing straw with a similarly powered Claas 950.

Speedy success

So early on in his life, Nathan has already achieved a decade of success behind the wheel, starting in a go-kart at the age of 12.

"I went go-karting for a mate's birthday party and smashed it," says the 22-year-old as he recalls how his racing career began.

"Dad isn't into racing at all, but I managed to convince him that it would be a good idea to get me into it."

Just three years later, the young farmer was scrapping for pole position in the junior British Karting Championships and went on to compete in the Belgian National Championships.

Once he had turned 17, he fell in love with a motorsport that combines fast racing on track with rough, off-road sections – Rallycross.

In his first season of battling in the Suzuki Swift Sport Rallycross Championships, he took three podiums – and a year later he won the series.

This major victory propelled him into the 2017 MSA British Rallycross Championships, where Nathan went on to be crowned champion in his debut year.

Such success over a relatively brief stint inevitably meant an even higher calling for the young farmer – RX2, a supporting class to the World Rallycross Championships.

Despite entering an entirely new level of racing, behind the wheel of a car with four times as much power as what he had become used to, Nathan held his own as he raced against some of Europe's top drivers.

True to form, Nathan, at the helm of a 600hp super-high-spec Citroen DS3, consistently thrust himself into the top 10 of Europe's finest competitors race after race in a motorsport that is renowned for it's frenzied and, at times, aggressive racing style.

"Rallycross was something that came very naturally to me from when I was sliding around in my field car on the farm," explains Nathan. "RX2 was a big step up, but after my first win, I was keen to keep progressing."

Watch Nathan launch himself into the lead of an RX2 race in South Africa last year, driving his white, orange and green car which starts on the left of the track.

View this post on Instagram

Round the outside Favourite first corner this season #dontmindifido #fullsend #rallycross #racing #southafrica

A post shared by Nathan Heathcote (@nathanheathcote) on Nov 29, 2018 at 11:40am PST

"Everything I had learned as a kid driving around the farm was geared towards this style of racing – I knew a car's limits and could push to the absolute edge without losing control.

"That Ford Fiesta field car taught me a lot about car control in unpredictable conditions – this helped in Rallycross, where there's a fast change of terrain from sliding on mud to hitting tarmac."

Ag advantage

2019 brought a fresh challenge for Nathan as he switched to circuit racing for the first time, competing in the Ginetta GT4 Supercup this season with the well-established Century Motorsport team.

Leeds-based Ginetta is a specialist builder of sports cars and racers.

At the command of his right foot Nathan has a 3.7-litre straight-six Ford unit, wielding 350hp to slingshot the featherlight body north of 150mph in a straight line.

So far, he has enjoyed numerous wins and podium finishes, with the goal of winning the amateur class at the end of his first season this October.

He admits the pressure to win can be a lot to deal with, but he says his farming background has helped to control his nerves and keep emotions on track.

"When I first started racing, my leg would be shaking on the start line. These days I'm pretty chilled before a race – I sometimes have a nap," he says.

"Mentally, farming is sometimes very similar to racing in that something can happen that is totally out of your control and take you from first to last. It's that flip of falling from a high to a real low, but you have to keep pushing and not let things get the better of you."

Family and teamwork are two constants for Nathan – whether he is out baling or fighting for the lead in his latest track battle.

His 24-year-old brother – and number on fan – Martin has been supporting him since the beginning and has been to watch as many races as his role in the family's busy contracting business allows.

"Farming is where I came from and I always get a buzz from it, so if things don't work out, I always have the family farming business to come back to."

Q&A: Get to know Nathan Heathcote

Who's your racing hero? Rally driver Colin McRae – "If in doubt, flat out".

What's your favourite race track? If it's circuit racing then it's got to be Brands Hatch because it's home turf. If we're talking about Rallycross, then Holjes in Sweden is great.

How would you describe your driving style? Pretty chilled and relaxed, despite the Rallycross and farm driving.

What's been your favourite car on track? The 600hp Citroen DS3 I drove in the RX2 class. You'd never get tired of the speed and it always put a smile on my face.

Your favourite farm vehicle? The John Deere 6930 Premium – mostly because of the noise from the exhaust.

What's your favourite farm job? I like mowing because it's pretty flat out and very satisfying to see where you've been.

Your least favourite farm job? It has to be drilling – it's a long wait until you see the crop coming up.

Follow Nathan's racing progress on Facebook, Twitter and Instagram.

JOURNAL : Farmers Weekly

Farm safety campaigners are pleading for people in ***agriculture*** to take care, following two fatalities involving children.

The annual Farm Safety Week campaign – from 15 to 19 July – aims to reduce the number of accidents that continue to make farming the most dangerous UK industry.

See also: Safety campaign – working farms ‘no place for children’

In the wake of two the tragic farm incidents involving children, organisers are now urging the farming community to make real changes to improve farming’s safety record.

In one incident the teenage daughter of financier Ben Goldsmith was killed when the ATV she was riding overturned in Somerset.

In the other incident a young child in Lancashire was killed when he fell from a moving tractor or farm vehicle and was crushed by the wheels.

Time for action

Farm Safety Foundation manager Stephanie Berkeley said 39 people – including seven members of the public – had lost their lives on farms in the past year.

And Ms Berkeley asked: “Two children lost their lives last week in incidents involving farm vehicles, so isn’t it time to sit up, take note and take action?”

Farm Safety Week is also focusing on the need for better wellbeing among farmers.

Health and Safety Executive figures show farming still has the highest rate of fatal injury of all the main industry sectors – about 18 times as high as the all-industry rate.

***Agriculture*** accounts for more than 22% of all workplace fatalities, despite employing relatively few people, said HSE head of ***agriculture*** Andrew Turner.

Avoidable accidents

“***Agriculture*** is a critical part of our economy,” he said. “But every year we have to report that ***agriculture*** has the poorest safety record of any occupation in the UK.

“This is made even more tragic by the fact that the deaths and injuries are avoidable. The precautions to prevent people being killed and maimed on farms are well known and can be easily applied.”

NFU vice-president Stuart Roberts said it was inspiring that farmers and others within the industry were talking more about health and safety.

But he added: “Talk alone will not save lives. Make it your mission this week to do something that will make every farm safer 52 weeks a year.”

How do you shape up when it comes to farm safety? Answer these four poll questions:

(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'));

(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'));

(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'));

(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'));

JOURNAL : Farmers Weekly

Our breeding programme for the ideal arable sheep is really coming together. This month, we have taken DNA samples from 500 ewes and their progeny and sent them off for analysis in the US.

We took a stand at Groundswell – the direct drilling and soils-based event – and had a great response from arable farmers and mixed farmers alike.

It’s amazing to see the changing attitudes. Five years ago, I remember a certain large land agency laughing at our proposal for a mixed farm on a large block of land that came up.

I truly believe if that situation came up again, we would be a serious contender. The interest in bringing sheep back into the arable rotation is now huge.

See also: Essex arable farmer tries out easycare sheep

A secondary benefit of Groundswell was the positioning of the Rural Payments Agency (RPA) stand right next to the Farming Community Network (FCN).

The FCN has helped us resolve a long list of BPS and mid-tier issues over the past eight months.

We have finally resolved an issue we’ve been waiting on since February, and the arable farm should now receive the £45,000 we are owed.

It could be that by late July we may not be owed anything by the RPA for the first time in 18 months. If you are experiencing any RPA problems, please do contact the FCN – they really can help.

In other news, we have unfortunately ended up a tractor driver down.

I’m now the new sprayer and combine operator, as it's unlikely we will find a replacement before harvest.

I’ll just have to get on with it, but it looks like harvest is going to be stressful.

Our Harper student, James, has arrived and we have thrown him in at the deep end with two big lots of early weaning to get into. Grass is rapidly running out, so we have taken the decision to wean two mobs at 80 days rather than our usual 100.

Shearing is complete. Marc Hughes brought his team of five shearers and Ian the wool roller.

We managed to shear 2,201 ewes in two days, moving the handling race seven times. By the end of the second day, everyone was absolutely finished.

See Rob and Jo Hodgkins’ biography

JOURNAL : Farmers Weekly

Farming is a much easier and pleasant occupation when the weather is being co-operative.

For the second year in a row, I have saved some good hay.

It is unusual here in the North West to have five sunny days in a row with a light breeze and, most importantly, no rain, and that is what we got last week.

So, the hay is bone dry, light green and smelling of summer.

However, to bring me back to reality, the weather has now broken, with prolonged ***periods*** of heavy showers, which started just as we got the last load safely into the shed.

See also: Which feed wheat varieties to grow in your region

Hopefully, it will improve again soon as I see a few patches of winter barley starting to lie down, oh and, the British Open kicks off in Portrush next week, although I am a little more concerned about my barley.

I recently applied a final fungicide to my malting barley, which is looking very well.

My sister has been visiting for a few days and was looking through some old photograph albums when she came across an article from a local paper featuring myself harvesting malting barley back in the 1980s.

Back then I was being paid £130/t "off the combine" – looking at quoted prices today, we haven’t moved on much.

Yields have improved certainly, but costs have also increased massively and I have no doubt I was better off back then.

It does flag up the poor state our industry is in and the lack of any link between cost of production and product price. Clearly, this cannot continue.

Add to that the general misinformed criticism by both the media and general public that has been building up against farming in recent years, and I do wonder what the future holds.

This was highlighted recently by the disgraceful and ignorant comments made by Evan Davis on the BBC PM programme, which could potentially undo much of the good work we responsible farmers have been doing for years.

I was so incensed that I wrote a letter of complaint to the BBC.

I doubt if it will change anything, but I feel we all need to fight back – and maybe more strongly than we have done to date.

[*molenan@aol.com*](mailto:molenan@aol.com)

JOURNAL : Farmers Weekly

Like last year, haymaking and the early carrot and feed barley harvests were completed by the end of the first week in July, and the consequences of the spring drought has yet again become very apparent in the barley store.

Thankfully, and unlike last year, the seed barley, wheat and root crops have hung on well and look as though they have much more to give.

Cover crops are now being established following some of these early-harvested crops, with the hope that there will be plenty of green manure to plough in, or quality keep to feed sheep through the winter. So, yet again a busy time for all.

See also: Which feed wheat varieties to grow in your region

It's been farm-walk season around here again.

One of the most enjoyable aspects of hosting these events is being challenged by others as to how and why we do what we do.

Sometimes, of course, the questions really do make me think very hard about the answer, but it’s still quite good fun remembering costs of production and breakeven costs etc.

Have we identified clear targets and do we have a view as to how to achieve them.

Maybe something to mull over during those long harvest hours behind the wheel.

Admittedly, and given the present uncertainty, I would be foolish to suggest that we should act at this stage, but we need to be ready to react and who knows how quickly we will need to do so.

On a recent trip to attend the Staffordshire NFU Centenary dinner, I got thinking about what the farmers of a 100 years ago would think about our present situation.

Probably much the same as we do now.

No doubt there was a mass of excitement a 100 years ago. In 1919, a new Ministry of ***Agriculture*** and Fisheries was formed.

Farmers got loads of encouragement through various ***agriculture*** Acts in Parliament to produce food and then it all seemed to go drastically wrong with some Acts repealed and cheap imports.

I do hope that history isn’t just ready to repeat itself.

[*andrewblenkiron@euston-estate.co.uk*](mailto:andrewblenkiron@euston-estate.co.uk)

JOURNAL : Farmers Weekly

Harvest has started with the whole cropping of hybrid rye for the local anaerobic digestion plant. This seems to have gone well, exceeding our fresh weight budget.

Samples have been sent off to get the dry matter content to enable us to charge on a per-tonne-of-dry-matter basis.

We also took the opportunity to whole crop 4ha of wheat.

This was an experiment that did not quite go to plan as we tried to drill wheat straight into a one-year grass ley.

The long and the short of it is we should have used the single-row coulters.

See also: Tips on picking the right winter barley variety

It was also a low chemical input trial with only one herbicide and one fungicide applied, however, 160 kg/ha of nitrogen was used.

I am hoping we have got enough tonnage to cover the cost of what we spent on it.

Anyway, with the rye, it's 14ha less for the combine to do.

We have experienced 123.5mm of rain in June – the most we have had in June since 2012 – and it came right at the time of the wheat flowering.

Unfortunately, this has not done us any favours as T3 applications were severely delayed and fusarium can now be seen in the ears.

Chocolate spot is just starting to appear in the winter beans so I am glad we took the decision to apply a second fungicide, however, the insecticide and aphicide were left out.

They are unbelievably tall and look to have podded at a nice height, so at present look promising.

Desiccation of the oilseed rape and the conventional barley is imminent, while the hybrid barley is a little bit behind.

The winter barley looks a lot more promising than last year.

The start of raspberry picking has also been slightly later than planned and we have taken advantage of some surplus labour from the fruit department for rouging wild oats and brome, where a herbicide application seemed unviable for the number that was there.

Harvest is now just around the corner, so God speed you all and stay safe.

[*jack@lowerhopefarms.co.uk*](mailto:jack@lowerhopefarms.co.uk)

JOURNAL : Farmers Weekly

The contrast between the past two years continues to increase, almost beyond recognition.

Forage is so abundant this year that standing crops are available at minimal cost, and yet the weather has been fine enough for the summer to take on its nostalgic feel, with everyone cracking on, making hay while the sun shines.

Between what we have made to date and growing crops, we will meet our winter feed requirements.

This time last year we were already purchasing palm kernel extract and feeding with scarce silage to fill a summer feed deficit, then later purchasing hay, straw and blend to fill a winter deficit.

The ultimate contrast of these two years will be seen in financial performance for the year and mental wellbeing.

See also: Tips on staff management from 4 dairy farmers

Workloads are easily managed at this time of the year, with daily focus in the routine work of milking, cow health and grazing management.

Extra time allows the team to continue to improve and develop the farm, with electric fencing being tended to and increasing ragwort issues being addressed.

I think now is also a good time to start bringing next year into focus. A lot of what we do now is done with an eye on next season– from scanning, grassland management, forage making, cow condition, resting and team dynamics.

It’s a good time to evaluate our personal and work goals and reflect on how well these have been achieved, as well as looking at our strategies to achieve them. We will also adjust goals and set new ones.

I am a great believer in the "why" being so important in everything we do in our daily lives, and these goals help to answer some of the questions.

It is important to have goals and I get enjoyment from discussing these with our team and, when it’s useful and appropriate, helping them to accomplish them.

Goal setting is a great tool in our personal development, and I would urge anyone who hasn’t done so to embrace it.

Goals should be ambitious, specific and given a timeframe. Writing them down and keeping them visible is also a powerful tool.

Johnjo Roberts is a Farmer Focus writer on Anglesey. Read his biography.

JOURNAL : Farmers Weekly

It has been a month of mending, maintenance and education. We had a very successful school trip a few weeks ago. Trying to herd 40 children around the farm was no mean feat.

This was followed by a two-day study tour, organised in conjunction with the College of ***Agriculture*** Food and Rural Enterprise (Cafre) from Antrim, Northern Ireland.

Many topics were discussed with the Northern Irish beef farmers. Farm efficiencies, feed, housing and beef-rearing systems all came up, but one thing that became abundantly clear in the “wash-up session” at the end of day two was that it doesn’t matter how efficient we are throughout the beef supply chain, with the price of beef at this level, it is completely unsustainable.

See also: Analysis: Are beef prices likely to rise soon?

The youth of today seem to think it is very fashionable to be vegetarian or even a vegan. Each to their own, I say, although I don’t think it does them any good.

We need to sell ourselves better. ***Agriculture*** gets the blame for all sorts.

Can we not use the whole £4.05 beef carcass levy – which, in real terms, is more profit a head than the producer is making this year – and use the £8.4m AHDB beef budget on marketing to the youth sector and make beef appealing again?

In among all the educational tours, we have pulled down an old shed and replaced it with a new one, taking the opportunity to have a real tidy-up.

We added a new feed passage and scrape passage, as well as mobile pen dividers, using concrete blocks so the cattle fit the pen rather than the pen fitting the cattle.

We had a week of fabricating new fittings, all made to our “super duty “specification.

Usually, we paint all the gates, feed barriers and other ancillaries, which promptly flakes off, but this time they have been taken away to be galvanised, so they really should last a lifetime.

All the crops look really well and have great potential. Our tractor, "Flo", is greased up and ready to go.

The one disappointment this year is the maize. Still, you can’t get it right all the time – it’s about trying to get fewer things wrong.

Doug Dear is a Farmer Focus writer from Yorkshire. Read his biography.

JOURNAL : Farmers Weekly

A West Yorkshire farmer has been banned from keeping livestock for seven years and ordered to pay costs of more than £36,000 after keeping animals without food and water and endangering the food chain.

Jennifer Pickles, 69, of High Royd Farm, Hebden Bridge, pleaded guilty to a number of offences under the Animal Welfare Act 2006 at Bradford Magistrates’ Court on Friday 5 July.

An investigation brought by Calderdale Council’s animal welfare officer and the Animal and Plant Health Agency (APHA) found in December 2017 and January 2018 that Ms Pickles breached animal welfare legislation and failed to prevent the spread of disease.

See also: Q&A: What you need to know about Mycoplasma bovis in cattle

The cattle were left without food or water, and had access to animal carcasses, broken wood and sharp objects.

Further investigations revealed that Ms Pickles had kept cattle on her premises that had not been identified, which is a crucial part of controlling and eradicating diseases such as bovine TB (bTB) and bovine viral diarrhoea.

Proper identification also protects people by ensuring products that go into the human food chain are safe and fully traceable.

During a herd test for bTB in 2017, Ms Pickles told Defra that her cows had died and were no longer on the premises. The cattle were later found living on the farm.

The council said Ms Pickles had received advice on animal health and welfare, plus notices to improve her treatment of the cows, but these were ignored.

Councillor Susan Press, Calderdale Council’s cabinet member for public services and communities, said: “We take animal welfare and disease control very seriously. Keeping farm animals is very different from having domestic pets. It’s essential that owners of livestock understand their specific needs and the regulations.

“If anyone is found to be breaking the rules, we won’t hesitate to take enforcement action to help keep Calderdale safe.

“The outcome of this case highlights the seriousness of the lack of care shown by Ms Pickles towards her animals.”

In addition to the livestock ban, Ms Pickles was sentenced to 250 hours of unpaid work. The order to pay more than £36,000 to Calderdale Council covers costs relating to the case.

JOURNAL : Farmers Weekly

Farm businesses have been among the fastest to register ahead of a deadline for the HMRC’s Making Tax Digital (MTD) service, figures show.

The new online system applies to the 1.2m businesses with an annual turnover above £85,000 and which are therefore required to file quarterly VAT returns.

The rules apply to VAT ***periods*** from 1 April, which means businesses who file quarterly must submit returns using approved, MTD-compatible software by 7 August.

See also: Changes to submitting VAT in 2019: What you need to know

The HMRC has been pressing businesses to register before that date, adding that direct debit users must sign up earlier, by Monday 29 July.

As the deadline approaches, thousands of businesses have begun to act.

According to HMRC figures:

About 10,000 businesses are registering for MTD every day.

More than 600,000 businesses have signed up in total.

More than 400,000 submissions have already been made.

Businesses in the ***agriculture*** sector are among the fastest groups to sign up, with 50% already registered.

The financial sector has been one of the slowest, with nearly 75% yet to register.

Theresa Middleton, director of Making Tax Digital at HMRC, said: “Now is the time for businesses with an August quarterly filing deadline to sign up and join the hundreds of thousands already experiencing the benefits of MTD.

“During this first year, we won’t be issuing filing or record-keeping penalties to businesses doing their best to comply,” Ms Middleton stressed.

HMRC expects the service to cut tax lost as a result of errors, thanks to the improved accuracy that digital records provide.

The latest tax gap figures showed avoidable mistakes cost taxpayers more than £9.9bn last year – £3bn attributable to VAT alone.

Making Tax Digital: 12 key points

HMRC is currently sending email reminders to those who have not registered.

Businesses can sign up for MTD at Gov.UK

If paying by direct debit, businesses should register by 29 July (seven working days before a return is due)

If not paying by direct debit, businesses can register at least 72 hours before their return is due

Ensure you have MTD-compatible software and that your last pre-MTD direct debit has come out of your bank account before signing up.

There is a full step-by-step guide to MTD for businesses on the Gov.UK website

During the first year, HMRC will not issue filing or record-keeping penalties where businesses are doing their best to comply

Sanctions will remain possible in cases of deliberate non-compliance

No business will be forced to go digital for their VAT returns if they are unable to do so

Anyone who is already exempt from online filing of VAT remains so under MTD

Further provisions exist for those who cannot adapt to apply for an exemption

Businesses that are registered for VAT but are below the £85,000 threshold are also not required to use the MTD service

JOURNAL : Farmers Weekly

Fifty farmers, ***agricultural*** and rural economy workers are set to march through the heart of Brighton with a rainbow-coloured tractor to celebrate farming as an open and diverse industry.

In a first for UK ***agriculture***, the group will walk alongside a colourful Massey Ferguson – nicknamed "Sassy Ferguson" – as part of the Brighton Pride procession on 3 August.

Organised by the farming LGBT+ network Agrespect, and supported by manufacturer Agco, Defra and Farmers Weekly, the march is seen as a major opportunity to promote farming to the predominantly urban demographic.

See also: Video: Gay farmer stories shared in emotional Landline film

Agrespect was co-founded by Lincolnshire farmer and Farmers Weekly columnist Matthew Naylor and celebrates LGBTQ+ people living and working in the countryside, by sharing stories from individuals who want to talk openly about their sexuality.

"We're taking part in Brighton Pride in order to promote farming as a modern, open, honest and relevant industry to be working in," explains Matthew.

"The farming community get stereotyped by wider society, so we want to show that we are actually as normal as anyone else.

"We won't be marching in drag and we won't be wearing Schoffels and tweed either. We are there to promote food and farming to the public in a cooler, more urban, environment than the echo chambers into which farmers normally shout their message."

Show of support

Farmers are being actively encouraged to come to Brighton Pride to watch and support the group as they take part in the parade. Anyone who wants to be part of the march should contact Agrespect using the form on the website.

Agrespect steering group member and agribusiness consultant Carl Atkin-House says farmers taking part in Pride is about building an important bridge between rural and urban communities.

"Doing this serves a dual purpose. It's reaching out to the urban LGBTQ+ community to tell them about food and farming," says Carl. "It's also showing farmers that it is OK to be different and work in ***agriculture***.

"We're promoting our industry in its widest sense, up and down the supply chain, as a positive, progressive place to work. Come to Brighton and support us – everyone is welcome."

JOURNAL : Farmers Weekly

Farmers are being warned about the dangers of working outdoors in the summer heat and reminded to protect themselves.

While record temperatures may be welcomed by some, it can bring big health risks such as dehydration, heat stroke, sunburn and skin cancer.

Farming is a particularly risky industry because of the long hours working outside and being exposed to sunlight.

See also: Fit2Farm: How better exercise improves wellbeing on the farm

Skin cancers

According to the Farm Safety Foundation (FSF), UV radiation is the main preventable cause of skin cancer – both the melanoma (the most serious) type and non-melanoma types.

With the sun the main source of natural UV radiation, an estimated 86% of melanoma skin cancers in the UK (around 13,600 cases) are linked to too much exposure to sunlight or sunbed use every year.

“If work keeps you outdoors for a long time, your skin could be exposed to more sun than is healthy for you,” says the FSF’s Stephanie Berkeley.

“Farmworkers, in particular, could be at risk from UV. A tan is a sign that the skin has already been damaged.”

Farmers should take particular care if they have fair or freckled skin that does not tan, goes red, or burns before it tans, she said.

Similarly, if they have red or fair hair and light coloured eyes or a large number of moles, they need to be very conscious of the danger.

In the short-term, even mild reddening of the skin from sun exposure is a sign of damage, said Ms Berkeley.

“Sunburn can blister the skin and cause it to peel. In the long-term, too much sun speeds up ageing of the skin, making it leathery, mottled and wrinkled.

"The most serious effect is an increased chance of developing skin cancer. It’s important to check your skin regularly for any unusual moles or spots.

"See a doctor promptly if you find anything that is changing in shape, size or colour, itching or bleeding.”

Summer record

With 2018 declared by the Met Office as the UK’s joint-hottest summer on record, the Health and Safety Executive has stressed it’s important for those in the rural community to avoid “complacency” during the 2019 harvest.

“Get to know your skin’s most vulnerable areas [for example, the back of your neck or head] and keep them covered,” they advised.

“Don’t try to get a tan, either – it’s not a healthy sign.

It might look good, but it indicates that the skin has already been damaged.

A suntan does not eliminate the long-term cancer risk that is associated with prolonged exposure to the sun; nor will it protect against premature ageing.

“Try to avoid the mild reddening, which is a sign of skin damage, as well as being an early sign of burning.

"Do continue to take care when you go on holiday – your skin remembers every exposure.”

Sun safety precautions

Wear a T-shirt with a collar. Long sleeves and longer shorts or trousers can make sense, too, as clothing can be one of the most effective barriers.

Use sunscreen with a protection factor of at least 30 with high UVA protection. Apply 20 minutes before initial exposure and re-apply at least every two hours if sweating heavily.

Wear a hat with a wide brim or flap that covers the ears and the back of the neck.

Put on sunglasses with UV protection – a high-quality, wrap-around pair is ideal as your eyes need protection, too.

Seek shade. Take breaks or work in a shaded area wherever possible, particularly between 11am and 3pm, when UV rays are strongest.

Download the HSE advice for outdoor workers (PDF)

JOURNAL : Farmers Weekly

The falling value of finished cattle was inescapable as a topic of conversation for our finalists this year, but each is taking prudent and positive steps to manage the factors under their control, cutting costs and increasing the value of their sale animals.

See also: Meet the 2019 Farmers Weekly Awards finalists

The 2019 Beef Farmer of the Year finalists:

E  Niall Jeffrey, Dunbar, East Lothian

E  James Dixon, Kendal, Cumbria

E  Michael and Ian Sturmer, Sturmer Farms, East Sussex

The judges:

E  Andrew Laughton, last year's winner

E  Rhidian Jones, independent judge and independent farm business consultant

E  Andrew Meredith, Farmers Weekly deputy business editor

Niall Jeffrey

Dunbar, East Lothian

Farming duo Niall Jeffrey and his father Angus have created a low-cost beef production system that makes the most of both the arable and upland ground they farm 25 miles east of Edinburgh.

The 400-head herd of Aberdeen Angus-cross cows are summered at heights of up to 1,000ft above sea level, with the calves brought in to corrals to winter at the lowland farm.

There they are fed a diet of homegrown straw and bruised barley, as well as dark grains and sugar beet pulp, with average weight gain of 1.5kg a day on the intensive ration.

The cows are left on deferred grazing on the drier hill land until close to the beginning of the calving ***period*** in March, with the short housing ***period*** on a straw-based diet costing just £65 a cow.

Business collaboration

This tightly knit system is complemented by a contract farming agreement, relatively uncommon in the beef industry, which allowed the numbers to expand after a deal was reached to manage a neighbour's herd.

A share-finishing contract has also been agreed with a specialist finisher to take some of the stores, with income divided between the two parties based on a formula relative to the number of kilograms gained at each farm.

Finishing cattle in their second year are targeted to leave the farm by January, allowing the Jeffreys, along with their three members of staff, to give room and attention to the outwintered cows coming in for the calving season, which runs between March and May.

Focus on finishing

Steers are sold at up to 750kg liveweight, killing out at about 390kg, while the heifers that are not selected for breeding will be sold at about 600kg.

The Jeffreys saw the finishing ***period*** decline and conformation improve three years ago when they switched from a fixed ration to an ad-lib diet at the end of the finishing ***period***.

With the likelihood of reduced government support in future, they are keen to cut costs by adding more weight to animals before they come into a shed through improved grassland use and more outdoor feeding.

They hope this will bring down finishing times further, with the average age of a finished animal currently standing at 576 days – down from 643 days five years ago.

The mix of grassland running up to 1,300ft above sea level means cows are inevitably pushed on to less-improved grassland to favour the finishing animals, but they are cautious not to challenge the cows too hard in order to maximise conception rates.

With a large herd to manage, the focus is on breeding a self-sufficient cow with strong maternal traits and good fertility to maximise the weaning percentage.

This led to the introduction four years ago of a Hereford bull to breed the Black Baldie outcross. They are also maintaining a purebred Aberdeen Angus nucleus herd.

Best practice

Despite no caesarean births on the farm in a decade, and falling antibiotics use thanks to a strong focus on good hygiene and colostrum, the Jeffreys say continuing attention to improving herd health is essential.

As one of the ***Agricultural*** Engineering Precision Innovation Centre (Agri-EPI Centre) beef satellite farms, they are also enjoying access to the latest technology, which may help streamline production in the future.

This includes weighing crates in cattle pens to improve monitoring of liveweight gain, as well as using a drone to map weed patches in grassland for spot-spraying, which aims to eliminate weeds while preserving clover.

What the judges say

Combining an arable and upland unit has produced an attractive low-cost system that is making the best of native-bred cattle. There is a clear focus on continuing improvement which is being rewarded.

Summary

What the judges liked

E Integration with neighbours through innovative contract farming agreements

E Focus on breeding a cow with strong maternal characteristics

E Clear identification of enterprise strengths and weaknesses.

Farm facts

E 1,660ha of land split between owned and managed under contract farming agreements

E Of this, just over 600ha of arable

E Finished cattle sold to Scotbeef. Cattle sold through share finishing contract go to Dovecot Park.

In numbers

E 600ml/year rainfall

E 67 fewer average finishing days over past five years

E 1.5kg average weight gain for cattle on finishing ration

E 0 hectares of grass harvested. All cattle wintered on straw-based ration

E 10 years since last caesarean.

James Dixon

Kendal, Cumbria

A Cumbrian farming family with a longstanding reputation for producing sought-after breeding cattle and sheep is using a high-ranking Stabiliser herd to produce quality heifers and bulls demanded by progressive beef farmers.

James Dixon, who farms in partnership with his two brothers, Richard and Andrew, and two sons, Steven and Mark, manages 1,200 breeding ewes, 12,000 laying hens and a herd of 220 Stabiliser cows just north of Kendal in the Lake District.

The composite breed, made up of Hereford, Red Angus, Simmental and Gelbvieh genetics, was chosen for its efficiency at turning grass into meat.

Business innovation

After switching from dairying 15 years ago, the farm first invested in the Stabiliser breed to cross with more traditional continental cattle for easier calving.

However, the decision was soon taken to breed the cross-breds closer towards full

Stabiliser genetics, as their greater efficiency became apparent.

The breed's smaller size allows an additional 20 cows to be kept for the same amount of fodder as the previous larger cross-breds, while heifers achieve their target weights for bulling at 15 months from forage alone.

Cows are calved in a tight spring block, with the season beginning this year on 19 April and ending on 14 June. The calving ***period*** is maintained by culling anything that fails to hold to service.

Focus on genetics

Genetic improvement is being accelerated by rapidly bringing through young bulls with higher estimated breeding values (EBVs), with many bred on-farm using embryo transfers from top herds.

The family is also proud to count among its herd the number-one profit-indexed cow in the country for the Stabiliser breed.

Recording cattle performance (vital to allow the society to formulate EBVs) has been significantly simpler since the switch was made three years ago to full EID cattle tags.

Herd health is also being maintained by a zero-tolerance approach to production diseases, with tissue and blood testing for BVD, blood testing for Johne’s disease and vaccination for BVD and IBR.

While the best of the heifers are retained as replacements each year, the farm also has a plentiful supply of heifers to be sold for breeding.

These are ranked by the society according to genetic purity and sold for a fixed price, with the highest premium paid for those with more than 93% Stabiliser genetics.

“It is a stock-rearing farm, although we sell some fat cattle,” says James. “It is all about those heifers to sell – everything else is a bonus.”

Best practice

All bulls are kept entire, with those that don’t meet the criteria for breeding sold through a scheme established by the Stabiliser Beef Improvement Group and Morrisons.

This pays a premium for cattle slaughtered between 12 and 14 months old that have a carcass weight of 300-400kg, conformation grade R or better and a fat class of 3 or 4L.

The farm is in a high-rainfall area, which means cattle are typically housed from mid-September to avoid poaching, but the benefit of the grassland through the summer is being maximised by reseeding at least one paddock each year.

Grass growth is also supported by the nitrogen-rich hen manure, as well as cattle manure, which has allowed purchases of phosphate and potash to fall to nil.

What the judges say

Using the Stabiliser breed has taken this excellent upland farm to the next level by maximising output in a challenging, high-rainfall area. The focus on rearing breeding livestock has also added significant value.

Summary

The judges liked

E Increased cow numbers at no additional cost of resources by using a breed with a lower mature weight.

E Using EBVs to make informed decisions when selecting progeny to breed from.

E Adding value to output by marketing breeding livestock back through the society.

Farm facts

E Farm size 440ha, with half tenanted and half owned

E Land rises from 500ft to 1,400ft above sea level

E Average rainfall is 80 inches a year

E Sheep flock predominately Swaledale.

In numbers

E 96% of cows scanned in-calf last year

E Eight-week calving ***period***

E 80% of land classified as in a Severely Disadvantaged Area

E 12-14 month-old finishing bulls are sold under Morrisons scheme to earn premium

E 7ha under reseeding this year to improve grassland.

Michael & Ian Sturmer

Sturmer Farms, Chiddingly, East Sussex

Father-and-son team Michael and Ian Sturmer have built a top-quality cattle fattening business in Sussex that finishes 90 animals a week by working in partnership with farmers throughout south-east England.

Situated less than 14 miles from the south coast, the home farm sits near the end of a carefully crafted cattle supply chain, which they have named a modular farming network.

It starts with black-and-white steer calves being bought from dairy farms across the region by an experienced calf rearer and reared to five months of age.

Business innovation

They are then bought by the Sturmers and transferred to one of three independently owned growing units.

These work in partnership with the Sturmers to rear the calves through until about 90 days away from their finishing weight.

At this point they move to a finishing unit, one of which is the Sturmer home farm, to take them through to about 600kg, before they go to Dunbia for slaughter aged about 14 months. Another two farms are involved to grow some of the feed required.

This model of finishing was Michael and Ian's solution to the problem of how to build an economically sustainable beef system that produces beef that consumers will value.

Focus on consistency

Michael had previously run a more traditional store cattle-buying enterprise, sourcing animals from the open market.

This came to be viewed as too high-risk, with the store price not tracking the fat price, and cattle performance too unpredictable as consistent animals were unavailable.

When Ian returned from studying to join the business in 2012, they embarked on market research by speaking to chefs, supermarkets, processors and other experts.

What they learned is embedded in the system they have built, including the decision to select dairy-bred calves for their greater performance consistency and superior meat marbling, rather than beef-bred calves.

Continuous work also goes into maximising growth rates, with ventilation systems installed to improve shed airflow, and rations scrutinised on a weekly basis.

At the same time, market volatility has been reduced through operating at increased scale in an integrated system where more costs can be accurately forecast as well as reduced.

Despite finishing 4,680 animals a year, they say their success is based on being able to closely monitor the performance of all cattle and replicating what works across all holdings.

Best practice

Cattle are grouped into lots of 45 across the farms. Feed intake – one of the key measures of performance – is monitored for each pen every day, with the aim to deliver a ration that is ad-lib, but cleared by the cattle.

Each growing unit farm supplies its own forage, with the aim to produce quality maize and grass silage which is supplemented by barley, biscuit meal and maize distillers grains to yield an average growth rate of 1.4kg/day.

This is increased to 1.99kg/day on the finishing farm, by tweaking the ratio of concentrate to forage.

Addressing consumer concern about the provenance and environmental impact of red meat, they have taken steps to ensure all livestock has lifetime quality assurance and lifetime data on feeding.

They are also contributing to research which aims to improve the selection of cattle for eating quality traits, such as meat tenderness and colour.

What the judges say

Michael and Ian have built an admirable business that puts the customer first. Meeting these requirements by bringing farming businesses together is clearly benefiting the whole supply chain.

Summary

The judges liked

E Good understanding of costs has improved efficiency

E Creating a higher-value use for black-and-white steers – once a by-product

E Integrated approach working with local arable and dairy farmers

Farm Facts

E Home farm is a 182ha holding on a farm business tenancy

E Current system in operation for four years

E Maize and barley arable rotation

In numbers

E 90 animals finished a week

E Seven farms currently participating in contract farming network

E 94p/kg cost of weight gained on calf rearing unit

E 800mm annual rainfall

E 287.2kg average carcass deadweight. Typical grade is -O3.

Sponsor: ABP

“I would like to recognise the achievements of the finalists who have demonstrated a passion for innovation, an attention to detail and an unwavering commitment to delivering a quality and sustainable product.”

Richard Phelps, UK group ***agriculture*** director

JOURNAL : Farmers Weekly

Focusing on promoting the positive impact ***agriculture*** can have on the environment may prove to be the key to attracting new talent into the farming industry.

New research by the RSA Food, Farming and Countryside Commission offers an interesting insight into how the industry might tackle the skills shortage it currently faces by examining what young people are looking for in a career.

It comes as a new survey by a firm of accountants based in Scotland reveals that recruitment is now a “major issue” in the farming community.

See also: Farming vacancies harder to fill despite declining labour force

The survey, carried out by Johnston Carmichael, found that 70% of the 150 farmers and landowners it questioned had found it hard to find staff with the skills they require.

The farming industry faces a skills shortage across all sectors, but there is particular concern about the impact of Brexit on the availability of seasonal labour, which will be affected by changes to the rules on freedom of movement.

Working lives

The RSA Commission spoke to more than 1,000 young people aged between 16 and 24 to get a sense of what they are looking for from their working lives and to see if there are aspects of working on the land that might be attractive to them.

The research found that most young people would be proud to work for a business that protects nature, helps to tackle climate change and helps people to live healthily.

According to the RSA Commission, these are all issues that are aligned with the new policy framework for ***agriculture***, which places a much greater emphasis on environmental land management and the enhancement of natural capital.

New entrants?

More than 60% of respondents said they would also be willing to try work that they might not have considered before – suggesting that even people without any association with farming might consider a move into ***agriculture***.

However, the campaign for better connectivity in rural areas needs to remain a priority, as fewer than 20% of respondents said they would be willing to live in an area with poor broadband.

When respondents were asked what were the most important factors in their working situation, the top three answers were job security, being well rewarded financially and having an employer who shows that they care for their staff.

A positive story?

While the ***agricultural*** industry has been under attack in recent months for the level of greenhouse gases emitted by the livestock sector, farm leaders are campaigning for ***agriculture*** to be seen as a key part of the solution to climate change.

The NFU points out that British ***agriculture*** is not just a source of greenhouses gases, but it is also a sink – and has set an ambitious target to make farming net zero-carbon by 2040.

It says there are opportunities to capture more carbon, by boosting bioenergy crops and land-based renewables.

JOURNAL : Farmers Weekly

Dairy processor First Milk has announced the closure of its Isle of Arran creamery in Scotland, with the potential loss of five jobs.

The processor has also announced that it is scaling back operations at the nearby Campeltown creamery in Kintyre, while negotiations over a potential farmer buyout continue.

See also: First Milk acquires bigger stake in whey protein market

Both sites were put up for sale in April 2018 after First Milk decided they were no longer core to its business strategy.

However, all efforts to sell the Arran site, at Torrylinn on the Isle of Arran, have failed.

“As a result, First Milk has today commenced employee consultation about its proposed intention to close the Arran Creamery,” a company statement said.

The closure means the two farmer-suppliers based on the island will retire from milk production.

A First Milk spokesman told Farmers Weekly: "Because of the economic and practical reality of transporting milk off the island of Arran, we have worked closely with the two farmer members there, who have agreed to retire from milk production in the coming months."

Farmer negotiations

Meanwhile, First Milk will continue its negotiations with the 30 farmer-suppliers of the Campbeltown creamery with the active involvement of the Scottish Government.

“The discussions will hopefully conclude with the Campbeltown Creamery being owned by local farmers.

“It is envisaged that the farmers will form a new co-operative, which will operate the creamery independently of First Milk,” the company said.

In anticipation of the change to new ownership, a consultation with 11 colleagues had begin at Campbeltown about proposals to scale down the operation, said the company.

The spokesman explained that scaling down meant cutting the number of days of operation each week and reducing the plant's output.

He also outlined what would happen to the 30 farmer-suppliers if negotiations broke down.

"First Milk will provide ***transitional*** services in relation to milk balancing for an agreed ***period***.

"If the proposals do not proceed for whatever reason, then the producers on Kintyre will remain members of First Milk and their milk will continue to be collected as normal," the spokesman said.

Extremely disappointing

James Barbour, chairman of the Kintyre milk producers working group, which is negotiating the Campbeltown buyout, acknowledged First Milk’s efforts to secure the creamery’s future.

“First Milk has worked hard to secure a sustainable future for the Campbeltown creamery over the past 12 months but it has not been possible to secure an external buyer," Mr Barbour said.

“Yet, we believe that it is important to retain processing capacity on Kintyre for the long-term security of the dairy farmers here.

“As a result, we are working together to try to secure the site for the future, although there is still considerable work to do to bring this to a conclusion,” he said.

NFU Scotland milk committee chairman John Smith added: “The news coming out of Arran and Campbeltown is extremely disappointing, especially for the staff and dairy farmers who will be affected by the decision.

"There has been a cloud of doubt hanging over both factories for the past 15 months, since First Milk announced its intention to offload the creameries in April 2018, and this decision is unfortunately the outcome."

Mr Smith sympathised with the workers and farmers directly affected.

“Being a dairy farmer from Campbeltown, I am well aware of the implications this announcement will have on the dairy supply chain and the wider community," Mr Smith said.

“The lack of dairy processing in Scotland is a serious concern for our industry, especially with the uncertainty of Brexit looming, and loses like these only make the dairy supply chain that little bit more vulnerable.

“Despite the scaling down of production in Campbeltown, we welcome the news that First Milk has confirmed it is in discussions with local Kintyre farming members.

"It is vital that both milk and cheese productions continue in an area that plays a vital role in the dairy sector in Scotland.”

JOURNAL : Farmers Weekly

There were three wise heads gathered round the kitchen at Flindt Towers – me, Hazel and Mad Mac.

The time had come to plan our haymaking campaign. We like to cut just as the grunting and shrieking starts at Wimbledon, and even as we tucked into tea and Hobnobs, animalistic noises could just be heard drifting the 50 miles south-west from SW19. Either that, or Cheyney’s cows were bulling.

Anyway, we three had about 120 years of haymaking experience between us, so we were quietly confident of our predictions.

I’d done the rolling and slitting, found myself with enough liquid fertiliser when the arable campaign had finished to put a mediocre 56 units of N on, and we’d given both blocks of aged permanent pasture – Springshott (not often cut for hay) and the Hay Field (as the name suggests, cut almost every year) – a damn good dose of weedkiller.

For the last bit, I’d had to wait until nearly 9pm to avoid offending walkers, but the old-fashioned but smelly mix had done a perfect job. Worth the effort.

See also: More Flindt on Friday columns

Square off

So what did we expect? Well, not a great deal. The bottom grass had pushed on a bit in the late rain, but none of us expected a barn buster.

What sort of bales this year? Well, round if the weather doesn’t hold fine, and big square if the hay gets really dry.

It’s traditional to contemplate small square for about 15 seconds – and then dismiss the idea as silly.

No one lifts small bales these days, apart of course, the Subaru Community – and that alone is good enough reason not have 60 acres of ’em lying unattended.

It was time to get going. I dug out the 6ft drum mower, found a forgotten box of new blades, and started on the smaller Hay Field.

Mac was in soon after that with a more grown-up mower conditioner in Springshott.

By Friday night, all was cut and spread, perfect for the long, dry spell that the highly paid professionals at the Met Office had predicted.

By Sunday morning, we were back in the kitchen, watching a heavy drizzle, with the sort of weary but unsurprised expressions that come with 120 years of watching the fruits of the Met Office’s labours.

It turned out to be short-lived rain, and by the afternoon, the tedder was back hard at it.

Bale out

It stayed dry but humid for the next few days, so the "bale on Monday" plan got rewritten as "bale on Tuesday", and then "bale on Wednesday" when the baler blew up. Twice.

Luckily, the dry weather kept on and on, everyone stayed calm, bits were easily sourced from somewhere in the depths of Bishop’s Waltham, and even when Hazel’s loader tractor threw a mid-field paddy and decided it would lift bales but not lower them, the dealers had a man with a spanner out within the hour.

They were good bales – really good. The livery yard next door picked up a trailer load, took them home, and immediately boosted their order by 50%.

Hazel was relieved, because the view across the field suggested that she had several long days of carting ahead – and we were beginning to run out of room in the barn.

Mad Mac’s final tally came by text, late on Wednesday evening: 286 big square bales off 60 acres – a lot more than the three wise heads had predicted.

Mind you, we were far too relieved that we weren’t trying to stack it all in small bales to be worried about that. We’ll get it right next year.

JOURNAL : Farmers Weekly

The average annual UK family shopping bill will rise by £786 if plant protection products are removed from farms, according to a new report.

Commissioned by the Crop Protection Association and written by agronomist Séan Rickard, a former chief economist for the NFU, the report says the cost of fresh fruit and vegetable would rise by more than £4 a week, an extra £226 a year.

On average, families with two children would have to pay almost £140 more each year for cereal-based products and a further £60 for fresh meats.

See also: What potato growers need to consider ahead of diquat ban

The average household bill for alcohol and eating out is projected to rise by some £92 per year.

Meanwhile, the average weekly grocery bill for a family of four would rise by more than £15 a week – £786 per year – without plant protection products, the report suggests.

The UN Food and ***Agriculture*** Organisation estimates that 26-40% of crop yields are lost to weeds, pests and diseases. Without plant protection products, it estimates these losses could double.

If farmers are denied access to these products, there will be a significant drop in global food production, and a subsequent hike in food prices and drop in food quality, the report says.

Mr Rickard said: “The removal of plant protection products would present a severe challenge to already hard-pressed households, exacerbate income inequalities and make healthy eating more expensive. Some of the largest increases in prices would be for vegetables and fruit.”

Predicted price increases

The cost of fresh fruit and vegetables would rise by more than £4 a week, an extra £226 a year

The average household would have to find an extra £32 a year for milk, cheese and eggs

Packed lunches would see a big price rise. The price of bread would increase by 67p a week, an extra £35 a year. Sandwich fillings such as bacon and ham would rise by 16p a week, an extra £8 a year, and cheese by 14p a week, an extra £7 a year

The cost of a roast dinner, with chicken, greens and fresh potatoes, would be up by £1.47 a week. Adding a soft drink and a cake for dessert would mean another £1.94 a week, totalling an extra £177 a year.

Eating and drinking outside the home would rise by £92 a year. The biggest cost increase will be on takeaways and snacks, which would cost an extra £24 a year.

Source: Plant Protection Products: The value of their contribution to lowering UK household expenditure on food and drink

JOURNAL : Farmers Weekly

An interest in soil health was the starting point for major changes made to Angus Gowthorpe’s mixed farming system in Yorkshire, the results of which have slashed establishment time and seen margins increase.

Having first moved from a traditional tillage regime which included ploughing to an interim approach using strip-till, he took the next step and introduced no-till establishment four years ago.

Going down the strip till route initially showed that costs fell, but yields were maintained, he recalls. “It gave me the confidence to keep going.”

See also: Rye grower reveals how he delivered impossible yield

As a result, Mr Gowthorpe purchased a 3m John Deere 750a drill for use on his home farm, but was soon being asked to drill spring crops for neighbouring farmers – a market created by increasing blackgrass pressure.

Given the demand and ease of operation, he swapped his drill for a 4m version and hasn’t looked back.

Grower and farm facts

Name: Angus Gowthorpe

Problem being solved: Angus manages a wide variety of soil types from blow-away sand to heavy clay. Running a traditional tillage system which included ploughing, he recognised the need to cut costs and improve soil health.

Approach: He has moved to a no-till system and is taking an integrated approach to pest and disease control. Other innovations include growing blends of varieties in the same field, applying molasses to help feed soil microbes, and trialling novel pesticide products to manage flea beetle.

164ha – mixed arable and beef

Cropping – winter wheat, winter barley, spring beans, spring oats, oilseed rape, herbal ley, grass/clover ley and permanent pasture

Beef – spring calving herd of 50 pedigree Salers cows

Diversification – caravan site and caravan storage

Angus Gowthorpe was was the 2018 winner of the Soil Farmer of the Year, organised by the Farm Carbon Cutting Toolkit and Innovation for ***Agriculture***.

He now has a wider and more diverse rotation, uses cover and companion crops, has introduced herbal leys for both cutting and grazing and grows blends of cereal varieties across the 165ha he farms between York and Selby.

Integrated system

Novel pesticide products and home-brewed liquid fertiliser are becoming part of his crop management, as he balances the requirements of building healthy soils with the commercial realities of farming.

Importantly, input use has fallen, costs are down, less labour is required and margins are on the up, while soil health continues to improve. Crops are now established in a quarter of the time that they used to be.

The varied soil types at Approach Farm have stabilised since he minimised their disturbance and encouraged soil life.

“They hold nutrients and moisture better, so crops stay greener for longer,” he reports. “They also drain freely and earthworm numbers are up.”

The "pop and burble" noise they make after rain is another sign that things are moving in the right direction, as rainfall drains down worm holes and old root channels. Organic matter content is also rising, he adds.

Cover crops

Bringing spring crops into the rotation early on in his journey allowed him to start experimenting with cover cropping, buying different seed mixes and "giving them a go" before spring beans.

They are now an integral part of his system, along with catch crops where there’s a six-week window between winter crops.

Multi-species cover crop mixes are preferred, for their soil health advantage. It means that their destruction has to be done with glyphosate, rather than by physical means with a crimper roller, as they flower at different times.

“Crimper rollers are fine on single species stands, as the components need to be at anthesis [flowering] for the technique to work,” he explains.

Mr Gowthorpe was an early adopter of some of these techniques and continues to make changes, pointing out that it takes time to see results.

“Soils are always improving. I’ve learnt by trying things and speaking to other like-minded farmers, as well as from being a member of BASE and attending the Groundswell event.”

His cover crops are mob grazed with sheep over the winter, provided soil conditions allow.

“The aim is to eat one third, trample one third and leave one third. That allows me to drill the following bean crop ‘on the green’ if conditions are favourable.”

Where spring oats are planned, he takes a more cautious approach, due to their smaller seed size. In general, the rotation is constantly under review, helped by his ability to rotate grassland around the farm.

“I’m fine-tuning all the time,” admits Mr Gowthorpe.

“This year, the barley being grown on lighter land has a problem with stubby root nematode. The pest only occurs where oats are part of the cover crop mix, so I’m going to replace them with either triticale or Hungarian grazing rye, as these are not hosts to the pest.”

Variety blends

His wheat crops are all a four-way blend of hard feed varieties Crispin/Gravity/Shabras/ Kerrin, chosen for their good disease scores and similar maturity dates.

Growing a blend reduces disease problems and allows him to use less fungicide, focussing on low rate T1 and T2 applications based on chlorothalonil.

Nutrition and seaweed extracts are used at the T0 timing, with the emphasis on maintaining a healthy plant.

Nitrogen use has come down to 180kg/ha, without a yield penalty, with molasses being added to each nitrogen application to reduce scorch and balance the C:N ratio, helping to feed soil biology.

Winter barley is a two-way blend of feed varieties Orwell and Surge, with conventional barley being preferred to hybrid for volunteer reasons.

Companion crops

Oilseed rape is grown once in every seven years and always with a companion crop, to support soil fungi.

This year, he plans to use a conventional variety with white clover, buckwheat and beans, drilling the beans a bit deeper than the rape, clover and buckwheat.

“I drill it in the last week of August. Some of the companion crop species are taken out by frost, others have to be controlled with Kerb or Astrokerb (propyzamide). I plan to keep the clover alive in the bottom of the crop throughout, taking it into the following wheat crop.

“The companions certainly help with cabbage stem flea beetle, as well as providing nutrients and giving a rooting benefit.”

White clover could play a more important role on the farm in the future, he believes.

“My ultimate aim is to have a permanent understorey of white clover, which will provide 25kg/ha of nitrogen as well as suppressing weeds.

“I have managed to keep it going from a ley with clover in and then into a crop of beans, but the following crop of wheat was so competitive that there wasn’t enough light for it.”

If he succeeds with this aim, nitrogen could be reduced further. With herbal leys on the farm, no fertiliser is used on his silage grass, with cattle muck being applied to as many acres as possible up to Nitrate Vulnerable Zone limits.

“Feeding the crop with organic nitrogen is the direction of travel. Fertiliser choices are likely to become more limited in the future.”

Insecticide replacements?

This year, in the absence of effective alternatives, Angus Gowthorpe is considering testing the insecticidal properties of black soap for cabbage stem flea beetle control in oilseed rape.

He is also considering orange oil, which will be used on autumn drilled cereals to help control virus-carrying aphids.

“This is a barley yellow dwarf virus hotspot,” he says. “Up until this year, I’ve been using Deter (clothianidin) to help manage the threat, with a follow-up insecticide where it’s needed.

“If orange oil works as expected, it could form part of an integrated approach.”

Orange oil is for soft bodied insects only, so doesn’t control flea beetle. On that pest, black soap has been used in France with some success, he reports.

Trailblazers

A Farmers Weekly series showcasing arable farmers who are ahead of their time and are trying new approaches and pioneering new technology.

Read our previous reports on trailblazing farmers at Trailblazers: Fertiliser, Trailblazers: Direct drilling and Trailblazers: High yield rye

JOURNAL : Farmers Weekly

Strict control of parlour feeding and a tight autumn-calving block saw a Cornish dairy through the 2018 drought with a total purchased feed cost of 6.52p/litre.

Because peak lactation happens in December, when cows are housed, a lot of the pressure was taken off Paul Richards and the team at Splattenridden Farm, near Hayle, when the drought hit Cornwall last year.

Coupled with the fact cows managed 3,539 litres (58%) of their 6,100 litres from forage, the system left a total concentrate cost of 5.01p/litre.

Mr Richards accepts the farm was very fortunate to be in such a position, because despite only having 20mm of rainfall in May and June, the autumn-block system makes the unit inherently resilient to low summer rainfall.

See also: How Hampshire dairy has climbed to top 5 for milk production

Splattenridden Farm facts

300 cross-bred cows using Kiwi genetics and Norwegian Red on 180ha

24:48 Waikato parlour

Averages 6,100 litres a cow at 4.6% fat and 3.6% protein at 170,00 somatic cell count

Feeds 1.2t of concentrate a cow

Supplies Saputo on manufacturing contract

Farm also grows crisping potatoes, cauliflowers, asparagus and cereal on 265ha

Farm operates a green waste composting business

Cows calve outside in a strict 12-week calving block from mid-August, and are dried off from late June each year.

This meant that when fields became scorched and grass growth dropped in June, the cows were ready to dry off.

“We were lucky, as we had a lot of baled silage in stock grown the previous year,” explains Mr Richards.

“The milking herd is down to 16 litres a day anyway in June. Cows are dried off from June, but the heifers needed feeding to ensure they kept growing.”

Furthermore, rain in late July and August and a very good autumn helped the farm replenish silage stocks with third- and fourth-cut, which Mr Richards acknowledges parts of the country weren’t fortunate enough to get.

This was critical to feed cows through early winter, when they typically hit peak daily yields of 26 litres.

Emergency feed

Silage was bought as a precaution when grass growth slowed to 3-4kg DM/ha/day in June.

With the dairy herd run alongside a vegetable and arable business, Mr Richards was able to buy 6ha of spring barley from the arable business, costing just over £9,000 – including wholecropping contractor costs.

The barley was fed to the cows through the following winter, lifting the feed cost by 0.53p/litre.

As conditions got very dry into June, the 80 in-calf heifers on the farm were kept in a 7ha field and fed four to five bales in ring feeders each day.

This opened up more of the grazing platform to the milking herd until July and August, when rains eventually came.

Feed costs 2018-19

Feed type

Cost (£)

p/litre

Concentrates and minerals

88,333 (minerals were £3,333)

5.01

Bought-in bulk feed (9ha of wholecrop barley)

9,405

0.53

Youngstock concentrates

17,315

0.98

Total purchased feed

115,053

6.52

Total variable costs

189,716

10.75

Cow management

The team stuck to a strict parlour feeding budget of a maximum of 6kg/day at peak lactation, 2kg/day in late lactation and an annual budget of 1.2t of cake a cow.

A small number of cows were dried off a week or two early at the height of the drought, when daily grass growth slumped to 3kg DM/ha/day.

This was to avoid transition problems caused by too much condition coming off the cows, explains Mr Richards.

Each year, the farm dries cows off on crops of long, stemmy grass, which acted as a great dry cow feed last year.

Then, as normal, magnesium buckets were given to the cows in August at calving and magnesium chloride flakes were added to water troughs. Last year there was one milk fever case out of 300 cows.

Factors that helped control costs during the drought

Mentality The team focused on overall business performance rather than yield, targeting 6,000-6,500 litres at a feed rate of 0.19kg/litre.

Autumn-calving block Most cows were more than 240 or more days in milk when the drought was beginning to take hold at the start of June, meaning production and demand was falling and the cows could be dried off on standing hay.

Soil organic matter Compost is spread on land from the farm diversification – The Green Waste Company – to maintain organic matter levels at 10-14%. Compost is applied in the autumn. High organic matter levels increase water infiltration when rain comes and stores moisture to help swards survive through droughts.

Good staff Having a good herdsman ensured cow condition was monitored closely and any thinner cows (2.0 BCS) were dried off early to avoid a knock-on effect on fertility.

Calving block

Splattenridden operates a 12-week calving block, meaning cows are at a similar stage of lactation and gestation.

This simplified cow management during the drought, making it easier to monitor individual cow and herd body condition.

A future goal is to shorten the calving block further to 10 or possibly nine weeks, but some improvements will need to be made to fertility figures before that happens, explains Mr Richards.

Artificial insemination work is done by the Splattenridden team through a tail-painting programme after synchronisation starts in November, when cows are usually housed.

Following the drought, 80% of cows calved in six weeks, which will hopefully be increased to 90%.

Silage production

Timely rains through late summer and a mild autumn allowed the farm to restock silage clamps for the farm’s self-feed system.

Silage production and quality were ensured by growing high-sugar varieties (68-70 D-value), slurry applications via dribble bar and umbilical kit and fertiliser applications with sulphur.

Contractors harvested and clamped the crop within 24 hours to get the cows through the critical winter ***period***.

Mentality

Over the past 12 years, rather than pushing for milk production, the team has tried to look at the overall costs of the business and make use of the Cornish climate to produce milk cost-effectively.

By using a self-feed silage system through the winter, machinery repair and depreciation costs are controlled (0.66p/litre and 0.74p/litre, respectively), resulting in 13% (4.2p/litre) net profit in 2018-19 without Basic Payment Scheme subsidies.

This winter, dry matter intakes were increased, and pressure was taken off the clamp face by adding 12-15 blocks of silage in the passage each day and feeding baled silage in three ring feeders in the yard.

The farm’s pasture growth is measured weekly to inform on-off grazing strategies and day-time grazing around the shoulders of the season, which controls costs by maintaining pasture quality through the year.

Winters are typically 80-90 days long, but this year the cows were out full time after only 60 days, which provided a welcome break from the winter routine after the stressful drought year.

JOURNAL : Farmers Weekly

Slugs have been a major headache for North Yorkshire grower Graham Potter since he switched from a plough-based crop establishment system to direct drilling.

But with proactive implementation of integrated slug control methods – and some new technology – he has turned the tide against this damaging pest across his 200ha arable farm near Thirsk.

See also: Tips on killing slugs with ferric phosphate pellets

Soil health

Soil health has been a major focus for Mr Potter in recent years and part of his strategy to improve organic matter has been reduced tillage and the introduction of cover crops.

In 2013, the previous plough-press-drill system was ditched in favour of the Claydon tine-based strip-till drill.

Farm facts – W Potter and Sons, Topcliffe Grange, Thirsk

Area – 200ha

Soil types – Heavy clay and medium loams to blow-away sands

Cropping – Winter wheat, oilseed rape, spring barley, fodder beet plus cover crops

Establishment system – Claydon strip-till

However, with the slug’s habitat no longer disturbed by deep inversion tillage, crop damage increased and this forced Mr Potter to reassess his slug control strategy.

“The slugs got worse and worse when we started direct drilling, but as my understanding of the slug itself has improved, things have slowly gotten better,” explains Mr Potter.

His increased knowledge of slug ecology and behaviour has seen a number of techniques implemented to try to eliminate the problem without using pellets, which are used only as a last resort.

Stubble rake

The first is the use of a 7.6m Claydon stubble rake, which is deployed a number of times between harvest and the establishment of the following crop, particularly after oilseed rape when slug pressure tends to be at its highest.

This helps spread crop residue evenly across the soil surface, minimising any habitat favourable to the pest.

The rake also inflicts physical damage and exposes slugs and slug eggs to the elements or natural predators.

“It’s much more effective when hot and dry and we’ll take advantage of any hot weather to rake once harvest is over,” Mr Potter says.

“However, we don’t get too many hot days in Yorkshire, so we also rake at night when slugs are active on the soil surface to get a better effect when conditions are cool and damp.”

Rolling and drill depth

With each tine coulter in the strip-drill system loosening a narrow band of soil, this can provide an easy route for slugs to move down rows and feed on seed.

Recognising the importance of seed-bed consolidation, Mr Potter has taken to double-rolling after drilling where slug risk is high, first in the same direction as the drill, then a second pass at 90 degrees to close up the slot.

This helps with seed-to-soil contact for rapid establishment and reduces the ability of the slug to move within the seeding zone.

Trials run by Mr Potter comparing no roll, one roll and two rolls showed much improved control from two passes.

In areas where he knows there is a slug problem, Mr Potter also reduces the forward speed from 8kph to 5kph to improve soil consolidation.

Mr Potter also uses drilling depth in high-risk areas to hinder the pest’s ability to get to seed and cause damage.

Typically, wheat would be drilled about 2.5cm deep, but depth is increased to 3.8cm-5cm in slug-prone areas or in wet seasons.

Soil maps

An early adopter of precision farming technology, Mr Potter began using an electroconductivity (EC) scanner some time ago to produce management zones based on soil types across his farm.

His soils vary from heavy clay to blow-away sands, and this gave him the chance to marry up the EC map zones with observed slug risk.

This has been underlined more recently by drone images taken when damage is seen in the crop, allowing thin, slug-grazed patches to be mapped and saved for future reference.

Most observers would assume that the heaviest soils would present the highest slug risk, but Mr Potter’s work has uncovered that his medium loams suffer the most crop damage.

Using these EC maps together with variable-rate seeding technology, he has been adjusting seed rates based on soil type for some time.

However, he is now layering slug risk data over the top of seeding maps and adds an extra 20-30kg/ha of seed where slug risk is high.

“It helps to negate the losses caused by hollowing and has made a big difference to plant populations since we’ve been doing it,” he says.

Variable pellet application

In addition to increasing seed rates in hotspots, Mr Potter is combining EC mapping, slug risk and yield data to produce variable-rate slug pellet application maps.

This enables him to apply a higher rate of ferric phosphate pellets in problem areas on medium soils, and less where risk is low, without exceeding the overall maximum individual label dose.

“The heavy land might only get 4kg/ha, but where we know it’s bad, we will go up to 7kg/ha,” Mr Potter notes.

Ferric phosphate switch causes no concern

Graham Potter is not losing sleep over the ban on metaldehyde use from June 2020,  having switched to ferric phosphate in autumn 2017.

Mr Potter’s is a monitor farm for Yorkshire Water and part of the Sustainable Landscapes project, which aims to reduce the amount of metaldehyde polluting raw water supplies across the region.

“Control has been fine with the ferric phosphate,” he says. “The only difference is that you don’t see dead slugs like you do with metaldehyde, as they go under the soil surface to die.

“It is just a case of going out and checking the crop for damage or if the pellets have been eaten to know if you’ve done any good,” he explains.

Graham Potter’s slug control tips

Seed-bed consolidation is king for improved slug control

Double-roll seed-beds where slug risk is high

Decrease forward speed when rolling for improved consolidation

Consider increasing drilling depth in high risk fields/seasons

Use precision technology to map slug risk and target management

Consider higher seed rates in high risk areas

Ferric phosphate pellets provide effective alternative to metaldehyde.

JOURNAL : Farmers Weekly

Pre-emergence grassweed herbicide programmes based on flufenacet must be supplemented by cultural measures this autumn, after resistance testing confirmed reduced sensitivity to the active ingredient in blackgrass.

For growers, this means that integrated control strategies will become even more important to manage grassweeds, both as a means of stewardship for the future use of products containing flufenacet and for the overall success of programmes.

The latest finding also confirms that two other widely used actives – pendimethalin and prosulfocarb – are also affected and have lower efficacy against blackgrass with reduced sensitivity to flufenacet.

See also: Which feed wheat varieties to grow in your region

Of greater concern was the confirmation that a few samples of ryegrass with resistance to flufenacet were also found in the UK, meaning that some ryegrass populations can’t be controlled by field rates of the active ingredient.

Although it is unlikely to be widespread, there will need to be a change in approach for ryegrass based on seed control, rather than weed control.

The testing, which was carried out by Bayer as part of its annual resistance monitoring work in Germany, reinforces reports from the field, with many farmers questioning the efficacy of their pre-emergence programmes.

Wake-up call

For most situations, these results should act as a wake-up call rather than the trigger for a significant change and should prompt a review of current on-farm practice, believes John Cussans, weed specialist at Niab Tag.

“The front-loading of programmes with pre-emergence chemistry has been the reaction to the development of resistance to the post-emergence options such as Atlantis,” he says.

“It’s understandable, but it also makes weed control measures more vulnerable to seasonal conditions and crop effect. We know that the residual products work better when there’s soil moisture and if they’re applied a bit later in the season.”

The fact that herbicide performance, rather than weed numbers, has been driving grower’s actions is one of the reasons why there’s been a slide, he adds.

“Using straight flufenacet at high doses won’t have helped at all either.”

A gradual loss of efficacy is easier to cope with than a total failure, he says. “For that reason, the blackgrass situation is far better than that of ryegrass, where control is now expected to fall off a cliff.”

With blackgrass, the recorded drift in sensitivity indicates that there are now more weed populations where flufenacet is not giving the same level of control that it was.

Despite that, applications made at the 240g/ha rate still provided 90% control in glasshouse tests, implying that flufenacet can remain a part of control programmes that work as intended.

The situation with ryegrass, however, is very different. Enhanced metabolism resistance to flufenacet has been found on a small number of UK farms, making it far more challenging to get control with label rates.

Cultural control

Bayer recognises that many growers are already making good use of cultural measures rather than just relying on chemistry.

These include delayed drilling, higher seed rates and spring cropping to manage weed populations.

“Even with these in place, product stewardship will continue to be very important,” says the company's weed expert Gordon Anderson-Taylor.

“While we don’t anticipate these results leading to a radical change in blackgrass management, they do emphasise the need to use herbicides in mixtures and sequences with other actives and to look at the whole strategy.”

Bayer has two new flufenacet plus diflufenican-based products in development, one containing metribuzin and the other aclonifen. Both will increase the level of blackgrass control by around 10%, with the first of them expected to be available for autumn 2019.

“Including other actives can increase the control of difficult populations,” Dr Anderson-Taylor says. “It’s also important to use any pre-emergence herbicide at the true pre-em timing for best results.”

He suggests that growers should eliminate survivors of herbicide programmes, either by hand roguing or spraying off patches with glyphosate, to prevent seed return.

Resistant ryegrass, however, will need a different approach, Dr Anderson-Taylor advises. Where resistance is suspected, a test should be done to determine the status of the ryegrass.

There are then three things that farmers can do to mitigate the risk – cultural control, crop rotation and varying the modes of actions in herbicides.

“It will be a challenge. We know that most ryegrass germinates in the autumn, so delayed drilling is effective. Rotational ploughing, higher seed rates and aggressive patch management also work.”

Otherwise, wider rotations, greater use of spring crops and more non-cereal crops can help.

Results from the blackgrass resistance initiative

Testing carried out by the team working on the initiative has also confirmed shifts in sensitivity to Flufenacet in blackgrass populations.

Blackgrass seeds collected from a network of farms in 2014 and again in 2018 were tested to see if there had been any change over the ***period***.

The results show that, on average, there has been a 10-20% loss of efficacy in that time, confirms Paul Neve at Rothamsted Research.

“We’re not getting as much out of flufenacet as we were when it is used at field rates,” he says.

“But it’s important to stress that there are no signs that control is about to fall off a cliff. It isn’t broken, by any means.”

Where control levels had been 90-95%, they are now around 80%, he reveals. “That’s the direction of travel.”

What it does means is that growers must think about how they use it, making sure that it is part of an integrated programme based on responsible use, he adds.

What happens next?

Blackgrass

Continue to use integrated control programmes with a range of non-chemical control measures

Use herbicides in mixture and sequences with alternative modes of action

Use of flufenacet in mixtures with diflufenican and in combination with other actives improves efficacy in less susceptible blackgrass populations.

Ryegrass

Know your resistance status

Integrate non-chemical weed control approaches

Vary herbicide mode of action.

JOURNAL : Farmers Weekly

Tory party leadership contender Boris Johnson has promised to return the £160m “convergence money” that Scottish farmers say they are owed, should he become prime minister later this month.

The money forms part of a £190m package the EU allocated to the UK in 2013, to make up for the fact that area payments in Scotland fell below the EU average.

See also: Scots angered by ‘watered down’ review of CAP money allocation

The Scots believe all this money should have gone to Scotland, but the Westminster government allocated Scotland only £30m, arguing that total subsidy receipts by Scottish farmers were actually higher than the UK average. The remaining £160m was shared out among the rest of the UK.

But following energetic lobbying by Scottish farmers and their representatives, Mr Johnson has now confirmed that he will pay that money should he be confirmed as prime minister.

‘It is only right that, after we leave the EU on 31 October, we take this historic opportunity to unite our country,” he said.

“As we leave the CAP, we can address many of the historic injustices that that system introduces, and make sure that Scotland’s farmers get the support that they are owed.”

In a statement, Mr Johnson also states that “this one-off payment can easily be afforded via the £26.6bn fiscal headroom that was identified [by the chancellor] in the Spring statement”. In other words, it will be new money and will not involve any deductions from farmers in England, Wales and Northern Ireland who also had a share of the convergence package.

During a visit to Scotland last week, Mr Johnson also promised a further £25m to Scottish farmers in 2020 and announced a review to ensure that the ***funding*** is delivered as quickly as possible.

Cash injection

Welcoming the news, NFU Scotland president Andrew McCornick said: “This is set to be the single biggest cash injection to Scottish farming in a very long time and when it comes it will make a big difference to many.

“The convergence money was originally awarded to the UK in 2013, off the back of Scotland’s low payment rate per hectare. Without Scotland, and our 85% Less Favoured Area land, the UK as a whole would have received a payment cut.”

Mr McCornick also paid tribute to former NFU president Jim Walker, who has represented Scottish farmers in Westminster during the Bew review into the convergence ***funding*** issue, saying his tenacity “has helped to rectify a long-running injustice”.

Speaking to Farmers Weekly, Mr Walker praised Mr Johnson, saying he had understood the nature of the problem immediately and resolved to deal with it swiftly.

“This is his chance to prove that he is a man of action,” he said. “He is also sending a message to Scottish farmers about the benefits of staying within the UK, effectively saying, ‘stick with us and we’ll look after you’.

“There is enough financial headroom to cover this. It is small change in the great scheme of things, but it is huge for Scotland.”

The Bew review is set to announce its findings in the coming weeks.

JOURNAL : Farmers Weekly

More than 20 lambs have been butchered and their carcasses left hanging in a field in Northamptonshire – just days after a similar incident in the county.

Sometime between 8am on Tuesday (9 July) and 8am on Wednesday (10 July), 21 four-month old lambs were illegally butchered in a field off Nobottle Road, near Whilton village in Daventry.

Some of the carcasses were left strung up on a metal fence in horrific scenes that have caused anger and sadness in the local community.

See also: Video: Farm bunds fend off rural criminals

On Twitter, Sgt Sam Dobbs, of Northamptonshire Police, described the incident as “gruesome”, saying it had “sickened” both the farmer and officers.

The latest incident happened on land belonging to Althorp House, home to the Spencer family since 1508 and one of England’s premier historic houses.

Sgt Dobbs said he had briefed the local farmer and gamekeeper on the need for vigilance about sheep slaughter and thefts.

Other livestock farmers and landowners in the area are being urged to step up security.

Police linking incidents

In a statement, the force said: “An investigation into this crime is under way and officers are appealing for anyone who may have seen or heard anything suspicious in the area during the times stated.

“Anyone who has any relevant dashcam footage or anyone who has any information that may assist their enquiries.”

Police are linking this crime with a similar incident that happened on a farm near Northampton over the weekend in which 15 sheep were professionally butchered and their carcasses left behind.

The two incidents had caused “shock and repulsion” within the farming community, he added.

Since the start of the year, more than 150 sheep have been illegally butchered on farms in the Midlands.

Anyone with information is asked to contact Northamptonshire Police on 101, or Crimestoppers anonymously on 0800 555 111.

JOURNAL : Farmers Weekly

Traces of African swine fever (ASF) have been found in meat products seized at airports in Northern Ireland.

The NI Department of ***Agriculture***, Environment and Rural Affairs (Daera) said more than 300kg of illegal meat and dairy products were detected at airports in the country in June.

A sample of these seizures tested positive for DNA fragments of ASF at the Agri-Food and Biosciences Institute in Belfast.

While the discovery does not pose a risk to animal health status – or the disease-free status from ASF – it reinforces the importance of controls by Daera staff, the department said.

But Daera’s chief vet, Dr Robert Huey, warned that holidaymakers bringing in meat and dairy products could have a devastating impact on the UK’s agri-food industry.

“Imports of meat or meat products, milk and other dairy products are banned from most countries outside the EU,” he said.

Zoe Davies, chief executive of the National Pig Association (NPA), said the revelation highlighted just how vulnerable the UK pig herd was to ASF infection.

“We have always maintained that the biggest threat to the UK pig herd is from infected meat products that are illegally brought in from infected regions that then find their way into the UK pig herd or feral boar population,” Dr Davies said.

“It is therefore critical that we do everything in our powers to keep infection out of the country, including clear warnings at ports and airports that make the risks and penalties from bringing meat into the country clear to everyone, as well as more proactive surveillance and seizure of illegal meat imports.

“We also need to ensure, given that the virus might already be present in the country, that all pig keepers are aware of the risks of feeding meat and waste food to pigs, which is, of course, illegal.

“We are also encouraging producers to put up clear signage on footpaths and other areas of public access close to pig units warning the public not to feed pigs.”

The NPA has launched an industry-wide #MuckFreeTruck campaign to remind everyone across the supply chain as well as hauliers about the importance of ensuring trucks are clean and not carrying disease between sites.

Disease circulating

There are almost 6,000 ongoing cases of ASF across the world, according to the World Organisation for Animal Health (OIE).

Reports of African Swine Fever are circulating in continental Europe and Asia. At present, the disease continues to run rampant in China, with more than 130 outbreaks reported and more than one million pigs culled. The disease has also spread to Mongolia, Vietnam, Cambodia and Japan.

Defra has recently announced that it will be stepping up ASF controls at ports and airports, including a new poster campaign targeting travellers from ASF-affected regions, with warnings about bringing meat products into the country.

On-farm biosecurity measures to reduce ASF risk

Allow only essential visitors on to your farm and insist that they wear clean or disposable clothing and footwear.

Ensure all visitors wash their hands and, if possible, shower in.

Allow vehicles and equipment on to the farm only if they have been cleaned and disinfected beforehand.

Do not allow people who may have been in contact with other pigs on to your farm.

Do not allow staff or visitors to bring any pork products on to the farm and do not allow catering waste or household scraps to be fed to pigs.

Producers should source pigs and semen only with known health statuses.

Source: Ulster Farmers’ Union

JOURNAL : Farmers Weekly

Two new disc cultivators, including a huge 12m version, have been added to Kuhn’s Optimer range.

The 9m and 12m versions will join the 4m, 5m, 6m, and 7.5m machines already offered by the manufacturer.

Large 510mm discs are 6mm thick and their depth is controlled via front hydraulic rams.

An even pressure is maintained across the whole width thanks to front slave wheels and independent chassis sections, says Kuhn, and under-beam clearance of 55cm is claimed to be the largest in the sector. Outputs of up to 18ha/hour are possible with average speeds of about 15kph.

On the road, width is kept below 3m and height below 4m, so they shouldn't be too tightly restricted by road rules, either.

See also: Kuhn launches high-capacity 100t/hr square baler range

Prolander

Kuhn has added three new smaller mounted models to its Prolander light stubble cultivator range in widths of 4m, 5m and 6m.

Although the company already offered a trailed 6m model, these new mounted options are aimed at smaller farms with tractor requirements from 100-210hp – roughly 30hp/m should suffice for most jobs.

This is less than the trailed versions because being mounted sees more weight and grip shifted on to the tractor.

Central to the design is a 700x12mm S-shaped vibrating tooth, which is said to give good mixing of top tilth and should be ideal for creating false seedbeds at depths of 3-5cm to encourage germination.

BTFR 6030

Kuhn also says there is still strong market for power-harrow drill combinations and has launched a new hydraulic 6m folding rig that takes 460hp to pull it.

The front-mounted TF1212 hopper has a 1,500-litre capacity with a 500-litre extension possible. It’s Isobus ready and has steering wheels to help negotiate headlands.

The new Vistaflow head has been added to the BTFR, which offers intelligent tramlining so any row can be shut off on the drill to fit particular tramline arrangements. Half-width shut-off is also possible.

This system is also now available on the Espro and Aurock drills.

JOURNAL : Farmers Weekly

Morrisons has launched a £2m apprenticeship ***fund*** to encourage would-be farmers into the industry.

A spokeswoman for the supermarket chain said this was to help address farming’s recruitment challenge, with fewer farmers’ children wanting to take over the family business.

Morrisons said its programme would help tackle staff shortages by training employees and drawing fresh talent into farming.

It would also turn out apprentices with the business knowledge needed to grow produce for food manufacturers and retailers like Morrisons.

The programme will include:

Broad-based ***agricultural*** skills training from a recognised training provider.

Mentoring and support from fellow apprentices and key members of the Morrisons team to help understand the retail sector.

Matching apprentices with local stores so that budding farmers can spend days in store learning what customers want and how stores work.

Study to develop an understanding of customer attitudes to British sourcing, farming and animal welfare.

See also: More on careers and personal development

The spokeswoman explained how Morrisons had earmarked the £2m ***funding***.

“As an employer who pays the apprenticeship levy, Morrisons has the option to transfer up to 25% of its annual apprenticeship levy ***funds*** to other levy-paying or non-levy-paying employers.

“We’re keen to use this transfer ***funding*** to support employers within our supply chain to help address the skills issues facing the farming community and provide vital opportunities for people to get on to the career ladder."

The spokeswoman said the £2m ***funding*** would be an annual commitment.

How will the scheme work?

Anyone interested in taking up the Morrisons Farming Apprenticeship Scheme can apply by visiting the Morrisons farming website [*www.morrisons-farming.com*](http://www.morrisons-farming.com).

There are then three programme options:

Morrisons’ supply chain farmers employing staff aged 19 and older can register to receive ***funding*** that will cover the cost of apprenticeship training. If successful Morrison’s will work with them to enable them to select a training provider and arrange payment to thetraining provider

In addition, those wanting to farm or work on farms can join Morrisons’ Apprenticeship Scheme. This follows the same process but also offers:

- Mentoring and support from fellow apprentices and Morrisons’ team

- Matching apprentices with local stores to talk to customers and learn how stores work

- Supply chain projects to develop their understanding of customer attitudes

Apprentices on egg laying units can apply to join Morrisons' bespoke egg training scheme in association with Bishop Burton College. At the end of the programme apprentices gain a Level 2 or 3 Apprenticeship qualification depending on the programme undertaken.

JOURNAL : Farmers Weekly

Policymakers insist they will not delay introducing new ways of delivering ***agricultural*** support to Welsh farmers, including the planned phasing out of direct farm subsidies from 2021.

The Welsh government was reacting to speculation surrounding a statement made by first minister of Wales Mark Drakeford on Tuesday (16 July).

He announced that a draft law for ***agriculture*** reforms post Brexit would not be considered by the Welsh Assembly until after its next elections.

See also: New single farm support scheme planned for Wales

Those elections are not until 2021, and this has raised a question mark over whether the government’s timeframe is realistic, as the Welsh ***Agriculture*** Bill must pass through four stages to become law.

Under the current timetable, farmers will receive their last full Basic Payment Scheme (BPS) payment in 2020.

BPS faces axe

The farming industry was quick to react to Mr Drakeford’s announcement, hailing it as a “welcome delay” to the government’s planned timeframe to axe the BPS and replace it with payments to farmers for work that protects and enhances the environment.

According to the Farmers’ Union of Wales, “putting the brakes on moves to rapidly introduce radical changes to rural policies” was “an obvious way to avoid an administrative meltdown”.

But that reaction may be premature as, according to the government, the content of Mr Drakeford’s announcement has been misrepresented.

It is adamant it is not delaying its reform plans for ***agriculture***.

“Our timetable for reform remains unchanged and we will publish a White Paper next year,” a spokesperson pointed out.

The government said it would be able to “develop new systems of support” through powers ministers will be given in the UK ***Agriculture*** Bill, currently passing through parliament.

But lack of progress on Brexit has stalled that bill, casting doubt on plans in England to phase out direct support to farmers over a seven-year ***period*** beginning in 2021.

Mr Drakeford’s statement on Tuesday also raised questions on whether Wales would push ahead in the next year with a new law to replace the EU's environmental protections.

Environmental legislation

The devolved administration is talking to other UK governments about whether to implement these changes at a UK or Welsh level.

The Welsh government said it would need to “consider carefully” the approach being taken in Wales compared with the rest of the UK, pointing out that environmental legislation in Wales is set out in the Environment Act and Wellbeing of Future Generations Act.

Legislation to protect the environment in Wales would need to take into account requirements from potential transition or future trading agreements with the EU.

In England, NFU president Minette Batters has warned that the ongoing uncertainty over Brexit could result in a delay in ***agricultural*** transition.

But Defra secretary Michael Gove said progress is in the hands of parliament, adding that the sooner the ***Agriculture*** Bill was on the statute books, the better.

JOURNAL : Farmers Weekly

Since its introduction back in 2014, interest in Land Rover's Discovery Sport has boomed, and sales now total a whopping 350,000.

At the time, it was Land Rover's get-me-out-of-here ticket to the troublesome Freelander, and the restyle seems to have worked wonders, ticking the boxes for all manner of buyers – from families and retired folk, to sales reps and sporty types.

However, it means the firm's line-up is pretty confusing nowadays, especially since Jaguar Land Rover introduced the Velar, which sits no, we have no idea either.

See also: Video: Land Rover Discovery v Ford Ranger

One thing is for sure, the Discovery Sport is firmly planted at the bottom of the table, and with starting prices a smidge over £30,000, it is the cheapest way to become a new Land Rover owner.

It’s worth noting that few of the models littering UK roads will have rolled out for that reasonable price though. Opting for one of the higher trim levels and adding a few options can land customers with a bill of more than £50,000.

This means it has to rub shoulders with the premium German offerings such as Audi’s Q5 and the BMW X3, as well as Volvo’s XC60.

Buyers with that much to spend also have the option of stepping up to an entry-level, full-size Discovery or a base-spec Porsche Macan, both of which have a list price in the mid £40,000s.

See also: Pickup test: 6 farm trucks compared

Land Rover Discovery Sport HSE

Engine size (cc) 2-litre SD4

Transmission Nine-speed auto

Four-wheel drive Full-time

Max power 240hp

Max torque 500Nm at 1,550rpm

Claimed combined mpg 34.9mpg

Actual mpg (as tested) 26.3mpg

Top speed 127mph

0-62mph 7.2secs

Turning circle 11.6m

Wading depth 600mm

Ground clearance 211mm

Kerb weight 1,732kg

Towing capacity 2,200kg

Base model price (OTR inc VAT) £35,475

Price as tested (OTR inc VAT) £51,625

Engine and transmission

At its launch in September 2014, the Disco Sport carried an old and fairly ***agricultural*** 2.2-litre engine borrowed from the Ford Transit van.

But Land Rover now fits its two-litre diesel Ingenium engine, which is available in four versions with power outputs ranging from 150hp to 240hp, in the twin-turbocharged SD4.

Those keen to dodge diesel also have the option of a brace of two-litre petrol engines that develop either 240hp or 290hp.

Our test model came with the pokiest of the diesels, which performed as you would expect of something packing 240hp and 500Nm.

But there is a penalty for the performance – some rather disappointing fuel economy.

Land Rover publishes a combined figure of 35mpg but, after completing a test route that took in some light off-roading, undulating country roads and motorway cruising, it managed a paltry 26.3mpg.

As with all SD4 models, our vehicle was teamed with a nine-speed automatic gearbox, which is unfathomably slick when driven carefully.

However, we felt it had one too many cogs to deal with when pushed hard, and it occasionally resulted in some slightly lurchy behaviour.

Lower-spec models only come with the option of a six-speed manual, while buyers of the mid-range versions get the choice of having manual or auto.

Likes

Deceptively big inside

Responsive two-litre engine

Compact external dimensions

Clever seating arrangement

Gripes

Can get expensive

Off-road selection buttons aren't overly useful

Thirsty engine

Harsh suspension

Interior

Given it has had to play second fiddle to the posher Evoque, Land Rover has done a decent job of making the interior look smart.

It seems relatively well bolted together, has stacks of storage and a sleek, uncluttered layout. However, look a little more closely and it becomes clear there has been some cost cutting with the quality of materials.

The seating arrangement is clever, with a neatly packaged third row that can be easily dropped to reveal a huge boot. The middle bank of pews also slides by up to 160mm, giving extra boot or leg space, depending on your needs.

Entertainment comes in the form of an 8in screen embedded in the dash. This has all the features you would expect these days, but it is a little dimwitted and slow compared with its German and Swedish competition.

Off road

As with all compact SUVs, the Discovery Sport isn’t built with hardcore off-roading in mind, and buyers of the lowest-spec eD4 don’t even get four-wheel drive.

However, the permanent 4x4 system offered across the rest of the range will be more than adequate for most people’s needs, as will the 211mm of ground clearance.

Unlike the full-size Discovery, there is no low range, but it does try to compensate for that with its slightly gimmicky terrain adjustment scroll-wheel on the middle console.

This gives drivers the option of choosing settings for a number of surfaces that adapt the engine revs, gearing and traction control system to help best deal with those types of terrain.

There’s also a hill descent control button that helps take the vehicle down steep slopes in a controlled manner.

This is all well and good, but it didn’t to anything to improve the harsh and overly sporty suspension that made driving along rough ground a chore.

We found ourselves having to creep along rutted farm tracks, which this car should really take in its stride.

Hopefully, lower-spec versions with deeper-sidewall tyres and a less racy suspension setup will ride a bit better in this situation.

Verdict

The sheer number of Discovery Sports Land Rover has sold means it must be getting something right.

As well as having the badge and image to appeal to the Hunter welly and Musto jacket brigade, it backs that up with its ability to do some reasonably tough off-roading.

The 2.0-litre SD4 engine gives impressive performance too, but was too thirsty during real-world driving for our liking.

On the inside, the smart, functional interior looks the part and Land Rover has come up with some clever ways to make the most of the space.

Unfortunately, closer inspection reveals the use of some materials that feel a bit cheap to match the potential £50,000-plus price tag.

Opt for a low- or mid-range model, though, and the Sport looks like relatively good-value option.

JOURNAL : Farmers Weekly

“Climate friendly food is a public good,” declared NFU president Minette Batters at the recent joint event with the Sustainable Food Trust (SFT) – Farming & Climate Change: Towards Net Zero – “and we have the solution within our grasp”.

As a pragmatic, conventional farmer, I didn’t agree with all of the opinions expressed at this unique event, bringing together agriculturalists of all stripes, politicians, academics and government advisors, but on this point there was near unanimity.

“Quality” and “sustainability” were keywords of the day, along with a general acknowledgement that UK ***agriculture*** is already world-leading in many of these respects. We are well placed to deliver this public good, and many more.

See also: Ruminants unfairly castigated over greenhouse gas emissions

Yet there was an elephantine dichotomy to which discussion in the room returned again and again: price. When it comes to food, the current politico-environmental sustainability agenda is at total variance with the public’s cheap food agenda.

In a recent European Food Safety Agency poll of EU consumers, British shoppers were shown to be overwhelmingly concerned with the price of their food – far more so than the EU28 average.

Worries about sustainability and welfare came a distant last. Such results are borne out time and again.

How can this circle be squared? As a farmer, I want to produce high quality, safe, sustainable and nutritious food.

Higher regulatory standards are to be welcomed – not feared – in creating a world-leading, world-saving product. But quality incurs costs, and no politician would ever advocate higher food prices.

Indeed, even with the third cheapest food in the world, many British people already live in food poverty.

Yet when direct payments cease in 2027 – along with, potentially, ***agricultural*** tax breaks and the imposition of carbon taxes on farmers – the system currently subsidising consumers’ cheap domestic food will be swept away.

This may coincide with a no-deal Brexit driven by free-trade hawks who see the importation of the cheapest – and by definition lowest quality and least sustainable – food as a key aspiration.

The social iniquity of a two-tier system, where the wealthy can afford quality British food while the poorest in society eat the global dregs, should be clear.

We must therefore remind government ad nauseam that a no-deal Brexit would – according to Professor Dieter Helm, chair of the Natural Capital Committee and a speaker at the event – “slaughter” British ***agriculture*** overnight.

We must embrace the challenge of climate change and lead the charge on the “net-zero” agenda, while taking the public with us: we have a compelling story to tell – though marketing costs money, which we must be willing to spend.

We must as producers secure more than the 7% of the agri-food value chain that we do at present, both through greater direct sales and via stronger government intervention on retailer monopolies.

And we must ensure that sustainable food production is at the core of the ***Agriculture*** Bill by demonstrating the societal and economic benefits of high quality, healthy, nutritious British food and a thriving ***agricultural*** sector.

Closing the day, Patrick Holden, chief executive of the SFT, suggested that “we need to make the food price honest” to give a viable return to British farmers producing truly sustainable food.

The alternative is to export our food production – like our manufacturing industry – out of sight, out of mind and out of our control abroad. Unfortunately, climate change knows no borders.

JOURNAL : Farmers Weekly

I told a non-farming friend I was going to Groundswell, and that it was a two-day farm event showcasing regenerative ***agriculture***.

I explained this is about building soil health through practices such as reducing tillage, increasing organic matter and diversifying cropping.

Farming with your soil, not against it, I summarised. “Ah,” he replied, “the answer lies in the soil” - quoting the catchphrase of Arthur Fallowfield from the early 1960s radio comedy Beyond Our Ken.

See also: How Duchy Home Farm converted to fully organic

Arthur would have been broadcasting his seed on stony ground in the 1960s, when we thought we could fix everything in ***agriculture*** with enough machinery and chemicals.

This was seen as progress, in much the same way as the moon landing or microwave ovens.

Soil became something you did things to, so you could get a crop to stand up in it and take whatever inputs it needed to increase yield.

For years it worked, brilliantly, as chemistry got better, machinery got bigger and rotations got simpler. Not just in arable, but grassland farming too, as nitrogen-responsive ryegrass leys took over.

It would be too easy to come back from Groundswell, beguiled by the science of soil biology, the art of mob grazing and the practice of direct drilling, and dismiss that era.

Yield is yield and, though it may have plateaued now, we really thought we could feed the world.

But it turns out Arthur was right after all. The state of our soils, and the threat to the crops in them, is concerning. Producing more from a diminishing resource with a reducing armoury of chemicals is tough.

As input costs rise, yield looks like it should now take a back seat to margins. Feed the world? Make a profit, if you can.

What’s great about Groundswell is the people who run it, demonstrate at it and go to it. They are so upbeat. They take this scenario as a challenge, and they’re up for it.

Getting to grips with soil health and trying to keep inputs down while maintaining margins is making farming interesting again.

Twenty years ago I did a study tour in the UK and Europe looking at integrated farming. I visited all kinds of farmers, conventional and organic, who each saw their farm as a unified system and worked with it as a whole.

Then, organic farmers tended to take the chemical-free moral high ground. Conventional farmers tended to dismiss organic as irrelevant in food production.

Both had much to learn from each other – organic farming had to have a diverse system, but it did not have all the answers, and then, as now, the best conventional farmers were pushing the sustainability boundaries. But the two sides were a long way apart.

Last month I went with a group of conventional farmers from Kent to look round John Pawsey’s organic set-up in Suffolk It’s large scale, successful and the visit prompted many questions.

How much do we really need the inputs we think we do? How can we get to the holy grail of not needing to cultivate, but not needing glyphosate for that to work? The two sides were very close.

You would not have got so many conventional farmers interested in going to an organic farm two years ago, let alone 20.

That, and the success of Groundswell, is telling. Here’s to Arthur, and the next 20 years.

JOURNAL : Farmers Weekly

Police have appealed for information after a large amount of cattle were stolen from a farm in Northern Ireland.

On Saturday (13 July), a farmer in the Colane Road area of Aghagallon, County Antrim, discovered 29 cattle had been stolen from his farm.

The Police Service of Northern Ireland (PSNI) said the cattle were all of mixed breeds and were believed to have been stolen some time between Friday evening (12 July) and Saturday morning.

See also: Fleeced: Police failure to tackle sheep rustling exposed

Report rural crime anonymously

Farmers, rural communities and the public can give information about any incidents of livestock theft anonymously to the NFU’s Rural Crime Reporting Line, run in partnership with the charity Crimestoppers, by calling 0800 783 0137 or visiting [*www.ruralcrimereportingline.uk*](http://www.ruralcrimereportingline.uk).

A police spokesperson said: “Moving that amount of cattle may not have appeared suspicious at the time, so if you think you may have seen anything, or know anything about this, give us a ring on 101 quoting reference 1354 of 13/07/19.”

According to rural insurer NFU Mutual, rural crime in Northern Ireland cost £2.6m in 2017 – up almost 6% on the previous year.

Livestock, quad bikes, ATVs and tractors are the biggest targets for thieves.

The Ulster Farmers’ Union has called for the police and courts to work together to impose tougher sentences for rural criminals.

Top tips to deter livestock theft

Padlock field gates

Ensure stock is clearly marked and records are up to date

Where possible, graze livestock in fields away from roads

Check stock regularly, but vary times of feeding/check-ups

Consider a high-tech marking system such as TecTracer, which puts thousands of coded microdot markers into a sheep’s fleece

Ask neighbours to report any sightings of unusual vehicles loading sheep

Join a FarmWatch scheme

Source: NFU Mutual

JOURNAL : Farmers Weekly

Two of Scotland’s leading beef processors will lower the cap on the weight they pay farmers to 400kg from 1 October in a bid to encourage smaller slaughterweights.

Scotbeef and ABP Perth have begun briefing farmers about the impending changes, which will see the weight cap lowered from its current level of 420kg, with penalties on each overweight kilogramme.

Some other abattoirs across the UK are already capped at 400kg, while others pay up to 430kg, with the limit depending on the type of customer being supplied.

See also: What to consider when planning a compact-calving system

Scotbeef has long been a destination for lighter-weight cattle, so the change is not going to affect a huge proportion of throughput, said Bill Mackinnon, head of procurement at the firm.

“We have been taking to farmers about this for a long time,” he said.

“We have given them a three-month notice ***period***, which should give them plenty of time to adapt.”

The ideal weight for a carcass is between 280-350kg, he said, as at this weight the loin is the correct size to cut supermarket-sized steaks from. (see "Analysis: Why do carcass weights need to fall?")

Analysis: Why do carcass weights need to fall?

Supermarkets have pivoted in recent years to selling steak at a fixed price of about £5 or lower, meaning their size has to be fixed.

This has caused an increase in demand for smaller steaks – a review of online supermarket offerings reveals typical sale weights of between 175-230g.

The problem with more small steaks is that a carcass in excess of about 350kg has a loin that is too big to cut the steak from without having to trim it – with offcuts reduced from a value of £15/kg back down to mince value of £4/kg.

The resulting higher proportion of lower-value meat on a large carcass is therefore behind the move by processors to penalise heavier animals.

With prices in freefall over the past two months, some farmers are likely to have little sympathy with this processor conundrum.

However, with the average beef carcass weight rising by 60kg to 380kg in the past 25 years, the gap between what farmers are producing and what the customer wants is getting further apart. This issue is unlikely to go away.

However, he said he understood why farmers were trying to maximise their income by rearing animals right up to the weight limit.

The average slaughterweight across the UK currently stands at 350kg, according to AHDB data, with one-third of steers slaughtered above 400kg since January 2018.

!function(e,t,s,i){var n="InfogramEmbeds",o=e.getElementsByTagName("script")[0],d=/^http:/.test(e.location)?"http:":"https:";if(/^\/{2}/.test(i)&&(i=d+i),window[n]&&window[n].initialized)window[n].process&&window[n].process();else if(!e.getElementById(s)){var r=e.createElement("script");r.async=1,r.id=s,r.src=i,o.parentNode.insertBefore(r,o)}}(document,0,"infogram-async","[*https://e.infogram.com/js/dist/embed-loader-min.js*](https://e.infogram.com/js/dist/embed-loader-min.js)");

A rise in average carcass weights of 6kg, as well as a lift in numbers slaughtered in the past two months, has been one of a number of factors that has contributed to the sharpest fall in the price of beef since 2014, said Will Jackson, AHDB senior strategy director for beef and lamb.

“This has been caused by more hard feed through last year’s drought, when forage was at a premium, and a mild winter, which has also had a knock-on effect of reduced finishing time,” he said.

Two-way street

Robert Neill, who finishes beef cattle in the Scottish borders, said farmers will have to get better at finishing cattle within spec, but processors need to hold up their side of the bargain by keeping waiting times low so cattle can go when they are ready.

However, the 2017 Farmers Weekly Farmer of the Year warned that if prices did not rise soon, he fears a lot of suckler beef producers will be leaving the industry within the next 12 months.

“I am not a negative person, but at the moment the industry is getting it with both barrels from everyone,” he said, pointing to constant hostility from climate change activists and the vegan lobby.

He said there needed to be much more proactive work to paint the industry in a positive light.

JOURNAL : Farmers Weekly

Direct payments to farmers would be retained at one-third of current values as part of a radical shift to a sustainable farming system based on agroecology post Brexit.

The proposal is outlined in a report published by the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) Food, Farming and Countryside Commission, published on Tuesday (16 July).

The 75-page report, entitled Our Future in the Land, sets out a blueprint for the UK’s food, farming and countryside system as the UK is set to leave the European Union.

See also: Plan to abolish farm subsidies could be delayed

It says the UK is on the cusp of a fourth ***agricultural*** revolution, which “will be based on agroecological principles, regenerating natural resources, and sustaining the communities which depend on ***agriculture***”.

To support this vision, it suggests the UK government would need to pay farmers “baseline payments” of £500/ha for the first five hectares – and an additional £20/ha thereafter.

The payments would seek to engage the whole sector in gathering and submitting data, build skills to incentivise participation in continuous professional development and strengthen assurance.

Incentivise farmers

In addition, farmers would also be incentivised to follow agroecological principles, including planting trees, creating and restoring habitat corridors and natural grassland restoration. However, the report does not specify any recommendations for the value of payments for delivering these environmental measures.

“If all farmers received £500/ha for their first five hectares, and £20/ha thereafter, the estimated cost to the UK would be £840m/year, about one-third of the current CAP budget,” the report suggests.

Under the proposed scheme, a 240ha family farming business would receive £7,200/year in direct payments. This compares to about £55,400 the same-sized farm currently receives under the 2018 Basic Payment Scheme rate of £231/ha under the EU’s Common ***Agricultural*** Policy.

The report also calls for the creation of a National Agroecology Development Bank (NADB) – ***funded*** by the government and private investors – to finance land use and food production projects “that benefit ecology, health and communities”.

Five key recommendations from the report

1. A 10-year transition to agroecology, so farming works with nature, builds soil quality and dramatically reduces reliance on pesticides and antibiotics

2. The government to stop delays on policy and trade decisions and commit to a future-proof ambition and the essential elements of a transition plan by January 2020

3. More healthy British produce, particularly fruit, vegetables, nuts and pulses, and meat and dairy from “sustainable livestock”, to feed people healthily and reduce imports

4. The countryside to be at the heart of the UK’s green economy, via a co-ordinated policy effort across government that supports investment in infrastructure, skills and new enterprise

5. A E National Nature Service for 18- to 25-year-olds E to build on young people’s enthusiasm for tackling the climate and ecosystem emergency

Independent study

The two-year independent study, led by chair of Barclay’s UK, Sir Ian Cheshire, recommends the UK makes the transition to a sustainable and healthy food system by 2030 – or it will see “further climate breakdown and ‘rocketing’ diet-related ill health”.

It found that most farmers agreed they could make big changes to the way they farm in five to 10 years – but they will need the right backing.

Sir Ian, chairman of the RSA Food, Farming and Countryside Commission, said: “Our planned exit from the EU creates a once-in-50-years opportunity to change our food and farming system.

“But we need to act now: Whatever happens next, the climate emergency makes urgent, radical action on the environment essential.”

He added: “We offer the government our shared vision for a UK food and farming system, which changes our countryside and puts farmers in the driving seat. And we invite the government to adopt this plan to establish an agroecological, sustainable future.”

Defra plans

In September, Defra secretary Michael Gove published plans for a major post-Brexit farming policy system, moving from the CAP, which pays UK farmers £3bn/year for owning land, to payments for delivering environmental outcomes.

Under the ***Agriculture*** Bill, current land-based payments to farmers will be phased out over a seven-year ***period*** starting in 2021. They will be succeeded by public ***funding*** for public goods, at the core of which will be the Environmental Land Management system (ELMs).

Commenting on the RSA commission’s proposals, Mr Gove said: ““It is in the interests of farmers to move to a more sustainable model, which is why our ***Agriculture*** Bill sets out a new framework that will reward them for the work they do to protect and enhance the environment.”

Defra’s recently launched food review, led by the co-founder of the Leon restaurant chain, Henry Dimbleby, will “look afresh at our food system to ensure everyone has access to high-quality and healthy food”, Mr Gove added.

Reaction to RSA commission report

NFU vice-president Stuart Roberts said: “This report rightly recognises the need for change and the important role our sector plays in producing quality food that underpins a healthy diet; one that must be affordable and accessible for all.

“If we are serious about our nation’s health, we need to avoid blunt tools to solve complex problems and instead the government needs to invest in quality, affordable, domestic food production as a strategic priority.”

Helen Browning, Soil Association CEO, who is also a member of the commission, said: “We must put health at the heart of our food and farming systems, to mitigate and adapt to climate change, reverse the biodiversity crash, and enable rural communities, including farmers, to thrive.”

Caroline Lucas MP, former Green Party leader and MP for Brighton Pavilion, said: “Above all, this is about a historical shift to sustainable farming systems based on agroecology, not agrochemicals. Getting this right is essential for averting climate breakdown, restoring nature and securing human health, wellbeing and livelihoods.”

David Drew MP, Labour’s shadow Defra secretary, said: “The twin goals of providing sufficient good, wholesome food, accessible and affordable against a background of climate change, and all that entails means the emphasis on agroecology is most apposite.”

Alistair Carmichael MP, Liberal Democrat Environment spokesman, said: “Farmers must be placed at the heart our countryside. As the report suggests, it is time public bodies like schools and hospitals are obliged to buy healthy, sustainable, British food.”

Prof Joanna Price, vice-chancellor of the Royal ***Agricultural*** University, said: “The report is refreshing, because as well as being frank about the scale of the problems we face, it is a strong vote of confidence in farmers, land managers, and all of us in our communities, to solve them.”

JOURNAL : Farmers Weekly

An estimated 15.7m domestic camping and caravanning trips were made in the UK last year, making it a potentially lucrative additional income for farmers with land to spare.

So how do you go about setting up a campsite or caravan site on your farm? Find out what you need to do about:

planning permission

licences

tax

budgeting

market research

insurance

And find out more about glamping and read a case study on Norden Farm, which has been running a camping businesss since the early 1970s.

Planning permission

Any change of use from ***agriculture*** needs planning permission, although some small scale camping is allowed under permitted development rules.

For permanent and larger seasonal sites, full planning permission will be needed. National government guidance broadly says local authorities should support farm diversification applications including tourism.

See also: Video: So you want to set up a livery yard?

Key considerations will be the highways and access implications, as well as the size of the site, proposed number of pitches and the visual and landscape impacts.

This last aspect will become more important where land is subject to a special designation such as a National Park, an Area of Outstanding Natural Beauty or if the site is close to an important Site of Special Scientific Interest.

Certain activities including camping can be carried out without full planning as long as they are for no more than 28 days a year.

Prior notification of this to the local planning authority under permitted development rules is still likely to be needed, however.

Also, any structural works or engineering such as hardstanding are likely to need planning permission.

Any other permissions or licences?

Many camp sites need to be licensed by the local authority, which can set conditions about how the site should be laid out, what type of caravans are allowed and what toilet and washing facilities should be provided.

Planning permission must be in place before the licence application is made.

Also, those selling food to campers must meet legal requirements in this area too and need to register their premises with the local authority environmental health department.

Campsite owners must also provide consumers with certain information before accepting a booking, such as their pricing, payment and cancellation terms, advises diversification resource the Business Barn.

Certain equipment must be tested annually or at other intervals, for example electric hook-ups and fire extinguishers.

What about tax?

Tax considerations will be both short- and long-term. It is important to consider ownership of the business and whether it should be run as one with the farming business or separately, says Sam Kirkham, a partner with accountant Albert Goodman.

Making the camping enterprise a limited liability company or partnership may offer some protection for the core farming business assets, but this is not appropriate in all cases.

Campsites may be considered a property business for tax purposes, as may glamping although it is possible that some ventures could rather be considered as letting out holiday accommodation or a trade, says Ms Kirkham.

Classification as a property business runs the risk of the venture being treated as an investment business which could lead to important reliefs being lost.

Broadly speaking, the more services that are provided to glampers, such as cleaning, linen and meals, the more likely the business will qualify as trading.

Taking any land out of ***agricultural*** use will remove it from eligibility for ***Agricultural*** Property Relief for Inheritance Tax purposes, although Business Property Relief should apply as long as the overall business is deemed a trading business.

Business planning and budgeting

Labour will be a big cost – maintaining a site well takes a great deal of time. Planning requirements such as landscaping and specialist materials will add to the cost.

Many campsites will qualify for small business rates relief, but business rates will be an issue for large sites.

While it is relatively easy to asses where to pitch your prices, one of the most difficult things to budget for is the occupancy rate, says Andrew Troughton of land agent Carver Knowles, who advises farmers and landowners on a wide range of diversification projects.

He advises adding sensitivity in the budget to test the financial impact of different occupancy rates.

Many customers will want internet access, although improving 4G access makes this less of an issue. Where the service needs to be improved by installing a dedicated leased line, this can cost up to £9,000 a year so needs to be factored in to the budget.

Market research

Visit the competition and campsites in other areas to absorb ideas and tips where possible, say advisers.

What attracts campers to your area – what else is there for them to do and how could your site offer something extra or different?

Avoid providing too many services or facilities which could involve unnecessary investment.

Insurance

Inform your insurer at the feasibility stage about any proposed changes in activity on the land.

Farm insurance covers you only for farming, although some policies now automatically include cover for a very small site such as the Caravan Club’s certificated sites.

Public liability will be the biggest issue – you have a duty of care to anyone on your premises, says Nigel Wellings of Acres Insurance Brokers.

In his experience, slips, trips and falls are the biggest causes of claims on campsites and glampers are more likely to make claims than other campers.

Public liability policies often provide a minimum £10m liability cover. Diversification into camping is generally viewed as a relatively low level insurance risk, unless activities such as trampolines and swimming are included.

Turnover will be one factor in determining the cost of cover, alongside an appraisal of the site and what activities, services and facilities are offered.

Adding a general campsite operation is likely to put an extra £100 to £500 a year on the cost of your public liability policy, says Mr Wellings.

“But it depends on what facilities you are offering – if you start providing food and playgrounds, you have a higher risk, so be very clear with the insurer what activities will be taking place and keep them informed as the site develops.”

Where items such as tents or pods are being offered with services such as cooking equipment and barbecues or hiring out fire pits, the risk rises and so does the cost of cover.

“It’s also a good idea to separate the farming activities from the campsite as much as possible,” says Mr Wellings.

All policies will require compliance with any relevant legislation, so a risk assessment and health and safety policies are needed for the site, as well as emergency procedures with which staff need to be familiar.

Legal liability cannot be offloaded or contracted out, so while clear signage helps, signs telling campers they are doing something at their own risk will not protect in the event of a claim.

However, a sensible set of terms and conditions should be issued to campers at the time of booking, Mr Wellings says.

Certificated sites – a way in

For those wanting to get into offering camping in a small way, certificates are issued to landowners and occupiers to run small five-pitch touring caravan and motorhome sites, and in some cases also up to 10 tent pitches.

Planning permission for these sites, known as CL sites and associated with the Caravan Club, is not usually needed unless buildings or other structures are being put up or any engineering works such as all-weather surfacing, septic tank or effluent treatment plant are planned in association with the site.

All sites offer drinking water, chemical emptying and dry rubbish disposal, while more than four in five have electric hook-ups. Many have some hardstanding pitches, toilets and showers.

Glamping option

Glamping can be a relatively small-scale, low-cost entry to the camping world.

Sites tend to be small to give exclusivity – at the same time they usually need to offer something special in terms of the site and location.

Andrew Troughton of land agent Carver Knowles set up a site on his Somerset arable and sheep farm in 2014.

It has four bell tents catering for 15-20 people and many of the customers take the whole site for hen parties, reunions and family gatherings.

The site is run day-to-day by his wife Holly. “We’ve kept it very small because that suits us, it also keeps the costs down because we do the work ourselves,” says Mr Troughton.

“Initially there was some local concern about the scale of the site and traffic - that four tents would turn into 40 - but four years later there are still four tents.

“There has been some concern that the glamping thing is overdone – anyone planning such a venture has got to look at what’s on offer locally and what differentiates your site.”

Franchise glamping operations are also worth considering, some of these are well established and take out some of the risk in terms of sourcing equipment, marketing and taking bookings.

These usually take a cut of the site income and can be prescriptive about how the site operates, for example when it opens and closes and what to charge, says Mr Troughton.

Where to find more information

On caravan licence requirements – contact your local authority or read more on [*www.gov.uk/caravan-site-licence*](http://www.gov.uk/caravan-site-licence)

Business rates

[*www.gov.uk/introduction-to-business-rates*](http://www.gov.uk/introduction-to-business-rates)

Small sites

[*www.campingandcaravanningclub.co.uk*](http://www.campingandcaravanningclub.co.uk)

Case study: Norden Farm, Dorset

Norden Farm close to Corfe Castle has been hosting campers since the early 1970s when things were informal, with few facilities.

The site has grown significantly in the intervening years. During that time much has also changed on the farm.

Farm facts

Norden Farm, Corfe Castle, Dorset

380-acre beef and sheep farm

100 sucklers taking calves to nine-month stores, 50 ewes

Open from 1 March to 31 October (weather dependent)

200 all grass pitches, 130 with electric hook ups

AA four pennant site

20 full-time staff (including five resident wardens), five part-time staff

Free fishing for campers

Cereals became marginal as growing costs rose on the acid clay soils. The pig enterprise has also gone, as have the battery hens, and the dairy herd.

“You have to make some brave decisions,” says Jonathan Ramm, one of the five partners in the business

Beef cattle and sheep are now the main farming enterprises in the five-partner business.

Four partners are family members, while Ben Barton, who joined as a teenaged part-timer helper back in 2005, is the fifth partner.

Jonathan runs the beef cattle and sheep enterprises, his older sister Cindy Ramm manages the accounts and his younger sister Kirsty Anstey manages Norden Cottage (former dairyman’s accommodation), now a small holiday let sleeping up to four people, and the farm shop.

Their mother is also a partner but not involved day-to-day in the business.

The campsite is managed by Ben who also oversees the bookings for Norden House, the original farmhouse on site which is now a holiday house sleeping up to 14.

The Ramm family began as tenants on Norden Farm in 1961 and got the chance to buy the farm from their landlord, Imerys, in 2004.

The farm’s former owner had worked part of the farm in search of clay since the 1760s, which means that certain areas of land are strictly out of bounds.

The late 1970s saw toilets and showers installed on site, with electric hook-ups added in 2000. A new facilities block was built in 2005 after the farm was purchased.

Now in a ***period*** of consolidation, improvements are made as necessary and when the returns justify it, such as the new facilities block completed in 2010. Immaculately maintained, it appears much more recent.

The very well-stocked shop was also rebuilt in 2014. Much more than a campsite shop, it offers stock feed and general supplies alongside a wide variety of food, fuel and good quality plants.

This makes it a local shop rather than simply to serve the campsite, helping to maintain sales at quieter camping times.

The business benefits from at least 60% of bookings being made by repeat customers. This is achieved by knowing customers well and providing exactly what they want.

“Most of our customers are looking for a traditional campsite – we are a rural, family site,” says Cindy.

“We don’t want to get too big – we’ve already got up to 1,000 people on site at peak times but it’s still got a personal feel.”

This is largely due to the family involvement, the warm welcome and relaxed atmosphere, alongside the attention to detail in camp maintenance. “It takes a lot of effort to make the site look as it does,” says Ben.

“We’re fairly relaxed, but we have terms and conditions which we use if we need to. We also accept some groups, which many campsites don’t.”

Organised entertainment or activities such as a swimming pool are not part of the offering at Norden Farm although local bands are booked to play once a week in the high season.

More people are coming to the area but they now have more options, says Ben.

“There’s definitely more competition and there are a lot of 28-day places opening.” These sites do not need full planning permission and operate under permitted development rules, so have lower costs than permanent sites.

The working farm aspect is important and until the dairy herd was sold in 2010, the cows were walked up the main access yard leading to the campsite.

Changes over the years include the way business comes to the site, with more booking in advance and less casual trade, says the family.

The site’s Facebook page links the farm with its customers and the local community. Marketing is relatively low key, with advertising on a couple of the national camping and caravanning websites which is very good value says Ben, at as little as £200 a year.

Top tips from Norden Farm

Be organised

It’s hard work – you are beholden to the public and it can be a 24-hour job – you can’t just shut the gate

Getting the right staff is critical

People will produce more rubbish than you expect – be prepared to deal with lots of it

There will be emergencies such as illness on site – have a plan for these

Power supply can be an issue in cold weather when demand from campers increases

Address any complaints or bad reviews quickly

JOURNAL : Farmers Weekly

Unless you are one of a growing number of no-tillers or you plough every year, it is difficult to be prescriptive when it comes to post-harvest cultivation strategy.

There is residue management to consider, the potential requirement of remedial work on soil structure – and all while trying to get the perfect seed bed prepped for the following crop.

However, with many farms grappling with problem weeds, particularly grassweeds, correct identification and understanding of the biology of each species is vital in order to adapt stubble management strategy to each situation.

See also: How to plough to bury your blackgrass

That’s the view of Hutchinsons technical manager Dick Neale, who says growers are often too dogmatic in what they do once the combine has left the field, often to the detriment of weed control.

Post-harvest stubble management – key points

Evidence suggests no significant reduction of most annual weeds by early stubble tillage in dry conditions, so consider leaving soil uncultivated to allow predation and germination of fresh seed.

In damper conditions, cultivation after harvest can increase germination of freshly shed seeds where they are moved into moisture and older seeds exposed to light.

Volunteer cereals can be cultivated immediately after harvest, particularly if moisture is present.

Oilseed rape seed losses at harvest should be left on the soil surface for 4-6 weeks to avoid seeds becoming dormant.

Always prioritise seed-bed quality over other factors to ensure rapid crop establishment and good pre-emergence herbicide efficacy.

Brome infestation

He gives one example of a farm he visited recently, which was experiencing high levels of meadow brome across 120ha of its winter barley area.

When cultivation strategy was discussed, it turned out that the farm always cultivates everything within 48 hours of a crop being cut, with no consideration of the potential agronomic consequences.

As many meadow brome seeds are thrown out of the back of the combine at an immature stage, it requires about one month’s exposure to sunlight and diurnal temperature fluctuations to finish maturation, break dormancy and germinate. It can then be sprayed off ahead of drilling.

As the grower was burying the meadow brome seed in a dormant state, it is likely that it retained that dormancy until it was brought back up to the surface, where it germinated in the crop.

“Some growers will continue doing the same thing because that’s the way it has always been done – and if you don’t have any grassweed problems, that’s fine, as you can pretty much do what you like,” says Mr Neale.

“But where there are grassweed problems, they need to be identified correctly and each species’ biology understood to get stubble management right.”

Surface depletion

There has been a trend towards earlier post-harvest cultivation over recent years, with the sole purpose of encouraging germination of freshly shed weed seeds, but there is little evidence to show this is the right approach in all situations.

In fact, a research review commissioned by the AHDB and carried out by Sarah Cook at Adas suggests that it might be far wiser to leave seeds of most weed species, including blackgrass, on the soil surface.

However, former Niab Tag agronomist and weed specialist Jim Orson believes the situation is more nuanced and for many (but not all) weed species it is a question of providing the best moisture conditions for seed germination.

So, where the soil is bone dry after harvest and there is no substantive rain forecast, seed on the soil surface (possibly under a straw cover) may experience more moisture from dews and any light showers than if the soil is lightly cultivated.

This means not cultivating at all provides better conditions for germination.

“On the other hand, where there are moist soil conditions directly after harvest, the seed will experience better conditions for germination after a shallow cultivation,” Mr Orson explains.

“It is not only common sense; for blackgrass, this conclusion is supported by field trials.”

However, he notes that some weeds must be retained on the soil surface in all weathers, including meadow, soft and rye brome, which should be left on the soil surface for a month.

In addition, wild oats should be left on the soil surface for as long as possible in the autumn.

Where high numbers of sterile or great brome seeds are on the soil surface, ploughing to a depth of 15-20cm will cause suicidal germination, while shallow surface cultivation will encourage a chit and the opportunity to spray off with glyphosate.

Good straw cover, where it is being chopped and spread, may also provide adequate darkness to trigger seedling growth.

Cereal volunteers – provided there is adequate soil moisture – should also be shallow-cultivated into the soil to encourage a flush.

Conversely, oilseed rape seeds should be left on the surface for four to six weeks, or growers will risk creating future problems.

Incorporating freshly shed oilseed rape seeds into the soil straight after harvest makes them dormant, resulting in greater volunteer emergence in future seasons.

Optimum establishment

It is clear that there is some conflicting advice in the area of post-harvest stubble management and the industry needs comprehensive, multi-year trials to identify the best approach in a range of situations.

However, independent grassweed expert Stephen Moss believes flexibility is the key, as conditions vary so much from field to field and from year to year.

He agrees that leaving the soil undisturbed for a ***period*** of time is best when soil conditions are dry, encouraging surface germination and depletion of weed seeds.

However, there is a better case for cultivating early when soil moisture is present, as this can trigger germination of freshly shed seed on the soil surface and help chit older seed, thus depleting the seed bank.

“Also, the notion of ‘as little tillage as possible’ to avoid encouraging blackgrass germination is sometimes oversold,” says Dr Moss.

“It’s certainly a valid concept, but not at the expense of the overriding priority, which should be seed-bed quality, both to maximise crop emergence and pre-emergence herbicide efficacy.

“Growers are increasingly dependent on residual herbicides for grassweed control, but getting the seed-bed right is something you have at least some control over.”

When and how to cultivate?

So, what is the practical advice on the best time to cultivate – and how to do it?

Clearly, much will depend on the crop being established, with oilseed rape and winter barley fitting into an earlier drilling window and leaving much less time for stale seed-bed preparation.

But leading into winter wheat, where delayed drilling is a key tactic in tackling grassweeds, Mr Neale sees little point in cultivating until mid-September, when the main blackgrass germination ***period*** kicks in. Other species such as ryegrass have similar germination ***periods***.

When planning cultivations, he says, a minimum of two weeks should be allowed between cultivation passes and between cultivator and drill to allow a fresh weed flush for destruction.

For example, if aiming for a 15 October drill date, counting back two weeks will determine a final cultivation timing and a further two weeks back for the first pass.

Glyphosate can be applied ahead of the second cultivation, if necessary, with a final application going on ahead of the drill. Mr Neale also advises growers to work shallow when working in a relatively tight window.

“If you work to depth, you bring up raw, unweathered soil – and for that, you have to build in more weathering time. If you stay shallow – about 4-5cm – you don’t need the weathering to produce the final seed-bed,” he explains.

Cultivator set-up is also an important consideration, with the first pass needing to be well consolidated to achieve weed seed-to-soil contact – but not too fine, allowing the soil to maintain its aggregate stability.

“If you work the soil too fine too soon, even on the second pass, it will become sticky, unstable and prone to capping if it becomes wet and it just won’t dry out before drilling,” says Mr Neale.

“Using a very light movement with something like a stubble rake might be more appropriate to avoid overworking.”

Top tips on keeping soils in good condition

While grassweeds will be a big driver for many post-harvest stubble management strategies, there are five other factors to consider.

Independent soil and cultivations expert Philip Wright provides some top tips on keeping soils in good order for the following crop this summer and autumn.

1. Check crops now for areas of concern

Are there areas in the field that look compromised? If there are poor areas, investigate why and find out if it is a soil-related issue.

The best way to do that is to check crop roots. Dig a pit in a good area first to get a benchmark and follow up with soil pits in the bad areas and look for differences.

If soils are the same, it might mean soil analysis is required to investigate nutrient status, and other factors, including pH.

However, if roots are compromised by low soil porosity, you can start to think about cultivation strategy.

2. Residue management

When removing straw (whether you are doing it yourself or using a contractor), ensure that traffic and tyre pressures are adequately managed to avoid soil compaction.

If chopping straw on the combine, make sure it is making a consistent job.

This may mean more costly changing of chopper knives, but this is significantly cheaper than adding extra cultivation passes to manage lumpy residue and (sometimes) increased slug issues later on.

3. Default action should be less

Many factors drive the need for cultivation, but growers should avoid the mindset of doing what they have always done, at the same depth.

Instead, the default should be doing nothing at all, or doing it shallower, and increasing the depth and frequency of cultivation only if absolutely necessary to avoid overworking the soil and creating structural problems.

Rotating working depths season to season avoids creating “planes of weakness”, which can act as barriers to fine particles and create restrictions to water and root passage.

4. Consider drainage integrity

The pipes and outfalls are important, but consider if there is anything impeding water getting to the drainage system in the first place.

Where low porosity is identified and it is dry at depth, consider remedial work with a soil loosener, targeting only areas where action is required.

If soil is still plastic underneath, it is better to wait, or to working shallower if it is drier there, as more structural damage may occur. However, where mole ploughing is deployed, plasticity is ideal.

5. Avoid leaving land fallow

Especially for extended ***periods*** ahead of later-sown autumn or spring crops.

As soils near field capacity, if a growing cover crop can move out water, this creates wetting and drying cycles, which helps to create natural surface tilth.

Often, low seed rates are better as the soil surface remains open for such tilth formation and weed seed germination.

In turn, this helps to minimise the extent of further cultivations – a benefit to weed control and soil structure itself.

Glyphosate stewardship advice

Glyphosate plays a key role in managing weeds between harvest and drilling and growers are urged to stick to stewardship guidelines to avoid the evolution of resistance.

Its main use in the late summer and autumn is taking out annual grasses such as blackgrass, ryegrass, bromes and wild oats as growers look to deplete seedbanks before planting the next crop.

Regular use in this area has raised concerns about grassweeds developing resistance to the herbicide, which would make grassweed control more difficult and costly than it is now.

Barrie Hunt, Bayer’s glyphosate expert, says correct use will not only get the most out of the active but also minimise the risk of resistance developing.

Timing of application is important, and he cautions against applying too early. Growers can sometimes see large numbers of blackgrass seedlings – like “needles” – coming through and rush to spray.

Germination is often staggered because plants are emerging from slightly different depths.

This results in suboptimal control as the flush continues to come through post-application.

Mr Hunt urges patience and advises growers to wait until the targets are at the two- to three-leaf stage.

“Ideally, they should be sprayed before tillering with 540g/ha of glyphosate. If plants do start to tiller, increase the rate to 720g/ha to ensure a lethal dose is applied,” he adds.

Optimum application

With glyphosate often applied to stubbles or bare cultivated ground, complacency can creep in to spraying operations, but Mr Hunt says operators must approach this like any other treatment, such as an expensive pre-emergence herbicide stack.

That means reducing forward speed, maintaining optimum boom height and working with the right nozzles at the correct pressure to deliver a medium-coarse droplet, ideal for glyphosate and helping to minimise drift.

Low water volumes and the use of water conditioners where supplies are hard is also advised.

But perhaps the most important thing from a resistance management perspective is to avoid too many repeat applications to the same field.

According to Mr Hunt, as part of the AHDB glyphosate resistance management project, Adas gathered data from years of trials to find the optimum number of applications for weed control in any one autumn – and it was found to be just two.

“The difference between two and three sprays was about 2% [extra control], so there is definitely little benefit from more than that.

“For best results, we say use two 540g/ha applications spaced apart. Between applications, use a cultivation and consolidation to generate the next flush and act as a level of control, should there be any survivors,” he adds.

JOURNAL : Farmers Weekly

Ewe condition before tupping, tyre wires in silage and lameness in housed sucklers are among the problems that occur later in the year, but have their roots in summer management.

Our Vet Viewpoint experts also look at lungworm and ewe condition.

See also: 4 common Johne’s mistakes and how to avoid them on dairy units

Nick Pile

Cliffe Farm Vets, Lewes, East Sussex

Early cases of lungworm will be seen in the next few weeks.

Parasitic bronchitis, or "husk", usually affects young dairy calves at pasture, but can also affect yearling beef calves or autumn-born suckler calves in their first grazing season.

Clinical signs will vary from mild coughing to death, depending on the level of exposure and pre-existing immunity. Immunity after larval exposure or vaccination will only last a few months, which explains why adult cattle can also be affected.

Continued low-level exposure is essential to maintain immunity. Those animals which suffer from disease caused by adult worms will have a longer-lasting immunity, but will experience productivity losses and be more prone to bacterial pneumonia.

The main source of infection is carrier animals, and quarantine treatments are an essential part of control, alongside vaccination on affected farms.

Rebecca Davenport

Farm Veterinary Solutions, Melton Mowbray, Leicestershire

When assessing ewe body condition score at weaning, is important to identify concerns with ewe health, and allow time to correct nutrition before tupping.

It can take six to eight weeks to improve a ewe’s body condition by one score on grass-based systems alone.

Investigating thin ewes, it is important to rule out any underlying diseases such as fluke, Johne’s and MV, as well as assessing trace element deficiencies.

With time, these can be corrected to ensure ewes are at their best before tupping.

Trace elements such as copper, selenium, cobalt and iodine can have an effect on fertility, scanning percentages, lamb vitality and growth.

It is important to diagnose deficiencies before treatment, as oversupplementation can cause toxicity and sudden death.

Blood sampling six ewes in each management group during the summer months provides information on your flock trace element status.

Lee-Anne Oliver

Scott Mitchell Associates, Hexham, Northumberland

Lameness in housed suckler cows was a significant problem last winter. Traditionally, there is a far lower incidence of lameness in sucklers than in dairy herds, but we saw some suckler herds with as much as 8% of cows affected.

Claw horn lesions, such as sole ulcers and slurry heel, seem to feature most on farms running the same cows in the same sheds as they have done for a number of years.

So why such an increase this year? Did last year’s dry summer have something to do with it?

It has certainly focused our minds on trying to prevent lameness in the suckler herd.

We will continue to review lameness in the affected herds and put preventative measures in place to prevent similar problems next year.

Rachel Hayton

Synergy Farm Health, Dorchester, Dorset

Recently we have seen several sick cows suffering with traumatic reticulitis, or tyre wire disease.

Tyres used to weigh down silage sheets disintegrate with age, exposing pieces of sharp metal wire, which can break off into the silage.

If these are eaten, they penetrate the reticulum and cause peritonitis and pericarditis, which is often fatal.

Sometimes they end up in more unusual parts of the cow, too. Many farms individually dose cows with magnets or put a magnet on the feed wagon.

This is a great idea, but will only reduce the size of an existing problem.

There is really no substitute for disposing of old tyres and replacing them with a safe alternative. Now is a good time to have a look and make a plan.

JOURNAL : Farmers Weekly

A North Yorkshire farmer is running an Italian-built front-mounted rake combined with a baler on the rear to make his rowing and baling operation a one-pass affair, curbing the reliance on hired-in help in the process.

Simon Smith runs an 800ha contract baling operation alongside his family farm, but invariably found himself rowing up grass with one tractor and then swapping seats to re-enter the field with another to bale the recently formed rows.

He was becoming frustrated, as jobs were taking almost twice as long and it was beginning to affect the business’s profit margin.

His focus has been further sharpened over recent years as the pool of good, reliable workers has all but dried up, forcing him to explore other labour-saving avenues.

All his tractors had front linkages fitted and he was sure there had to be a way to make use of them to row up grass in front of the baler.

See also: Farmer builds ingenious twin-chamber double square baler

Prototype

His original idea was borne from an old 5.5m twin rotor Pottinger rake that the farm already owned. This was a mounted model and the process involved cutting the headstock off and welding it on the reverse side of the machine, so the rotors were spinning in the right direction.

Once up and running, the rake was able to row up for the following baler, but with only a small rotor, this meant the baler wasn’t fed with enough material, and although the baler could go quicker the rake wasn’t up to the task so a larger design was needed.

After some research into front rakes, he came across Abimac – a 40-year-old Italian firm that had strong sales on the continent but little experience of selling into the UK.

A hop over to the factory in Turin convinced Mr Smith to purchase one of the rakes and the move has subsequently seen him become the UK importer and sole dealer.

Butterfly Avantime

Mr Smith likes the mechanical construction of the Abimac product, which comes in 6m, 7m and 8m variants, all folding to a 2.5m width for road travel.

One of the most striking features of the set-up is that the rake sticks out 2.8m from the tractor’s front linkage.

It makes the baling rig a bit cumbersome in transport and awkward gateways can be problematic, but Mr Smith insists it’s little different in practice from carrying a front-mounted mower.

The biggest 8m rake weighs 1,750kg, but this bulk doesn’t sit solely on the front linkage.

There is also a steering dolly wheel at the end of the main beam, which means the tractor’s top link isn’t required and the weight is balanced between the linkage and wheel.

A 25hp hydraulic motor powers both rotors, so it doesn’t require a tractor with a front pto, either.

When we saw it in action it was coupled to a Case-IH 1455XL that coped with the baler and rake reasonably well, though it did struggle for oil flow when both implements were working hard.

To help thicker swards glide ***smoothly*** under the tractor, there’s an angled deflector plate to protect material being snagged on the link arms.

Enclosed cam tracks run in gear oil and require servicing every season – they are manually adjustable by simply removing a hand-tightened screw and tweaking to suit.

The protection system uses a plastic nylon collar between the hydraulic motor and drive that should fail before any damage occurs.

If not, each arm has has a stub shaft to avoid any further damage. Both rotors sit on four 360deg wheels.

There is various holes along the beam to manually extend the rotors by 50cm on the smallest model and 80cm on the largest 8m, which can be hydraulic on this model.

UK spec

Although impressed when he saw them in the flesh, Mr Smith decided some changes were needed for the machines to be strong enough to withstand UK conditions.

With that in mind, the regular tines have been replaced with heavy-duty versions that are suitable for thicker crops and more unforgiving terrain.

Another big issue was road safety. Hedges and trees blank visibility when pulling out of small gateways, but when an extra 2.8m is added to the front of the tractor, viewing the road safely from the seat is almost impossible.

Mr Smith adds two cameras to the nose of every rake sold in the UK. He wires the cameras into the side lights so they can be switched on and off when needed and then connects wirelessly to the screen in the cab, which just requires a 12V connection.

These are positioned to look both left and right to check the coast is clear before moving off.

There are also flashing orange LEDs under the cameras on the main beam to alert other road users and some forward-facing headlights, as the tractor’s lights are shielded when the rake is folded.

Handily, the rakes come equipped with a number of spares to avoid lengthy down time waiting for parts, including a spare drive coupling, two tine arms and two shearing studs.

In the field

New operators are taught to drive as if they are baling rather than raking. However, the set-up does take a bit of getting used to – corners can sometimes take two bites to negotiate and working out how to divide smaller fields comes with experience.

Mr Smith is convinced the output of the rig is comparable to his old set-up, as he is entering the field only once, with one tractor and one person driving, even if forward speeds are slightly down.

Rowing up along a headland is much improved, he says. Being able to see the rake spinning in front of the cab rather than behind has big benefits – not only is neck ache reduced, but small twitches on the steering wheel make instant adjustments to the rake’s position, unlike a trailed unit which takes a few seconds to follow the tractor’s new path.

It is also possible to run the front rake without a baler and row up for following choppers, and there is the option to push two rows into one behind smaller combines at harvest.

This would allow bigger balers to work nearer their maximum and could be a significant benefit for many contractors.

Abimac Avantime Butterfly

Model

7810/13

Max working width

7.8m

Number of arms

13 per rotor

Rotor diameter

3.4m

Power required

130hp

Weight

1,750kg

Transport width

2.5m

Length

2.8m

Price

£18,750

JOURNAL : Farmers Weekly

Three men have been caught on camera trying to catch and butcher sheep on a farm in Lancashire.

The incident happened at 1.25am on Monday (8 July) in the Preston/Blackburn area.

Sheep owner Steven Walker, of Hoghton View Herefords, a Hereford cattle breeding company based in Hoghton, Lancashire, said he was woken up by the commotion and the men fled the scene empty-handed.

See also: Farmers devastated after ‘professional’ butchers kill 15 sheep

Urging farmers to stay vigilant, Mr Walker has posted two short clips of CCTV footage on Facebook showing the men, dressed in hoodies, trying to steal the sheep.

“Last night at 1:25am, three men tried to butcher our tups in the garden,” he said.

“Luckily our tups are lively lads and the commotion awoke us and the men were scared off.

“CCTV shows how close they were to succeeding. Please be vigilant, especially in the Blackburn/Preston area.”

The footage has been viewed more than 175,000 times, shared more than 6,000 times and has attracted more than 1,600 comments. Many have expressed their shock and anger over the incident.

Lancashire Constabulary has not made any arrests related to this incident. Farmers are being urged to stay vigilant.

Watch the two videos below:

Midlands sheep butcherings

Earlier this week, Farmers Weekly featured the latest in a series of horrific sheep butchering incidents on farms in the Midlands.

Sheep farmer Phil Neal told how his partner, Katie Payne, and their two young children discovered the remains of 15 of their Texel flock butchered in a field near Crick and West Haddon on Monday (8 July).

Police say professional criminal butchers are operating across the Midlands, killing sheep in fields and selling their meat on the illicit food market. Anyone with information is urged to call police on 101 or Crimestoppers anonymously on 0800 555 111.

JOURNAL : Farmers Weekly

Pig producers across Europe are expected to benefit from a 47.6bn (£42.7bn) general trade agreement with Vietnam.

The agreement will remove tariffs on nearly all goods on both sides once the deal is finalised by the European Parliament, according to the AHDB.

See also: Cautious optimism among pig farmers after tough nine months

Under the agreement, Vietnam will remove 65% of duties on EU exports with immediate effect, with the rest removed over a 10-year ***period***, said AHDB analyst Felicity Rusk.

EU duties on Vietnamese exports will be eliminated over a seven-year ***period*** – a shorter phasing-in ***period*** due to Vietnam’s developing country status.

Among the trade barriers, imported pork attracts a 16% tariff on frozen product.

This will be removed over the seven years and could open up a market where demand is already increasing.

Up to April 2019, EU exports of pork and pig offal had increased by nearly 80% on the year, to 29,000t.

Almost two-thirds (64%) of exports are frozen offal products, with frozen pork making up the rest of the shipments, said Ms Rusk.

ASF slashes production

The increase is driven by reduced production in Vietnam which, like neighbouring China, is suffering from a widespread outbreak of African swine fever.

Vietnam has already culled 2.8 million pigs in a bid to contain the disease. That figure equates to about 10% of the nation’s pig herd.

“It is likely the nation will increase its reliance on imports as its domestic pig production continues to suffer,” Ms Rusk said.

However, UK producers will not be able to reap the long-term benefits of the deal as the agreement will only apply to EU member states.

The UK could try to negotiate with Vietnam on its own terms, though this would probably take some time.

Steep rise in continental weaner prices

Meanwhile, the AHDB has reported that European weaner prices have risen by 40% since the start of the year.

The 30kg average peaked at 58.85 (£52.54) a head in the week ended 9 June, less than 1 (89p) down on the record high of April 2017.

Despite a slight fall in the latest week (see below), the EU price was still 14 (£12.56) a head higher than last year.

AHDB Pork analyst Bethan Wilkins said the sharp rise was due to a combination of strong demand from ASF-hit China and tighter European supplies.

However, the UK weaner price has reacted more slowly. When the EU average price peaked in June, GB prices were £2 a head lower than the EU average.

Ms Wilkins said there was an optimistic outlook bolstering finisher confidence, which would reflect on weaner prices.

Weaner price changes in key member states over the past three weeks:

Denmark: +2.57 to 60.68 a head

Germany: -0.10 to 68.50 a head

Netherlands: -1.50 to 51.75 a head

Poland: -1.89 to 50.18 a head

Spain -2.44 to 57.93 a head

United Kingdom +1.47 to 58.05 a head

JOURNAL : Farmers Weekly

This edition of our shed-peeking series sees us head to a 2,000ha farming enterprise just north of Dover to speak to Matt Solley, winner of FW’s Farm Manager of the Year award back in 2008.

Since winning, Mr Solley has returned home to run the family farm.

In the subsequent 10 years he has doubled his acreage and taken on extra contracting work to build a profitable business based on attention to detail and hard work, with a machinery shed to match.

See also: See all of our What's in Your Shed? series

Farm facts: JS Crop, Great Mongeham, Deal, Kent

Size 2,020ha (further 800ha contract combining)

Staff Matt plus three full-time and five casuals at harvest

Soil Brick earth over chalk

How brand loyal are you?

We are very loyal to Fendt tractors, but the farm ran Case machines before I came home.

We’ve had Fendts for nearly a decade and I’m convinced they are the best machines on the market. We also like JCB loaders and Claas combines.

Do you have a favourite dealer?

Crawfords looks after us very well. I knew Wes Crawford from my time working in Essex and that relationship was strengthened when he opened a depot in Kent.

The support and service we get from them is brilliant and they will come out straight away to fix breakdowns.

A mention also goes to Agwoods, our JCB dealer, and Manns for the combines. We use RTK Farming for all our GPS needs – these guys are so valuable nowadays.

Favourite piece of kit?

Our Fendt Rogator 655 self-propelled sprayer is a pleasure to use and a huge leap forward from the older Challenger model it replaced.

We put about 1,000 hours on it every year as it does some liquid fertilising.

It is packed full of technology, including single-nozzle shut-off and excellent boom levelling, and the Katana forager cab is equivalent to any combine on the market.

However, the guys that work for me are more invaluable than any piece of kit – the farm runs itself some days and it’s the dedicated employees here that make it happen.

Least favourite piece of kit?

It has to be the continuous flow grain dryer that always goes wrong minutes after we walk away from it.

It’s a Law Dennis and keeping it running is tedious – I’m much more at home in the seat of a machine.

Latest purchase?

A Fendt 943MT tracked machine that has replaced a troublesome Challenger 775E that we had for three years.

We demoed the MT last summer and it was noticeable how ***smooth*** and quiet it was compared with the Challenger.

It’s also nice to have the Vario box, which makes all our tractors familiar to everyone and should save fuel in comparison to the powershift.

Oldest machine in the fleet?

Our 2013 Massey Ferguson 7616 that I bought from a farm sale in Chelmsford. It’s perfect for around the yard, goes on the hedgecutter at harvest and also pulls a grain trailer when we are short.

We used to hire an extra tractor in but when I did the sums, we were better off buying a cheaper second-hand one that still had a warranty.

Replacement policy?

We take a measured approach that is all dependent on circumstances. It’s usually around four or five years but in the past 18 months we have changed a few more front-line pieces kit.

Next on your wish list?

I’ve been holding off buying some new trailers as I want to make sure we are operating inside the weight limits.

We have two Stewart 16-tonners at the moment, but I would ideally like to go bigger and cut a tractor out at harvest to help with the longer hauls.

Most embarrassing machinery mistake?

A few years ago, I’d folded up the sprayer and left the field en route back to the yard when I pulled over to let a car under a bridge that I swore we’d been under numerous times with the sprayer.

As I eased the stick forward to pull away again the booms hit the bridge and bought me to a stop.

I was so thankful for having to pull over for a car, otherwise I would have been trundling along at 40kph and it would have written the machine off.

Luckily, damage was minimal, and I was back spraying the next day after a visit from the service chaps.

Most expensive repair bill?

We had a 2013 Challenger M765C that was parked up in a shed over the Christmas break and when we came back to work in the new year, we found it wouldn’t steer in either direction.

Crawford took it back to the dealership to strip it down and ended up taking both tracks off and the engine out to find the problem, which was a family of rats that had moved in over Christmas and chewed through the main wiring loom.

Every farm has rats, but we didn’t realise the amount of damage they could cause to machinery.

They were so at home that not even the lorry journey dislodged them and one scampered out on arrival at Crawford’s workshop.

Best invention?

We bought an old lorry chassis and stripped it back to the bones and mounted a 10,000-litre stainless tank to be a mixer bowser for the sprayer.

We even welded the baffle up in the middle so we could carry two different liquids that are ejected via two pumps. These days it mainly helps out on liquid fertiliser jobs.

What couldn’t you live without in the workshop?

One of the most dangerous jobs on the farm is changing the wheels on the sprayer, but having our Spaldings wheel changer has made it so much safer. I wouldn’t dream of doing the job without it now.

Do you buy second hand?

Occasionally, like the MF 7616, but it’s mainly new or ex-demo as we like to be covered by warranty on our front-line kit.

Favourite job?

Spraying.

Least favourite?

Office work, although my sister, Emma Baker, deals with most of the admin and allows me to spend more time outside.

Best tractor you’ve ever had?

Our current Fendt 939 has been a revelation – particularly the VarioGrip option that changes tyre pressures from the cab.

We previously ran two Challenger crawlers but these were pretty inflexible with anything other than cultivations or drilling.

Sitting in the 939 is the same as any other Fendt, and it can run the Krone baler in the summer and also do a bit of fertiliser spreading, too.

It does all the drilling and we like it so much that I even toyed with buying another wheeled Fendt before opting for the MT this year.

Worst tractor you’ve ever had?

I inherited a Case MXM140 from the mid 2000s when I started and it was one of those Friday afternoon tractors.

Everything that could go wrong went wrong, with the gearbox being the worst culprit. I wasn’t sad to see it leave.

What’s your everyday transport?

A 2.4-litre Toyota Hilux Invincible, which replaced a 3-litre Hilux.

Biggest machinery bargain?

I helped set up and run a joint venture operation in Essex before I came back home, and in the early stages I was trusted to go and buy a combine at an auction in Lincolnshire.

I was only 18 at the time and took our combine fitter, Peter Bassett, along to see a Claas Lexion Evolution 480 that had only done one season’s work.

My boss told me I had £90,000 to spend and I waited until the bidding reached around £85,000 before I raised my hand.

I ended up winning the machine for £97,000, with a round of applause as the hammer fell.

Apart from being a moment I’ll remember forever, we ran the combine for three years and never laid a spanner on it – it was a great machine.

In the shed

Tractors

2019 Fendt MT943

2018 Fendt 939,

2x 2017 Fendt 724

2013 Massey Ferguson 7616

Combines

2x 2019 Claas Lexion 780 with 13.8m and 12m headers

Loaders

2015 JCB Loadall 536-70

2018 JCB Loadall 560-80

Crops protection

2018 Fendt Rogator 655, 6,000-litre

Amazone ZA-TS 4200 mounted spinner

Drill

8m Vaderstad Rapid

Cultivation

Vaderstad Carrier 925

Vaderstad Topdown 6m

12m HE-VA rolls

Kverneland 7 furrow plough

Baler

Krone 1290 Big Pack HDP2

Truck

Toyota Hilux Invincible

**Load-Date:** July 26, 2019

**End of Document**



[***E Thai Smile aims for first codeshare partner in early 2020; Thai Smile hopes to secure its first code share partner under the Star Alliance connecting partner programme in the first quarter of 2020.***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5W93-B811-JCF2-H18C-00000-00&context=1516831)

Flight International

June 7, 2019

Copyright 2019 DVV Media International Ltd. All Rights Reserved



**Section:** FLIGHTGLOBAL.COM

**Length:** 34375 words

**Body**

Thai Smile hopes to secure its first code share partner under the Star Alliance connecting partner programme in the first quarter of 2020.

The plan for the Thai International Airways unit is to better connect it with Thai's partners globally, says Krittaphon Chantalitanon, vice-president of alliances and commercial strategy at Thai.

He adds that it is too early to say who the first codeshare partner will be, and that there is still some testing and work to be done before the carrier starts codesharing.

At the recent IATA annual general meeting in Seoul, Star Alliance announced that the Thai unit would become the alliance's second connecting partner. Star's first connecting partner was Juneyao Airlines, which joined in May 2017.

While passengers of Thai can transfer to Thai Smile for onward flights from the pair's Bangkok Suvarnabhumi hub, Thai Smile has no other codeshare partners.

Cirium schedules data shows that 13 Star Alliance carriers, including Thai, operate to Suvarnabhumi. Of these, three have codeshare relationships with Bangkok Airways, which operates domestic flights: Thai, EVA Air, and Austrian.

Star carriers without a domestic codeshare partner in Thailand include Air China, Singapore Airlines, Turkish Airlines, ANA, Egyptair, Lufthansa, Swiss, Asiana Airlines, Ethiopian Airlines, and Shenzhen Airlines.

Cirium's Fleets Analyzer indicates that Thai Smile operates 20 A320ceo aircraft with an average age of 5.4 years.

Chantalitanon says there is no immediate plan to increase the size of Thai Smile's fleet, and that the focus is rather to fully utilise existing capacity. Moreover, the group's focus is upgrading the widebody fleet of Thai itself.

The carrier is seeking government approval to order or lease up to 38 widebody and narrowbody jets.

According to Star, Thai Smile will add 11 unique destinations to the alliance network. Its parent Thai Airways was founding member of Star more than 20 years ago.

JOURNAL : Farmers Weekly

Amazone has released several additions to its machinery line-up ahead of the upcoming Cereals event in Lincolnshire.

Dropping fertiliser alongside seed when drilling is now firmly back in fashion, and Amazone is the latest manufacturer to convert its Cirrus models with this option.

See also: Six options for mounted 6m tine drills

Historically, it offered the arrangement as an option. However, the two products used the same tube, which led to fertiliser occasionally scorching the seed before it had fully established.

The new layout – for 4m and 6m models only – sees the pressurised 4,000-litre hopper divided into 2,400- and 1,600-litre sections.

Fertiliser is laid between the rows of seed, meaning there are half the number of Fertec coulters on the drill. It also sets the product in deeper – by as much as 300mm – than the following seed.

The two hoppers run from twin metering drives and can be calibrated using a small terminal under the hopper to save jumping in and out of the cab.

Another clever addition to the Cirrus range is the ability to vary coulter pressure to maintain seed depth regardless of soil type. These work from pre-loaded prescription maps, detailing zones where soil types change across fields.

It requires a paid-for unlock code on a majority of Amazone terminals and the drill also needs to have an electric coulter controller to alter the pressures.

In heavy land, extra force can be applied to keep the depth consistent, while in lighter soils, pressure can be lightened to avoid sowing too deep.

The system will also benefit those working on undulating terrain. Here, coulter downforce can be reduced as the tractor enters a dip (where the drill might be prone to sinking in), or increased as the machine rides over the crest of a hill to reduce the likelihood of the seeding boots lifting out of the soil.

JOURNAL : Farmers Weekly

Amazone has a strong reputation in the mounted spreader world and to boost its accuracy it has introduced Flow Check, which uses sensors built into the hydraulic drive on its larger ZA-TS machines to monitor oil pressure going out and returning.

See also: More accurate and detailed soil mapping on its way

This helps to monitor any potential blockages of fertiliser coming out of the hoppers. If there is a pressure drop, the system will open and close the offending shutter to try and clear the blockage. If that doesn’t work, it will then notify the operator who will have to grab a shovel.

Weigh cells on the spreader will still control the application rate, with Flow Check simply designed to spot blockages sooner than was previously possible.

JOURNAL : Farmers Weekly

The much-needed recovery in deadweight beef prices has slowed this month following a supply spike that has led to processor cuts.

This comes as bad news for finishing units, with reports of larger operations having lost tens of thousands of pounds amid higher costs and lower prices.

Average British steer prices lifted 10p/kg in April after bottoming in March at 335.9p/kg, but price rises have lost momentum since mid-May.

Prices have been back 10-15p/kg on the year for May, with Britain’s average steer R4L price at 358p/kg.

National liveweight averages have followed suit and are back 12-14p/kg on the year at 188-190pkg.

See also: Store cattle recover as beef price bottoms

Sedgemoor

Beef prices are feeling the downward pressure in the South West, where auctioneer and partner Robert Venner of Greenslade Taylor Hunt has seen a 2-3p/kg cut from some companies.

“A lot of cattle are coming out at the moment,” he said. “Last week, some store finishers were saying they can’t get anything in until June and when cattle queue up you start to see prices knocked down.”

Sedgemoor’s prime prices fell last week (20 May), with 39 steers down 4.3p/kg to average 172.2p/kg and 34 heifers down 1.4p/kg to average 170.7p/kg.

The pick of the steers and heifers made 194-198p/kg, topping at 206 and 209.5p/kg, respectively.

Mr Venner said store prices were down £75/head on the year on average, although he added prices had recovered somewhat since the early spring.

“Store buyers are looking for fast turnaround cattle now. The time for the outlying, longer-keep cattle for grass is February and March in this area.”

Darlington

Trade should move in the right direction again in three to four weeks, predicts senior auctioneer Andrew Armstrong of Darlington Farmers Auction Marts.

Darlington saw a slightly smaller entry of 224-head last week (23 May), with prices for steers and heifers down 5-7p/kg to average 189.7p/kg and 203.3p/kg and bulls back 17p/kg to average 169.3p/kg.

He said a recent spring lift in cattle supply was partly down to finishers speculatively holding onto stock in April, hoping for a better May trade.

“Speaking to meat wholesalers, family butchers and processors, none of them are selling quite the same amount of beef as they normally would,” said Mr Armstrong.

“As we move into the summer we should see the increased trade from holiday and weekend spending, BBQ season and hopefully a more positive picture.”

JOURNAL : Farmers Weekly

Whether it’s a legal, tax, insurance, management or land issue, Farmers Weekly’s experts can help. Here, Paige Dalby of insurance broker Farmers and Mercantile explains what checks to make when employing student staff at harvest.

Q. We are taking on a student labourer this harvest to help with tractor duties, what do we need to do with regard to insurance?

A. If at present you have no employees on the farm you will need to make sure you have Employers Liability Insurance in place. This can be included as part of your annual farm policy, or added as a temporary addition for the required ***period***.

If you have employees, it is a requirement by law to have Employers Liability Insurance with a minimum indemnity of £10m.

See also: Business Clinic - how does averaging affect insurance claims?

Remember that anyone who takes an instruction from you in the workplace, paid or unpaid, is classed as an employee.

This includes family, friends and volunteers. An ***agricultural*** contractor is also classed as an employee when they are using your tools or equipment.

While safety on farms is a growing concern for the industry, it is still often overlooked. Now would be a good time to review your health and safety procedures to minimise the risk of an accident for your employee and yourself.

Many machines and implements will not have been used throughout the year, so before harvest starts it is important to check that they are in sound working order and that all PTO covers are in place.

If you have not already done so, have a certified engineer complete a Provision and Use of Work Equipment Regulations (1998) or Lifting Operations Lifting Equipment Regulations (1998) inspection on them.

Not only are these a legal requirement, they also provide peace of mind that your machine is safe for use.

You need to provide training to employees on how to work each tractor, machine or implement properly and safely. Also, make them aware of any potential hazards on the site they are working at, such as low-hanging powerlines, train tracks or concealed field entrances.

Remember that a 16-year-old is restricted to driving a tractors less than 2.45 metres wide and towing trailers less than 2.45 metres wide with two wheels, or four wheels close-coupled (close together).

Those under 21 may not drive a tracklaying tractor, such as a Quadtrac.

If an incident did occur where, for instance, a 16-year-old was driving a tractor wider than 2.45m or an 18-year-old was driving a tracklaying tractor, your motor insurance would be declared void as this is an infringement of the law.

It is worth installing fire extinguishers on tractors and combines and also having water bowsers close  to where you are working in case a fire becomes out of control.

If there was a fire or accident, would your new employee know where he or she was and which field he was in? Providing outlined maps and field numbers can save vital time in the event of an accident.

Safety in the yard is just as important as in the field. Employers must provide a safe working environment for employees.

Again, employees need to be made aware of any potential hazards in the yard, and  provided with proper training on all tasks and the necessary safety equipment for them.

Do you have a question for the panel?

Outline your legal, tax, finance, insurance or farm management question in no more than 350 words and Farmers Weekly will put it to a member of the panel. Please give as much information as possible.

Send your enquiry to Business Clinic, Farmers Weekly, RBI, Quadrant House, The Quadrant, Sutton, Surrey SM2 5AS.

You can also email your question to [*fwbusinessclinic@rbi.co.uk*](mailto:fwbusinessclinic@rbi.co.uk)

JOURNAL : Farmers Weekly

Petrolhead TV presenter Jeremy Clarkson will ditch cars for crops in a new series about his passion for farming.

The former Top Gear presenter, 59, lives on a 404ha (1,000-acre) farm in Chipping Norton, Oxfordshire, where he grows wheat, barley and oilseed rape.

Filming has begun for the new series, I bought the farm, which will be aired in September on Amazon Prime.

See also: Jeremy Clarkson on his own farm, red tape, sheep and sheds

In an interview with the Sunday Times, Mr Clarkson said the show will be more hard-hitting than Countryfile and document the realities of farming, such as dealing with extreme weather, pest and disease pressure and paperwork.

“This is not Kate Humble – much as I like Kate Humble – with 20 acres, bottle-feeding a lamb. Or a TV presenter who grows veg in his back garden. This is actual farming: Life, death and form-filling,” he said.

“We’re not making Countryfile. We’ll be showing it warts and all. For example, I have no view on badger culling in terms of whether it’s necessary, but if it’s happening we will not shy away from putting it in the programme.”

Daily struggles

The series will highlight the difficulties farmers face on a daily basis in their efforts to increase food production for a burgeoning population, while protecting the environment.

“When you till the soil or plough in weeds, it releases carbon into the atmosphere. So you think ‘OK, I won't plough, I'll just spray the weeds.’ But that’s bad for the bees,” said Mr Clarkson.

“Every decision you make as a farmer is bad for some reason or another.”

[*https://www.instagram.com/p/Bx5EOWNAvc7/?utm\_source=ig\_embed*](https://www.instagram.com/p/Bx5EOWNAvc7/?utm_source=ig_embed)

This year, his fields were infested with blackgrass and his oilseed rape was damaged by flea beetle. His grain became contaminated with gravel when he tried to store it on an old airfield.

And when he tried to take some of his land out of stewardship and put it into to production, the civil servants refused him permission.

“I take the global view that the bigger the world’s population gets, the more food we’re going to need. So it’s slightly mad not to increase crop production because there's a rare grass growing,” he explained.

Food crisis

Mr Clarkson will also voice his fears about a looming food shortage.

“Scientists calculate that we have just 90 years before we run out of food, because of soil depletion,” he said. “That's just 90 more harvests.”

Mr Clarkson also admitted to changing his own diet, eating less red meat and more vegetables. “I do eat chicken,” he said. “But that's just a vegetable with a head.”

JOURNAL : Farmers Weekly

The 3m Centaya drill was launched at last year’s Cereals event and has found favour with smaller farmers, and now Amazone has added a set of Combi Discs for those who can’t afford a standalone cultivator.

See also: Aquatill water jets offer ingenious alternative to drill coulters

The Combi Disc option comes in at around £8,000, which is almost half the price of the equivalent power harrow.

It should also allow increased working speeds and is available on the Centaya air drill (pictured) and the Cataya box drill, with a choice of steel, rubber and toothed rollers.

One of the main benefits of the Centaya is the quick-release system, allowing the drill to run with either a power-harrow or the Combi Discs bolted underneath the hopper.

The release system requires a couple of pins and relevant pipes to be removed and a set of legs lowered to uncouple the units so that they can both be run separately.

JOURNAL : Farmers Weekly

The lack of substantial rain continues to be a concern, with crop potential already being lost. Cereal crops in the East have already lost tillers.

Wheat disease programmes have largely kept disease in check, although yellow rust has been problematic in some areas of the South West.

See also: The new crops that could soon profit UK farmers

Ear emergence on wheat means monitoring will soon start for orange blossom wheat midge, which proved to be a problem for some last year.

Finally, maize crops are about to receive their post-emergence herbicide spray to tackle any surviving grass and broad-leaved weeds.

South: Tod Hunnisett

AICC (Sussex)

Without tempting fate, it’s nice to be able to say that we have had a very easy season. I bumped into a key operator in the pub last weekend and he told me he’s never had more weekends off than this year.

We had a bit of rain, enough to save the spring crops and turn the winter cereals blue-green overnight with the sudden uptake of nitrogen.

However, some crops are showing signs of drought stress on some of the stonier soils and the grass has stopped growing in my garden. This means we could do with another drop of rain, but not too much.

We’re not chasing disease, but there is that ever-lurking threat of brown rust (good old Crusoe – we can’t have it too easy) and there’s still quite a way to go before harvest.

Prolonged OSR flowering

I don’t think I can remember a year when oilseed rape has flowered for so long.

Undamaged crops finished some time ago, but where crops have been held back for any reason, they have just carried on producing flowers, pods and, hopefully, seeds. I have a feeling that some of these crops won’t be cut until August.

Winter barley has been put to bed, always a lovely feeling because it signals the beginning of the end of the silly season. Some have managed to stretch their wheat fungicide timings (brave) and may get away with only three applications.

Winter and spring beans are flowering beautifully and winter oats are coming into ear at below knee-height.

Growers are still discussing what they will be doing about winter oilseed rape next season. The spanner in the works is the fact that where it looks good, it looks fantastic.

In fact, most things do. The arable fields in my area look very promising. As an aged tractor driver once said to me: “It’s a shame dry weather does any harm. It don’t half make life easy.”

North: David Martindale

Arable Alliance (Yorkshire)

Winter and spring crops have improved dramatically during May as they responded to some much needed rain and have finally taken up the nitrogen fertiliser.

Most cereal crops look well and even oilseed rape is giving a glimmer of hope where previously it has been struggling with the effects of cabbage stem flea beetle and the dry spring.

Winter wheat T2 fungicides have been applied on time. Crop canopies are particularly clean, which has been a combination of good weather to apply fungicides at the key timings and a relatively dry spring.

Leaves one to four are clean and even leaf five has very little disease present. These wheat crops are well set to potentially deliver good yields. However, 2012 springs to mind, when we also had good crops at this point in time then had terrible weather at grain filling, so nothing is guaranteed.

Looking ahead, as the ears begin to emerge it will soon be time to start monitoring for orange blossom midge by placing pheromone traps in the field or looking for them on warm still evenings. The Recommended List has 20 out of 35 varieties which are resistant to this pest.

Again, with limited insecticide options to give good control of the pest, growing resistant varieties not only reduces the risk of suffering yield and quality losses, but also no insecticides are required, so beneficials are not killed.

Lush winter barley

Winter barley crops have taken up the nitrogen fertiliser particularly late and have changed from being short and stressed at flag leaf emergence to tall and lush now.

Hybrid barleys on heavy land receiving regular applications of organic manures have huge canopies with great yield potential, provided good weather follows for grain filling in the coming weeks.

Oilseed rape has had a prolonged flowering ***period*** in most cases. Just when it looked like they were about to finish flowering, rain then sparked another flush of flowers to appear.

This year there has been more side branching as crops have tried to compensate for the damage caused by cabbage stem flea beetle, which has lengthened the flowering ***period***. As a consequence, a second sclerotinia fungicide has been applied in some cases.

Early-sown spring barley crops look particularly well and are fast approaching the T2 timing. A low rate of plant growth regulator will be required on such crops, especially where the variety is prone to brackling.

April-sown spring barleys on heavier land have struggled to get going so the yield potential looks average at best.

Maize crops have enjoyed the recent warm weather after initially appearing pale due to cold winds and nights. Pre-emergence herbicides have worked well and with the earliest crops now at the four-leaf stage post-em, herbicides are being applied to control surviving grass and broad-leaved weeds.

Tip of the week

As the ears begin to emerge it will soon be time to start monitoring wheat crops for orange blossom midge by placing pheromone traps in the field

David Martindale

West: Neil Potts

Matford Arable (Devon)

Predominantly dry weather has started to put some crops under drought pressure. Rainfall this spring has been very localised rather than having ***periods*** or days of more general rain.

Winter oilseed rape crops have now all finished flowering and canopies are looking quite promising, so final yield will now be all about seed size and getting enough moisture to get full grain fill.

Wheat crops have all received their T2 fungicide applications and yellow rust has continued to be a bit problematic in some areas. A future without fenpropimorph is going to mean prevention of this disease is going to be crucial as controlling it once it has a grip in a crop is going to become more tricky.

The obvious answer is to grow varieties with good resistance, but this is not the whole answer, as is evidenced this year.

Some more-resistant varieties are showing hypersensitivity reactions to yellow rust, which has taken away green leaf area. This may not be as damaging to yield as the full-blown disease, but any loss of green leaf area is going to have some impact on yield.

T3 fungicides

T3 applications to wheat will now depend on weather, variety, and end use.

Crops that are rolled up with drought may not justify this input, while those that have seen rain will require it to top up disease control and to maintain quality.

In this part of the world the T3 always has a fairly positive effect on straw quality and this is a valuable commodity in a predominantly livestock region.

Winter barley crops continue to look promising. Many of these crops will not want to see high winds or heavy thunderstorms in the next week or two, when they are going to be at their heaviest.

Most foliar diseases have been well controlled by fungicide programmes. Going forward, life again is going to become more tricky due to the loss of chlorothalonil, which is the most reliable product for ramularia control.

I am finding it hard to understand why products that have been around for decades, with no documented problems to users, consumers or the environment, are having their licences revoked. In the case of chlorothalonil, this is particularly so as it is crucial in anti-resistance strategies.

Our regulating authorities seem to have become blinkered by rules and criteria and no longer look at the “bigger picture”. It would be a disaster if the loss of one or two key products were to lead to an accelerated breakdown in efficacy of other products we rely on.

Spring barley crops, while looking promising at present, will soon require rain to maintain potential.

Maize crops have got off to a reasonable start. Many crops are now on the cusp of receiving an herbicide. The loss of Calaris (mesotrione + terbuthylazine) in this sector means many are having to rethink weed strategies.

There are still herbicide combinations that will allow for good control of weeds, but Calaris was a widely used product and approaches to weed control will inevitably be different on many farms this year.

East: Ben Pledger

Farmacy (Bedfordshire/Hertfordshire)

The continuing dry spell is now starting to visually show up the sharper soil types within fields.

Any moisture in autumn-drilled cereal fields from the rain three weeks ago has all but gone before the token shower we have just had. Winter cereal roots pretty much just shed dust when they are pulled up.

The sound of thunder outside as I write this is bringing slight comfort that probably some isolated areas will be getting a decent amount of rain.

However, even a good soak in places now will not restore the full yield potential of some crops, with tillers already having been dropped to divert precious moisture and available nutrients to keep the main stem and more forward tillers going.

Weed control in most crops this spring has been frustrating, early applications of mesosulfuron + iodosulfuron in winter wheat produced good levels of control.

Grassweed headache

However, with the ground being so dry, earlier than usual cracking of the ground has allowed for new flushes of grassweeds to appear in crops struggling to produce a decent canopy to allow them to smother these new competitors.

Broad-leaved weeds in some spring crops haven’t appeared with the populations usually expected, and with crop growth stages now starting to determine the end of herbicide applications, future showers of rain could produce more flushes of weeds without the ability to control them.

In sugar beet, most crops are suffering to some extent from uneven crop emergence, due to seed-bed quality and again lack of soil moisture. In-field crop development is ranging from cotyledon stage through to eight true leaves.

Broad-leaved herbicide applications are working well, even on the larger weeds, which have really taken off in certain areas.

Alongside these sprays, applications of thiacloprid are being sequenced where thresholds for myzus persicae are being met. Aphid populations will then be monitored again to identify areas that will need an application of flonicamid should numbers build to threshold levels again.

JOURNAL : Farmers Weekly

Smoke released during cattle dehorning contains up to 12 times the safe level of a toxic gas linked to respiratory disease in humans, researchers have found.

Trials carried out by Linköping University in Sweden showed that smoke and fumes generated by dehorning contained isocyanic acid (ICA), along with hydrogen cyanide.

See also: New HSE rules on welding fumes come into force

The levels of the two chemicals, which cause chronic breathing disorders and lung disease, were 12 and nine times higher respectively than Sweden’s five-minute, short-term exposure limit.

Patients visiting the university’s clinic were found to have developed severe asthma and other breathing difficulties that had left them unable to work.

Report co-author and associate professor of occupational and environmental medicine Per Leanderson said it was the first time ICA had been isolated in dehorning fumes.

Prof Leanderson warned the presence of the gases meant workers could be at a higher risk of developing lung diseases than previously thought.

He explained that respirators designed to filter out smoke particles were not always sensitive enough to remove the gases.

“Anyone who carries out dehorning should invest in respirators that are capable of removing the gases or they risk suffering ill-health in the future,” Prof Leanderson added.

The study is published in the journal Archives of Environmental and Occupational Health as an Open Access paper and is free to Open Access paper and is free to download.

Lizzie Creed, a member of IOSH’s Rural Industries Group Committee, said: “I would suggest something along the lines of a half face mask but with A2B2E1 filters. A full face mask with the filter may be more appropriate, depending on the ***period*** of time vets, etc, will be working in the environment.

“The half mask can be worn with other PPE, such as safety goggles, but an important aspect is to make sure masks are fitted properly to ensure protection is being provided.

“There should also be a procedure for documenting when filters are swapped and checks should be made, as to the condition of the whole mask body, at regular intervals alongside following correct storage procedures.”

Which respirator do I need?

The Health and Safety Executive (HSE) has produced a guide to selecting the appropriate mask or respirator for different tasks.

Respiratory protective equipment at work - a practical guide explains which kit is needed to comply with the law.

The guide is free to download from the HSE website in PDF format. Alternatively the hard copy is available to buy from the HSE bookshop using the reference ISBN 978 0 7176 6454 2

JOURNAL : Farmers Weekly

Farmers face further uncertainty after Theresa May's resignation and the renewed prospect of a no-deal Brexit, industry leaders have warned.

The prime minister will stand down on 7 June after repeatedly failing to win parliamentary support for her EU withdrawal agreement. A Conservative party leadership contest will start the following week, with the intention that a new prime minister is in place by July.

See also: Defra pledges to cushion impact of direct payment withdrawal

A no-deal Brexit remains the default option for the UK to leave the EU on 31 October unless the withdrawal agreement is passed. Such a prospect has heightened further after the Brexit Party's success in the European parliamentary elections.

Farmers remain divided over a no-deal scenario. Those in favour say a clean break from the EU would benefit farmers. But farm leaders warn that it could see the reintroduction of EU border checks, badly affecting transport links with the UK's biggest trading partner.

‘Constructive solution’

NFU president Minette Batters said no-deal would be catastrophic for UK ***agriculture***. “It is essential that a future prime minister ensures that the Article 50 extension is used constructively and a solution is found which enables the UK to leave the EU in an orderly way.”

Any “Brexit solution” must include achieving as free and frictionless trade as possible, Ms Batters said. This meant ensuring the UK’s international trade pursuits did not undermine British farmers' high production standards and avoiding a no-deal scenario.

“It is frustrating that the ***Agriculture*** Bill’s progress remains at a stalemate in Parliament and it is unlikely to make any progress during a leadership contest,” Ms Batters said. “These delays simply further compound the uncertainty facing farmers.”

‘Workable agreement’

Country Land and Business Association president Tim Breitmeyer said farmers and other rural businesses would be concerned that progress towards reaching a workable agreement with the EU had stalled.

Trade with the EU needed to be as free and frictionless as possible – including continued access to labour, Mr Breitmeyer said. “Allowing the next five months to drift towards a ‘no deal’ Brexit, with its immediate barriers to trade, is a scenario we need to avoid.”

Tenant Farmers Association chief executive George Dunn said politicians would need skill and diplomacy to take full advantage of the long-term opportunities from leaving the EU while safeguarding the UK from some of the challenges it faced.

“This cannot be achieved through a cliff edge no-deal Brexit,” Mr Dunn said. It was essential that the new prime minister secured a “sensible ***transitional*** arrangement with the EU that will allow us to have a soft landing on our exit”.

Chief report Johann Tasker comments

Theresa May's resignation paves the way for further upheaval for UK ***agriculture*** – including the prospect of a new Defra secretary.

Current Defra secretary Michael Gove is among the front runners to move into 10 Downing Street.

But even if he is unsuccessful, we can still expect a new face at Defra when the next prime minister announces his or her cabinet.

If that happens, the new incumbent would be the fourth Defra secretary in the three years since the UK voted to leave the European Union in 2016 – a situation which doesn’t bode well for ***continuity*** in one of the departments most affected by Brexit.

Whether or not we agree with his policies, Mr Gove has given Defra a sense of purpose amid the Brexit turmoil.

As a heavy hitting politician, he has also ensured that UK ***agriculture*** punches above its weight when other government departments have threatened its interests.

Even so, for every pledge that British food standards will not be lowered in pursuit of post-Brexit trade deals, it is evident that Mr Gove finds headline-grabbing environmental policies easier than setting out a coherent direction for farmers.

Plastic straw ban anyone? Yes, the environment is important. But a clear ***agricultural*** policy should be a priority too.

Without clarity, growers and livestock producers cannot plan their businesses – something every Defra secretary, including this one and the next, should recognise as essential.

JOURNAL : Farmers Weekly

Rain, or lack of it, still features on my harvest forecast barometer. Although we have had 38mm since my last Focus report, it is still short of our 50mm monthly average.

Since the beginning of the year we have had 133mm, which is half of what we should have had by now.

Having said that, with all the dry weather we are caught up on spring under-sowing and lambing has now finished with all lambs born outside, unassisted and with very few problems.

See also: Plough, min-till and no-till compared: year one

I am now looking forward to the upcoming shows and events of late May and early June which are regulars on my annual calendar.

A recent addition is the Breeders Day at the John Innes Centre in Norwich.

Diluted genetics

I went there for the first time a few years ago and it was an incredible eye opener into the world of plant breeding, but it made me question the genetics we actually end up with on farm.

From my one-to-one discussions on the day there was a degree of frustration from some of the pre-breeders in that the genetics they passed on to the breeders, who take that material and then mix it with existing material they own, was being diluted.

This is the material that ends up on the AHDB Recommended lists.

Genetics that can increase yield, provide better plant architecture for weed suppression, better rooting systems to scavenge for nutrients and increased disease and pest resistance were or were not being selected, depending on breeders' own agendas.

Although some genetics from pre-breeders are not necessarily of practical use on farm, we need to encourage our Levy Board to encourage traits that farmers want, rather than what the breeders want, if we are to meet the challenges we face and still make a profit.

John Pawsey is an organic farmer at Shimpling Park in Suffolk. He started converting the 650ha of arable cropping in 1999, and also contract farms an additional 915ha organically, growing wheat, barley, oats, beans and spelt.

JOURNAL : Farmers Weekly

The biggest issue right now is around continued dry weather and what that is doing to yield potentials.

Our green land will again start to turn brown soon if rain remains scarce.

We have undertaken more systematic blackgrass profiling this year, which shows a mixed story – fields targeted with tailored intensive control programmes are pleasingly clean, but other fields deemed lower risk are messier.

See also: Plough, min-till and no-till compared: year one

Most disappointing are two fields drilled to wheat following two years' ryegrass leys.

I suspect last summer's drought is involved, which encouraged us to make hay instead of silage (giving blackgrass time to head) combined with rushed seed-bed management after the final cut.

Lessons learned and hopefully not repeated. A professional rogueing team is booked to tidy up the majority of clean fields we still have.

Critical news

I can't remember a comparable ***period*** when UK ***agriculture*** has been buffeted by such a disheartening run of critical news stories.

Topical issues such as climate change and biodiversity loss have no end of 'farmsplainers' quick to collar ***agriculture*** as being villain number one.

Often unrepresentative global average figures and unreasonable timelines are used as a stick to beat us with.

Take climate change – UK ***agriculture***'s contribution to greenhouse gas emissions is 10%, but energy supply and transport sectors account for more than 50%, and yet changes to farming and diets are still promoted as the primary way to reduce carbon footprints.

I would suggest firstly looking up to the aeroplane-filled skies for solutions!

Red meat has taken particular flack, but western European beef production's carbon footprint is 2.5 times smaller than the global average.

The UK's biodiversity status is also much more stable than charitably ***funded*** conservationists would have you believe.

Forage options

A recent visit to the Cedar dairy research unit included viewing the 'diverse forages' project trials.

Innovative herbal ley combinations (using herbs such as sanfoin, plantain and lucerne) can reduce fertiliser requirements, improve drought tolerance, boost sward protein, aid drainage, boost biodiversity and even provide anthelmintic properties (so artificial wormers can be avoided).

I will be looking hard at these attractive alternatives to our Italian rye grass leys.

David Butler farms just south of Marlborough in Wiltshire in partnership with his parents. He also runs a contracting company and farms about 870ha of combinable crops alongside a herd of 280 dairy cows.

JOURNAL : Farmers Weekly

Now that lambing has ceased, albeit a few stragglers, we can focus our attention on calving.

The herd was established four years ago, when we purchased some British Blue-cross heifers. We thought the time was right for a small herd of cows to accompany the ewe flock.

I’ve always been partial to British Blue-crosses, mainly because of their quiet temperament and maternal qualities.

The muck is immensely valuable and there is something very satisfying about watching youngstock develop.

See also: Pelvic measuring helps halve assisted calvings and calf losses

The cows are by far my favourite faces on the farm. All, of course, are individually named and have their own distinct characters.

 I’m not sure what the vet thinks at TB testing when "Dolly Parton" wanders through the crush.

We purchased a Limousin bull last autumn, having previously AI'd all of our cows. He did not appear to lack in confidence when greeted with the girls and scanning confirmed all but one are back in-calf.

We are looking forward to seeing his progeny imminently.

The Shorthorn cows have all successfully calved, with strong and healthy calves at foot. We contain these as a separate herd on the farm.

They are a hardier cow and are currently grazing off the unimproved pasture, in readiness for reseeding next season.

The new silage pit will be completed in two weeks’ time – just in time for a test run as the first cut of red clover will be mown. The wholecrop we planted this spring appears to be establishing well.

This is the third year we have grown the pea and barley mix, which is undersown with a clover ley. This will be the primary source of fodder for the cattle throughout the winter months.

It is mixed in with the red clover silage to produce a high-protein and starch value feed, growing the cattle at a rate we are impressed with.

This time of year really is my favourite time on the farm. Seeing the abundance of new life out in the fields makes all the hard work and tougher times seem very worthwhile, and I cannot imagine a more rewarding way to earn a livelihood.

Read more about Monmouthshire livestock farmer Livy Braid

JOURNAL : Farmers Weekly

It’s been a foraging month – we started on 4 May with the autumn herd.

Unfortunately, the BBC and Met Office apps both failed us and half of it got a soaking for two days, but we've had good weather ever since.

A great crop was produced (double the quantities of last year), the pits are full and we have finished 14 days earlier than usual.

The new forage wagon struggled to get started this year, but it’s now going like a dream two weeks in.

This will be our fifth season with the wagon. It has reduced maintenance, diesel use and staff costs, and I don’t need to get involved.

Due to the large quantities ensiled, we are cutting artificial fertiliser down to 40kg nitrogen with 26kg potassium and 10kg sulphur/ha for second-cut and zero on the digestate-applied land.

The contractor applies slurry and digestate about three days after silaging, using a dribble bar, which requires less horsepower. We have seen significant improvements in grass growth – especially during dry weather.

See also: How to improve crude protein levels in silage

The dry conditions have allowed us to repair damage caused last autumn. We use both our home-made roller aerator and a shakaerator for more damaged areas.

Growth across all three grazing platforms has been good, leading to paddocks being taken for our forage again towards the end of first-cut. The growth this week has not been extreme, although the spring curve this year cranked up two to three weeks earlier than last year.

Good grass growth has prompted us to purchase a small herd of spring-calving cows from Aberdeen. The Friesian cows were cross-bred and should fit in really well with our own.

The owner is concentrating on his cheese and café business. I have never seen one cheesemaker producing such a range of cheeses, so today’s sale will allow him some well-deserved time off.

He even made cheesecake, combining his product with Orkney fudge to create a very tasty result. We also received a cup of tea – on the last two purchasing trips to England, tea was not included in the marketing budget – and they say Aberdonians are tight.

Read more about Ayrshire dairy farmer Wallace Hendrie

JOURNAL : Farmers Weekly

It just can’t seem to rain, I only recorded 24mm in the past eight weeks, not nearly enough.

Elder flowers are suffering, with florets about 50% of their normal size, and cracks in the ground around their base.

The clay soils at Belvoir haven’t recovered from last year’s drought and we are well on the way to having another, the only difference this year is that due to the dry winter the combinable crops have a much bigger root mass and hopefully the ability to cope better should it stay dry.

See also: What the new TuYV-resistant varieties mean for OSR yields

We’ve been out with the Roundup again and have taken a little more oilseed rape out, mainly due to it being poor, mostly caused by cabbage stem flea beetle larvae, although late-germinating blackgrass helped make the decision easier.

I think it will need to be near perfect growing conditions in August before we even contemplate putting any OSR in the ground for next year.

Tailor-made cocktails

For the second year here we are doing complete tissue analysis on our crops prior to fungicide timings.

Yet again it’s been fascinating, with soils with high potassium-level growing crops showing potassium deficiencies among others. The early analysis has allowed us to tailor-make macro and trace element cocktails for each crop and timing.

Follow-up analysis shows uptake and improvement in crop health and less reliance on fungicides to keep crops clean – it’s all very exciting.

Finally, I would like to say a big thank you to the UK Case IH team for a fantastic trip to the US.

As you are all probably aware, I’m a great fan of both Axial flow and Quadtrac products. They suit our business needs perfectly, offering what I believe to be best-in-class equipment.

The combine manufacturing plant in Grand Island, Nebraska, is world-leading and of a scale that’s hard to imagine, employing all the latest manufacturing technologies and a production-monitoring system where teams help each other hit their daily targets.

It’s truly impressive and massively beyond anything I’ve experienced in Europe. Its fair to say Case’s hospitality was second to none and I’m truly grateful.

Keith Challen manages 1,200ha of heavy clay soils in the Vale of Belvoir, Leicestershire, for Belvoir Farming Company. Cropping includes wheat, oilseed rape and elderflowers. The farm is also home to the Belvoir Fruit Farms drinks business.

JOURNAL : Farmers Weekly

We have just had our last week of making our own pig feed after at least 40 years of doing so. We have three reasons for ending this practice:

The drier/grain store adjacent to our mill that holds all our wheat and barley for the pigs has seen better days, to put it mildly.

The mill itself is in a similar state. The straights storage bin is corroded and difficult to clean internally, the elevators and mixers have seen better days and the building housing the mill is basically a tin shed.

Dave Toyne, the guy who has done the milling and mixing for the past 30 years (he was a pigman here for 10 years before that), is 69 years old. He also has done lorry driving – delivering feed to various sites and delivering pigs to the abattoir). He does want to keep going until he’s at least 70 – that's his choice and he is still physically capable. Even though Dave has outlasted the mill and the drier, we still have plenty of work for him in other departments.

See also: How the Finnish prevent tail-biting in their non-docked pig herds

We have been trialling a mobile mill-and-mix company for the past 12 months during Dave’s holidays. I have to say they have done a very good job in this time and, quite frankly, if you factor in the capital outlay of a new mill and mix plant and building, they win.

We shall see if this is still the case in 12 months when I review. These modern mobile mills give you so much flexibility and accuracy that I am expecting some performance benefits as well.

We are rolling the wheat and grinding the barley in each mix, so that we get a really good grist with no more dust than you would get from pellets.

With our old mill, although the dispersion tests usually came back OK, we did get separation in the meal when it was blown into the bins.

We are not seeing this with our new system, and you can feel the nutrient density is higher when you fill a big scoop to feed the lactating sows with the new meal.

David Owers is a Farmer Focus writer in Lincolnshire. Read his biography.

JOURNAL : Farmers Weekly

A farmer has spoken out about safety in the workplace after losing his hand in a farm accident.

Aneurin Jones, from Pumsaint near Llandeilo, was working on a neighbouring farm picking up silage when a stone went into the engine of a forage harvester.

Mr Jones could not hear the blades of the machine running and he went underneath the machine to inspect the damage.

See also: 10 shortcuts that could kill you at harvest-time

Because he was rushing, he forgot to turn off the engine. But light was fading at the end of the day and he could not see that the blades were still rotating slightly.

He put his left hand into the machine and it was ripped off by the moving blades.

The horrific incident left him lying in a field with his right hand clasped around his stump trying to stem the flow of blood.

Multiple operations

He raised the alarm and was taken by ambulance to Carmarthen’s Glangwili Hospital. But the damage was so severe that he was transferred immediately to Morriston Hospital in Swansea to receive specialist help.

“The care I had was fantastic. The doctor who was on call came in straight away to see what the damage was,” said Mr Jones.

“The machine had taken the hand off but there were bones sticking out.

“The first two operations were just to get it clean ready to close up and make sure there was no infection. The third operation was to put it in a groin flap, and I had that for six weeks.”

Following the operations, he remained in intensive care for two days, but was able to return home with the support of his wife, Heulwen, which allowed him to visit Morriston Hospital several times a week for aftercare.

“After six weeks, he had his hand out of the groin flap and was back on the tractor the next day,” said Mrs Jones.

He underwent two further operations before Christmas, but was told he was not suitable for a prosthetic hand.

Instead, he is being fitted for a protective cast at Morriston’s Artificial Limb and Appliance Centre.

Almost £4,500 raised

The accident happened three years ago, but earlier this month Mr Jones returned to Morriston’s Pembroke Ward to thank the staff who cared for him.

He and Heulwen, along with their one-year-old daughter Angharad, were joined by representatives of Llannon Young Farmers’ Club, which raised over £4,000 for the hospital.

Further donations have come from Dyffryn Cothi Young Farmers Club (£250), Llansawel Rugby Club (£140) and family and friends.

Mr Jones said he was very grateful for the “fantastic care” he received from the hospital staff. He urged farmers to learn from his accident and not take risks.

“I curse myself many a time. Why did I do it? But I can’t turn the clock back. It was an accident,” he said. "It was late at night and I was rushing to get the job finished and silly things happen when you rush.”

Stay safe with ‘heat and haste’ of harvest, farmers told

Arable farmers are being urged to take extra care this summer, with long days and harvest pressures presenting a potentially lethal combination.

Potential incidents involving machinery and implements, grain bins and silos, and electricity power lines are among the hazards that the farming community should be particularly mindful of over the coming months.

“Every day can be dangerous in farming, but harvest and cultivation season bring big risks for many,” said Charles Mayson of cross-compliance and safety experts CXCS.

One potential risk is taking big machinery on small roads with other motorists who can be impatient, raising the spectre of traffic accidents.

“Plan your route, including identifying spots where you can pull over and, if it’s at all possible, avoid commuter and school-run times by making journeys before 8am or after 4pm,” said Mr Mayson.

CXCS also advises farmers to turn off engines and remove keys from the ignition whenever working around or under machinery; wear high-viz clothing in and around yards; have a first aid kit and list of emergency numbers in all vehicles; and keep a mobile phone with you at all times.

JOURNAL : Farmers Weekly

The devastated wife of an Australian farmer has revealed he made what he thought was his last phone call to her during a horrific farm accident.

Gavin Boekel fell into a grain auger machine on the family’s farm in Coleyville, Queensland, on 14 May.

With his legs trapped by the blades of the grain machine, the father-of-five called his wife and told her it was the end.

See also: How a false leg inspired a safety campaign

“He said ‘I'm stuck, I love you – thank you for being the mother of my children’,” Rachelle Boekel told the Gatton Star.

Mr Boekel was trapped in the machine for three hours, but he was rescued by emergency services and taken to hospital.

Leg severed

His left leg was severed below the knee and his right leg was crushed. His back was broken in several places and he cracked his pelvis.

Mr Boekel underwent emergency surgery during a gruelling 19 hours of operations. He remains in serious condition in hospital.

A GoFundMe fundraising appeal has been launched online to try to raise ***funds*** for Mr Boekel and his family.

In a Facebook post his wife said: “My husband fell into a machine that has massive blades on it like a blender. He was trapped for more than three hours with the next blades about to rip through his stomach. He was fully awake and fully aware. No man should ever have to go through that.”

Mrs Boekel said her family needs immediate ***funds*** to rent a property close the hospital where her husband will require treatment for up to two years, as well as money to buy school uniforms for the children.

US farmer amputates leg

Last month, a US farmer was forced to amputate his leg with his penknife after getting trapped in a grain auger in a similarly horrific incident.

Each year, roughly 30 people suffer fatal injuries on UK farms – with hundreds more suffering serious injuries.

***Agriculture*** has highest fatal accident rate – 18 times higher than the five-year average for all industries.

JOURNAL : Farmers Weekly

Farmers will need to re-register for their ***agricultural*** waste exemptions over the next few months, as many will find their current exemptions are due to expire this autumn.

The Environment Agency introduced its current exemption system in 2013, with each exemption valid for three years.

“Many farmers will have permits due to expire as many were re-registered in October 2016,” said Sarah Reece, a chartered surveyor at the Shrewsbury office of Berrys.

See also: Farmers urged to re-register for ag waste exemptions

“The Environment Agency should issue reminders a month before the exemption expires – and they can then be re-registered online.”

Common exemptions for which farmers may need to re-register include burning waste in the open (D7) and using waste for a specified purpose (U8), which covers the use of tyres on a silage clamp.

The exemption for the use of waste in construction (U1) is another that many farmers are likely to hold, as it enables farm businesses to use rubble to maintain paths and roads.

Farmers are eligible to apply for a free exemption so long as they meet the limits and conditions specified by the Environment Agency and the operation it covers does not harm the environment or human health.

Farmers who cannot meet the conditions and limits set out, must apply for an environmental permit.

You can re-register an exemption or apply for a new one on the Environment Agency website.

JOURNAL : Farmers Weekly

Tea bags are the latest aid being used by arable farmers to assess the health of their soils.

First it was cotton underpants, buried by farmers for eight months to get a visual handle on the biological activity of their soil. The more degraded they are, the greater the biological activity.

Now, tea bags are being used by farmers to measure the ability of their soils to degrade organic matter.

See also: Plough, min-till and no-till compared: year one

Pat Thornton, who farms 140ha of silty, clay loam at Low Melwood Farm near Epworth, Lincolnshire, is among a group of Basf’s Real Results Farmers who are trialling the technique.

He came across the method on the Wageningen University website. The Tea Bag Index is a global mapping project, recruiting people around the world to take part and help produce a global soil health map.

“It has to be a particular tea, Liptons green tea and Rooibos tea, so we had to import some.” He explains that the teas degrade at differing rates.

He buried his bags 8cm deep on 16 February and 90 days later, they were dug up and dried. The results were then uploaded to the website along with other data such as weather, cropping soil texture, depth etc, and the index then calculated.

The result for Mr Thornton’s bags was low, resembling desert soils, which he puts down to the dry conditions since February.

Pat Thornton was speaking at a recent BASF organised briefing on his farm in north Lincolnshire.

Tea Bag Index at a glance

A simple and cheap method to measure the decay rate of plant material

Consists of burying tea bags and digging them up about three months later.

Full instructions available on dedicated website ([*www.teatime4science.org*](http://www.teatime4science.org)/)

Users upload results along with other information to calculate an index

This method was developed and tested by a team of researchers from the University of Utrecht, Umea University, The Netherlands Institute of Ecology and the Austrian Agency for Health and Food Safety.

JOURNAL : Farmers Weekly

A farmer has been left counting the cost after 100t of straw and machinery were set alight in Cambridgeshire.

Fire investigators believe arsonists were responsible for the blaze in a farm building on Stocking Drove, Chatteris.

Emergency services were called at 9.50pm on Tuesday (21 May) to reports of flames engulfing a farm building.

See also: Why on-farm water supply is critical to contain fires

Chatteris, Manea, March, Ramsey and Huntingdon each despatched one crew. When the crews arrived, they found a large farm building – 20mx15m – completely ablaze.

Firefighters used two hose reels and two jets to extinguish the fire, before returning to their stations by 7.30am on Wednesday (22 May).

Severe consequences

A spokesperson for Cambridgeshire Fire and Rescue Service said: “Arson is a serious crime and can have severe consequences for those who start a fire, no matter how big or small it might be.”

Anyone with information should contact police on 101 or call Crimestoppers on 0800 555 111.

Straw tacks and arson advice ahead of harvest

Hay and straw should be removed from fields as soon as possible after harvesting and only baled when dry. Store separately from other buildings, in stacks of reasonable size, at least 10m apart and away from roads and thoroughfares.

Petrol, diesel and fertilisers should be stored securely. Dispose of refuse safely and on a regular basis.

Make buildings, outhouses and land as secure as you can, fitting alarms and CCTV where possible.

If you do need to call the emergency services, give clear instructions on how to find you; mention local landmarks and make sure the entrance is clearly signed.

Stay vigilant. If fire occurs, call 999 immediately. If a crime is suspected, pass whatever information you can to Crimestoppers on 0800 555 111.

Source: Nottinghamshire Fire and Rescue Service

JOURNAL : Farmers Weekly

Sometimes the most significant events in the farming year can sneak by almost unnoticed. The other day, for instance, I was leafing through Cropdoctor Tod’s huge sheaf of agri-prescriptions to see what was next on the very lengthy mid-May list.

Wheats – done. Oilseed rape – done. Winter beans – not quite ready yet. And there it was: all the winter barley – heck of a lot this year – needed a little top-up of fungicide as the ears were emerging.

At first glance, this job is a flipping nuisance. The winter barley is mostly at the far end of the farm, and it’s a hell of a hike to trundle all that way having put only 10 litres of stuff in a 3,200 litre tank.

See also: Read more from Charlie Flindt

And then there’s the damage done by the tractor wheels. I gave up putting narrows on the tractor and trailed sprayer ages ago, after a scary mid-barn battle with a fiendishly heavy row crop wheel.

I had rolled it across the barn, all nicely under control, and was manoeuvring it back and forth, trying to line it up with the tractor’s studs – this was before the days of clever wheel rollers/cradles.

Moment of truth

But then I tipped it back just that bit too much, and it started to drop on me. It was one of those slow-motion events, as it dawned on me that I was not as strong as I used to be, and there was every chance of something horrible happening.

Somehow, I won the battle, but with a lower back spasm that ruled out tractor work for three days anyway.

So now, I’m on conventional tractor wheels all year round. And, in places, they do make a mess of a winter barley crop that is just beginning to mature nicely: the loops on the headland where you turn back on yourself, and the corner bits where you try to reverse neatly – but never do.

You can almost hear delight in the local rook population as I open up new landing zones for them.

But there are benefits – and not just the agronomic ones that the Cropdoctor assures me will result. The awns of barley clean up the underside of the Deere, brushing off the rust left by the late liquid fertiliser application in the milling wheats.

And in a normal year, it sweeps off the layer of mud that has gathered – a perfect chance to park up on the grass, roll underneath with the grease gun and soothe those terribly neglected UJ nipples.

Boom time

The best moment comes as you’re folding up the booms, and you realise that that’s it for the winter barley for this year (assuming no pre-harvest glyphosate, of course); next time this field sees a machine, it will be the combine.

It’s the first crop of this arable year on which we are “locking the gates” – a term that used to be metaphorical, but as hideous anti-poacher gates become more and more common, it’s a literal one, too.

In a few weeks, the rest of the farm will be put to bed, and we can stop watching the weather forecast for a bit.

That late fungicide, as tiresome as it is, is the arable equivalent of rounding the last bend. The finishing line is harvest. And another year will be done.

By the way, if anyone wants some very reasonably priced and only lightly used 12.4R46 or 11.2R32 wheels on MF centres (complete with unused JD centres), or some 18.4R26s that were originally on a Claas Protector Six, you know where to come.

Just don’t ask me to help load them for you.

JOURNAL : Farmers Weekly

Ford has said its redesigned Ranger pickups with more eco-friendly 2-litre engines will be superseding the current models later this year.

That means the four-cylinder 2.2-litre and the five-cylinder 3.2-litre engines used in the Wildtrak will be phased out from September.

But despite its lower displacement, the new Ecoblue engine – taken from the Transit van – promises more horsepower and torque than its predecessors.

With 213hp and 500Nm of torque on tap, its on-paper stats trump the current 3.2-litre’s 200hp and 470Nm. However, only a thorough road test will confirm if it will outperform it in the real world.

Ford is using this single engine block throughout the new range, with lesser models featuring a detuned version with a single variable-geometry turbo.

At the lower end this will produce 130hp and 340Nm of torque and there will be a mid-range version with 170hp and 420Nm.

As well as its lower emissions, the new engine promises 9% better fuel economy. Crucially, it hasn't changed the truck’s 3.5t towing capacity and 1.25t payload, which is the same throughout the range.

Despite continued pressure to reduce diesel emissions, Ford has no petrol engine available and says it has no plans to offer one.

See also: Pickup test: Ford Ranger Limited

In the transmission department, buyers get the choice of a six-speed manual or a new 10-speed automatic from the Mustang sports car. This replaces the old six-speed auto, which some customers complained was a little lumpy.

It is still teamed with a low-range transfer box and switchable four-wheel-drive system.

The chassis and bodywork stays largely the same, but Ford has done quite a bit of work to smarten up the interior. In the top-end Wildtrak this has meant toning down the vibrant black-and-orange seats in favour of plain black versions with subtle orange stitching.

The manufacturer says it has also improved the durability of the interior finish so it stays looking fresh for longer.

Extras include a system for detecting wayward pedestrians, an intelligent speed limiter and a parking assist function.

As for off-road ability, the new Ranger has an impressive 800mm wading depth, 230mm of ground clearance and approach and departure angles of 29deg and 21deg, respectively.

Prices start at £20,845 for the base-spec XL model and go up to £29,745 for the Wildtrak.

The Limited model, which has a slightly lower spec than the Wildtrak and accounts for the bulk of Ranger sales, has a starting price of £26,795.

Raptor model

Those more keen on performance and handling than load-lugging ability now have the option of the new Ranger Raptor model.

This racing-style truck has a similar look to the work-a-day Ranger, but has a strengthened chassis fitted with rear coils rather than leaf springs.

This undoubtedly improves handling, but the downside is that it can carry only a 758kg payload and is rated to tow 2.5t.

It might look like it should have a big V8 up front, but the Raptor actually has the same bi-turbo 2-litre Ecoblue engine as the Wildtrak. It delivers the same power output and is teamed with the same 10-speed automatic transmission.

It has had some other performance tweaks to help justify the £39,895 price tag, though. These include uprated Fox shock absorbers with position-sensitive damping and twin-piston front brake calipers with 332mm ventilated discs. It also comes with BF Goodrich tyres as standard.

Crucially, the Ranger Raptor is not to be confused with the US-built F-150 Raptor, which features a 3.5-litre V6 petrol engine that develops 450hp.

Ford and VW

Ford’s reduction in engine displacement could be a nod to the direction its recently announced alliance with VW is going to take.

The deal applies to both vans and pickups and the first products of the joint venture are expected to go on sale in 2022.

VW is apparently heading up the design of a smaller van, while Ford is leading the way on new medium-sized pickups and larger vans.

Details are still very vague, but with Ford already dropping its five-cylinder engine, it raises the question of how long VW will continue to use the punchy 3-litre V6 in its Amarok.

JOURNAL : Farmers Weekly

Few hill farms have come to the market so far this year, but land with potential for tree planting and in an attractive location is seeing good demand and achieving higher prices.

While farmers looking to relocate, expand existing holdings or create more viable units as part of succession planning make up some buyers, forestry investors and people with roll-over money make up the majority.

Planting premium

Douglas Orr, associate director of estates and farm agency at Strutt & Parker, based in Edinburgh, said his team sold 28 hill farms in 2018, up from just seven in 2017.

Forestry investors are taking advantage of the Scottish government’s support and applying for permission to plant while the scheme is in favour, he said.

See also: Secret sales see land hit higher prices

In Scotland, financial support for the creation of new woodland and the sustainable management of existing woodland is available through the government’s Forestry Grant Scheme.

Land suitable for planting is selling for between £1,000 and £2,000/acre, while that unsuitable for planting achieves a lot less, around £300-£1,000/acre.

“Very few people are looking to buy hill farms to run them as hill farms,” said Mr Orr. “Hill farms may struggle depending on how subsidies go.”

Good investment

However, Mark Barrow of H&H Land and Property, which covers the north of England, believes hill farms present exciting opportunities and could be good investments.

“With the emphasis on public money for public goods, and measures to support the resilience of rural upland areas, future subsidy schemes could be quite favourable for hill farms,” he said.

“There has always been a push for lowland productive land, but there is the potential for a change to more money going to the upland farm.

“We have seen some interest recently from lowland farmers exploring spreading the risk and expanding businesses by acquiring hill farms, with the view that payments might be going that way, but there’s nothing set in stone yet.”

As well as purchasing a working farm, these kind of properties have other attributes, Mr Barrow said. Camping sites and holiday lets could be good diversification options due to the attractive landscape, if there is decent access.

See also: Land with forestry potential sees unprecedented prices

In 2017 the Lake District National Park in Cumbria was designated a Unesco World Heritage Site. Mr Barrow said smaller upland amenity blocks of woodland and pasture had recently sold well to local investors wanting to own part of the park.

In the Cumbria area, amenity woodland achieves £5,000-£6,000/acre, with rougher pasture selling for £3,000-£5,000/acre.

“Over the past 12 months hill farms have still sold quite well, although it has maybe taken them slightly longer than usual,” Mr Barrow said.

“With Brexit looming, people are sitting back and waiting for an announcement, but the market is still quite strong and buoyant.”

H&H Land and Property is set to launch a 250-acre hill farm with stocking rights for sheep and cattle on adjacent land, likely to be sold at auction, which Mr Barrow says will be a good indicator of the market.

Quality interest

Northumberland generally has less farmland coming to the market than other regions in the UK, but offerings of a suitable quality attract high demand, says Graeme Bruce, director of YoungsRPS, which is based in the north of England.

On average, reasonable grassland sells for £5,000-£6,000/acre, while reasonable arable land achieves £6,500-£7,500/acre.

“Prospective purchasers are looking more closely at the quality of the land for their proposed use to ensure it is viable to them,” he said.

“Interest from the forestry sector has certainly strengthened, at times more than from a livestock farmer for bare land, hence the need for an understanding of the land type, any possible restrictions and sensible lotting to generate an optimum price.”

JOURNAL : Farmers Weekly

Heifers reigned supreme at the 2019 Beef Expo on Thursday (23 May) at North West Auctions, Kendal, where a home-bred Limousin-cross heifer took the top prize.

A packed J36 mart welcomed more than 4,000 visitors and saw the overall championship rosette taken home by John Williams, Trawsfynydd, Gwynedd.

Born in April last year, this year’s Supreme champion was a red heifer called One and Only, who was the pick of more than 130 cattle entries and 10 classes from 28 counties across Scotland, England and Wales.

Weighing in at 480kg, she dazzled the crowd and judge Gavin Scott, Gateside, Linlithgow, with her temperament, conformation and locomotion.

“She handled superbly well and has a lovely commercial carcass that would suit any butcher any week of the year,” said Mr Scott.

One and Only’s father is the much-admired AI bull Waindale UFO, who featured several times in the breeding of several stand-out entries.

Her dam is a pedigree Limousin cow by the easy-calving Huntershall Filleppe from Mr Williams’ 20-cow suckler herd.

She was fresh from her success as champion at Nefyn Show earlier in the month and is heading to the Royal Welsh Show this summer, with Mr Williams keen to keep her in the herd as a breeding female.

See also: Brecon potentials set new cattle mart record

Heifer reserve

In overall reserve was another home-bred daughter of the noted show calf sire Waindale UFO, out of a Charolais-cross Carradale Neptune daughter shown by breeder Jennifer Hyslop, Girvan, Ayrshire.

Weighing in at 487kg, Queen of Hearts was a show winner as a calf at Countryside Live in Harrogate last year and won first place at the East of England show in June, when she was just a month old.

Her next high-profile outings will be the Great Yorkshire and Royal Welsh Shows in July.

Steer champion

A strong steer competition was won by Doodle Bug, a Lodge Hamlet son from A and E Vance, Whithorn, Newton Stewart, shown by Amy, aged 11.

Originally bred by DS and CM Edwards, Gwynedd, the Vances bought the red-ticket winner as a calf for £1,200 in December at the Royal Welsh Winter Fair.

The success follows a championship win for the Vance team at the Carlisle Beef Expo in 2006 and a first prize in the bullock section at last year’s Beef Expo at Shrewsbury as well as first prizes at Ayr Show and the Interbreed Group of three.

Weighing in at 510kg, the May-born yearling will be heading to the Royal Highland and Great Yorkshire Shows this summer.

Reserve steer

Standing reserve in the steer section was Dark Destroyer, a Limousin-cross from JM and SM Rowlands, Llanidloes, Powys.

Dark Destroyer weighed in at 546kg on the day and is by a Limousin bull and out of a Blue-cross cow and was bought at Brecon in February for £1,650.

He was originally bred by DE and G Davies, Builth Wells, and was born on 30 April last year.

The 2019 Beef Expo was his first show outing, with the Rowlands team next targeting the Shropshire County and Staffordshire County Show this summer.

Baby beef champion

A hotly-contested baby beef championship was won by Aled Roberts of GH and AH Roberts, Gaerwen, Anglesey, with a 413kg July-born Limousin-cross heifer called Spice Girl.

Bred by Dafydd Lewis of JM and AM Lewis, Llanwrda, Spice Girl was bought for £3,200 at the Ruthin Show Potential Sale in February.

She is by an unregistered pure Limousin bull going back to Pengelly Bart.

This is her second trip out after winning the light heifer classes at Nefyn Show in Gwynedd.

She will head to the Royal Welsh Show after the Roberts team won the commercial championship there last year.

Baby beef reserve

In reserve was Shakira from the Wilkinson and Marwood team, Leyburn, North Yorkshire.

She tipped the scales at 342kg and was bought at the Hexham sale for £5,600 in March.

Bred by John Smith-Jackson, Melkridge, Haltwhistle, the Hightown Jacko daughter was by a Limousin-cross cow, again by the prolific Waindale UFO.

Shakira’s first outing was at Skipton, where she got a creditable fourth place and she will head to Wensleydale show in August.

South Devon champion

A home-bred bull from the Rufford herd took the overall championship rosette at the fifth South Devon performance championships.

Rufford Reggie from RW and SM Bostelmann, Eccleshall, Staffordshire, is by Z Hawkley SAS Javelin and out of the Westham Security 5 daughter Z Rufford Erica 20 (EX92).

He is positive for milk and scrotal size and rates +66 in the breed’s quality beef index and +70 in the suckler replacement index.

Judge Mervyn Rowe of the Tregondale herd, Liskeard, Cornwall, said Reggie paraded well and possessed good bone structure.

Giving his reasons, Mr Rowe said: “His top line was excellent, he’s full of character and his figures bear out his conformation.”

Reggie’s half-brother, Rufford Quest, won the same championship at last year’s Beef Expo at Shrewsbury.

Bred at home in a herd of 22 purebred cows, Reggie’s summer show calendar features the Shropshire County, Great Yorkshire and Royal Welsh Show.

South Devon reserve

In reserve was two-year-old heifer Cilgwrrwg Cas from RV Hartshorn, Roden, Shropshire.

She is a Z Eyton Trusty 3 daughter out of the Rufford SAS Dillon daughter Z Cilgwrrwg SAS Zolly.

She is currently in-calf to Hawkley Javelin and sits in the top 10% of the breed's estimated breeding value and in the top 5% for milk.

She was shown as a yearling and has been a prize winner at various local shows across the Midlands.

Cas was heading straight off to the Shropshire County show and was going to compete at the breed’s National Show and the Royal Welsh in July.

JOURNAL : Farmers Weekly

Beef farmers need to focus on reducing the average age of slaughter from 26.5 months to 12-15 months and improve the quality and consistency of meat, attendees at this year’s Beef Expo at North West Auctions, Kendal, were told.

Efficiency on many beef units is low with the genetic potential of cattle not being realised, said Dunbia’s research and development manager, Ryan Law.

Almost half of beef farms (49%) are failing to meet market specification and even when they are, there’s still variation due to the wide range of:

Breeds (25+)

Ages (12-36 months)

Weights (260kg-400kg)

Conformation and fat class

Low efficiency of production

Health and disease

See also: How beef finishers have improved health and cattle weight gain

As a result, the product as sold in supermarkets is varied, with a range of eating quality. “If a consumer has a bad eating experience it takes them three months before they will buy another bit of beef again,”  said Dr Law.

With more than half of beef (57%) coming from the dairy herd - a figure expected to rise to 70% by 2030 - Dunbia is looking to create a more resilient and efficient supply chain. It not only wants to link the farmer to the processor and retailer, but build a system, starting with dairy beef, that produces consistent meat quality, efficiently and at market specification.

In 2015, it set up an integrated beef programme with beef from the dairy herd, which has been designed to create a consistent product as efficiently as possible. The scheme focuses on:

Promoting dry feed intake at a young age – by feeding low levels of milk

Maintaining high immune status

Lowering the pathogen burden – by using high-pressure air systems

Lowering levels of disease by lowering levels of stress

High growth rate

Slaughter < 14 months

Dr Law said: “The challenge with beef from the dairy herd is the attitude of dairy farmers. Black and White bull calves are seen as a by-product.

"Calf mortality and morbidity is a huge issue, with up to 13% mortality in the first month of life.

“With our integrated beef programme, we want to deliver health and nutrition protocols at each stage to maximise the efficiency of production.”

Integrated beef programme

The main backbone of the programme involves rearers (2-14 weeks) grower/finishers (3.5 months-15 months) abattoirs and retailers. Farm key performance indicators are set for each stage of the process with data collection vital (table 1).

Farm key performance indicators

Dairy Farm

Calf rearing farm

Finishing farm

Calf condition score

Periodic daily liveweight

Periodic daily liveweight. Target >1.3kg/head/day over lifetime

Calf weight

% of calves reaching 84-day target weight

Cost of production

Weight for age

Cost of production

Cost per kg gain

Percentage of healthy calves

Antimicrobial use (Mg active ingredient/kg PCU

Antimicrobial use (Mg active ingredient/kg PCU

Calves sold

% of calves treated with an antibiotic

% cattle treated with an antibiotic

Mortality

Mortality <1%

Table 1 Integrated Beef Programme Farm KPIs

Calf rearing

The calf rearing feeding programme is based on promoting immune function and gut health. It involves:

Low milk intake (11.5kgs milk powder/calf) when calves enter at two to three weeks old

Early rumen development by offering ad-lib access to feed

High level of gut health

Dr Law said: “The low milk intake and high concentrate intake limits pathogen growth and inflammation of the gut wall. We are not chasing growth; it’s about promoting good health, which in turn means low antibiotic use. We are trying to put an animal in an environment with as much food and no stress, so it naturally grows quicker.”

Results from a study of 5,000 calves found the Dunbia system to work effectively (table 2). “By feeding more dry feed we are managing to get an extra 600mj of energy into the calf,” he says.

Results of a study comparing 5,000 calves on two different systems

Conventional

Dunbia

Milk powder/calf (kg)

30

11.5

Dry feed/ calf (kg)

150

225

Total £)

78.12

80.85

Energy intake (MJ)

2613

3270

Calf weights (kg)

120

159

Growth rate (kg/d)

0.834

1.22

Cost/kg gain (£/kg)

1.12

0/85

Percentage treated with antibiotic

75

15.1

Mortality (%)

14

1.8

Finishers

In the finishing units’ targets are:

600kg liveweight carcass

less than 14 months old

fat class 3+4l and an O conformation.

About 80% of the finishing cattle are reared indoors on ad lib concentrate and a forage based TMR (total mixed ration) and the rest receive one season at grass and are then finished indoors. They take about two months longer to finish.

All finishers must use positive pressure air systems in their buildings. Dr Law said: “The stack effect doesn’t work in young cattle or finishers. The best way to remove pathogens is to install a positive pressure air system that forces fresh air on top of the cattle. They distribute air evenly, without creating draughts.”

All finishers must have 4.5m2 of space an animal and have dry bedding topped up daily.

Some 25 farms are signed up to the programme. TIt is hoped it will be rolled out to suckler producers in the future.

Overall performance

Scheme average

Industry average

Calf growth rates

1.22kg/day

0.8kg/day

Finishing growth rates

1.33kg/day

0.83kg/day

Mortality in rearing

1.8%

14%

Mortality at finishing

0.7%

2%

JOURNAL : Farmers Weekly

With UK oilseed rape growers bedevilled by dry weather and flea beetles, David Jones travels to Scandinavia to see how farmers there are succeeding with the crop.

In the first of a three-part series, he visits a top-yielding big farming estate in Denmark, and then in a  subsequent story he meets a Danish organic rapeseed grower who achieves good yields and sells his crop for a sizeable price premium.

Then, in part three he crosses over to Sweden to see how one oilseed rape grower is lengthening his crop rotation to cope with an increase in clubroot disease.

Oilseed rape strategy

Bo Jensen won a key oilseed rape yield competition by following a three-pronged establishment strategy and also by allowing his crop to bulk up before harvest without any spray desiccation.

The Danish farm manager came top in the potential yield category of the Yield Enhancement Network (YEN) for 2018 harvest, run by crop consultancy Adas, with a yield calculated at 66% of his farm’s potential.

Drilling date, seed-bed fertiliser and seed rate were the key elements of his autumn programme to achieve a crop yield of 4.55t/ha, compared with his yield potential of 6.9t/ha on his light sandy loam soils.

“If you get it right in the autumn, things have to go really wrong in the spring not to get a good yield,” he tells Farmers Weekly.

See also: How two top oilseed rape growers achieve high yields

High oil contents

His five-year average rapeseed yield comes out at 4.2t/ha, but last summer one field managed 6t/ha despite drought conditions and gave him high oil contents with a percentage in the high 40s.

A further factor in helping his crop performance was the move away from desiccation some five to six years ago, as he looks to leave the crop for as long as possible to boost his yields and oil content.

He now harvests his oilseed rape after winter wheat to leave the last pods for as long as possible to mature and so make for an easier harvest, while using pod-shatter varieties to limit his harvest losses.

The farming operation he manages is dominated by herbage seed production and this crop gives him a good early entry for oilseed rape, as well as allowing him the two-year cereals break demanded by growing seed crops of hybrid rye on the farm.

[*https://infogram.com/danish-osr-farmers-1h0r6ro9eyrw6ek?live*](https://infogram.com/danish-osr-farmers-1h0r6ro9eyrw6ek?live)

Three estates

He manages three estates on the Danish island of Funen between the Jutland peninsular and the island of Zealand, where Copenhagen is situated, totalling 2,250ha of arable cropping with a base at the Ravnholt estate.

He grows 286ha of oilseed rape in a one-in-five year rotation with an entry crop of perennial ryegrass or tall fescue grown for seed, which is often harvested in the last week of July.

After harvesting the herbage seed, the stubble is cut to give an even finish, glyphosate applied to kill any weeds then the ground is disc cultivated twice and sown with a Horsch Focus dril.

His three key aims are:

A need to drill in mid-August, with the aim to go before 20 August to get good-sized plants before the early Danish winters. He is looking for an eight-leaved plant with a tap root of 8mm diameter and roots going down at least 8cm.

Seed-bed fertiliser. Most of his oilseed rape gets chicken manure to give the crop 40kg/ha of nitrogen. A minimum of 60kg/ha of nitrogen fertiliser is applied at drilling, which can go up to 100kg/ha following tall fescue, when more nitrogen is needed to break down the fescue residues.

Low seed rates. He is looking to drill 30-35 seed/sq m to give 27/28 plants/sq m in the spring. “We like a plant that is very strong with the growth point close to the surface to protect it from the harsh winters,” he says.

Well-branched plants

His aim is for big bushy plants grown in 30cm rows, with a good density within the rows to give well-branched plants with no spindly thin growth upwards. With good autumn rain in Denmark, establishment is usually good.

The preference is for fast-growing hybrids, with Expansion his main variety along with Exclaim and the early maturing Exlibris. He compares these with a small area of Butterfly, which is Denmark’s most popular conventional variety.

Cabbage stem flea beetles are being increasingly seen at low numbers, so two pyrethroid insecticide sprays were used in September and October. These appear to have given good control of beetles and prevented higher larvae numbers.

Spring nitrogen amounts to some 160kg/ha, and with 60kg/ha at drilling this gives a total of 220kg/ha, which may be low by YEN standards but he is wary of putting too much on as his soils can lack moisture in the summer.

He tends not to use plant growth regulators, but following a dry summer in 2018 he was concerned about high nitrogen residues in the soil so opted for growth regulation this spring mixed in with a fungicide for light leaf spot disease.

No desiccation

YEN evidence suggest top yields come from crops that have had as long a time as possible between flowering and harvest, so his decision to stop using glyphosate for desiccation gives the crop more time to put on weight.

“We want to leave the crop as long as possible and typically it will be harvested in the first week of August,” he says.

The aim is to see the last pods mature before combining and any pre-harvest losses are minimised by the pod shatter resistance of his hybrid varieties.

The YEN entry came from a big field of 31ha, which was harvested on 1 August, a few days earlier than normal due to dry weather, giving oil contents at 48-49%.

Three estates on the island of Funen managed by Mr Jensen

Arable cropping 2,250ha

Cropping includes grass, white clover and spinach for seed production, hybrid rye, winter wheat, spring barley and oilseed rape, with some land rented out for vining pea production

The three estates are managed from a headquarters at Ravnholt on the island of Funen, 10 miles south-east of the island’s main city Odense.

Looking ahead

For the future – he is looking to boost the crop's net income by saving on inputs, as he feels he is getting the most out of his light soils.

"Oilseed rape is an important crop for the rotation, although an increasingly expensive one to grow," he says.

So he is now looking at varieties with good disease resistance, cutting out insecticides sprays against pollen beetles and cutting back other costs where he is able.

Soren Lykkegaard Hansen of seed breeder Dekalb, which bred the hybrid varieties used on the farm, agrees with this approach based on the season.

”We need to be flexible and use inputs depending of the season,” he says.

Danish oilseed rape

The area of winter oilseed rape in Denmark could rise to as much as 165,000ha from 150,000ha currently in the ground, as the crop in the ground looks good this year.

Lars Ipsen, sales manager for the Nordic and Baltics for seed breeder Dekalb, says the current crop has not suffered from any drought problems and flea beetles are generally controlled, so the area could well go up next year.

August is often a wet month in Denmark, so crop establishment was not a big problem, while with high soil temperatures and plenty of nitrogen from the previous crop, this season's crop growth has been good.

JOURNAL : Farmers Weekly

A progressive approach to flock health, combined with hard work and savvy marketing, has seen a Lincolnshire couple expand their sheep business and income.

Chris and Louise Elkington of Gelston, near Grantham, run a flock of 450 after starting out with just two pet sheep 10 years ago.

They have diversified with a lamb catering business, Gelston Lamb, which they started in 2014 and by selling direct to the consumer.

Their flock of mainly Lleyns and Roussin Mules is also helping local arable farmers, with sheep providing organic matter and a break in the arable rotation.

The Lleyns are wintered on 20ha of turnips on one arable farm while the crossbreds graze grassland on two other arable units for low/free rents.

See also: A Northumberland farm’s approach to faster lamb finishing

Gelston Farm Facts

450 crossbred sheep combining Lleyn, Roussin Mules and North of England Mules

45ha of grassland, all rented

28ha of wintering ground rented each year

Make 8ha of haylage annually

Lambs sold direct through Gelston Lamb or to Dunbia on a deadweight contract

Ewe lambs bred to Roussin tups

The couple met through Young Farmers in 2008 and in 2010 they bought 30 North of England Mule gimmer lambs at the Hawes sale for £80 a head, to add to a small hobby flock.

Another 30 lambs were bought the following year and the flock slowly grew.

In 2016 they bought 200 Lleyn ewes from a breeder in Rutland when Mrs Elkington's father passed away, meaning they had the opportunity to rent 45ha of the family arable farm.

Since then at least 50 lambs have been retained annually and about 50 Lleyn-cross Aberfields have been bought in from a friend. Last year the flock was closed, and they will retain replacements to grow to 650 head.

The 45ha grazing block is used for lambing and summer grazing and is in its third year of a mid-tier Countryside Stewardship Scheme, which has ***funded*** most of the fencing (£4.60/m), gates and water infrastructure in a grassland reversion scheme.

Sheep are stocked at four ewes/acre (10 ewes/ha) through the summer and then wintered across 28ha of ground on three nearby arable units behind electric fencing.

System

The 450 sheep are split into a flock of 300 Lleyns and Aberfields lambing outdoors and a mixed flock of 150 Roussin Mules and North of England Mules that lamb indoors.

Two flocks are used to try to hit the early deadweight market and also produce lambs through the summer for catering and outdoor events.

Mule, Lleyn and Roussin-cross Mules form the maternal base of the flock, with Roussin and Charollais terminal sires used on both flocks and Lleyns used to breed replacements on the outdoor lambing flock.

All tups are bought from performance recorded, commercially focused systems. The Roussin provides hybrid vigour and a versatile cross capable of UL grade lambs that are lively at birth.

Flock management at Gelston Lamb

Spring

Indoor flock lambs for two cycles from late February

Outdoor flock lambs on pasture for two cycles from 5 April

Lambs typically receive a wormer at six weeks old according to faecal egg count

Scops (Sustainable Control of Parasites in Sheep) forecasts are monitored to check the nematodirus hatch

Faecal egg counts are done through Mole Valley Farmers (£7.50/test), with counts done twice a month. Results are discussed with the vet to see whether treatment in necessary.

Summer

Ewes are grouped into mobs of 150 head and typically moved to fresh grass every three to four days

Arable land is disc harrowed by Mr Elkington, sown with turnips by the quadbike, and rolled.

8ha of haylage made for wintering fodder

Ad-lib lamb creep offered from eight weeks

Lambs weaned at 12 weeks

Both flocks run with a teaser for 12 days, at which point the rams replace the teaser to breed for two cycles

Ewe lambs that hit the 40kg breeding weight have two cycles with a teaser and once cycle with a Roussin tup.

Autumn

First ewes move on to turnips in late October and all ewes have left grass by December

Lleyns are tupped on turnips – all adult ewes get teasered for 17 days and then run with the tup for 36 days (two cycles)

Winter

Lleyns outwintered on turnips and haylage as required.

Indoor lambers housed in February and given hard feed according to forage analysis ahead of lambing. This year ewes were built up to 400g/head/day of ewe nut over six to eight weeks.

Selling direct

Last year the Elkingtons sold 100 whole lambs for freezers, 60 lambs through a catering enterprise and 300 lambs deadweight, with 90 ewe lambs retained.

Lambs are butchered at a site 20 minutes away from the farm, although a small home butchery is planned, which would allow the Elkingtons to target the pub trade and sell more lambs in freezer boxes.

Burger flavour and quality are achieved through mincing whole lambs, which achieves a higher price than selling an £80 prime lamb, although Mr Elkington stresses it’s not all profit.

“The cooking cost, butchery, labour, bread bun, VAT and the pitch at the event are all to pay for,” he explains.

Mr Elkington still does a lot of off-farm work contracting and harvesting. “So, while it’s a good diversification, the £4 a burger is certainly not all profit.”

Gelston Lamb: Three outlets

Catering 45kg lambs are minced whole to make 150 burgers, sold at £4 a burger, usually out of marquees at country shows, carnivals, Young Farmers Club rallies, music concerts and private functions.

A minty burger and a Moroccan burger are currently on offer, with an upmarket burger with relish currently in the pipeline. Lamb sausages are also sold at events.

Boxed lamb Whole lambs are usually sold at £140 including free delivery, with lambs drawn at 42-45kg.

Deadweight Most lambs go to Dunbia on an 18-22kg specification, with lambs drawn from 39kg liveweight.

Tips on direct-selling lamb

Use social media Twitter is great for connecting with other farmers and Facebook can be used to market and sell lambs locally. Apart from a bit of time and effort, it’s free to do with a good internet connection.

Have a brand Something simple like Gelston Lamb works by giving the product an identity and a sense of place. Clothing and banners at events help make a lasting impression.

Butchery A nearby butchery that you trust is important to ensure supply can meet demand at busy times of year and a consistent product is achieved.

Vary your product Paying £140 for a lamb doesn’t suit all customers. A £4 burger is more affordable and a great way to tempt people in and get your brand known.

Use events Selling lamb burgers/sausages at events has helped Gelston Lamb expand its customer base and get important feedback.

JOURNAL : Farmers Weekly

Duchy Home Farm covers 770ha and started converting to fully organic in 1995 when farm manager David Wilson took over.

Back then organic farming was new to Mr Wilson, but he shared The Prince of Wales' unease about intensive farming systems and was keen to take up the challenge.

The farm concentrates on multiple enterprises with a mix of livestock and arable production.

See also: Duchy of Cornwall creates opportunities for new entrants

Seven-year rotation

The land is managed on a seven-year rotation – three years of multi-species leys to build fertility, followed by winter wheat, spring oats, beans or malting barley and rye, which gradually deplete fertility.

There are three livestock enterprises (see panel below), with an emphasis on pure breeds and rare breeds.

This fits in with the Prince’s belief in the importance of protecting genetic diversity, despite the fact there may be a price to pay in terms of productivity.

Where possible, hedges are laid to obviate the need for wire fencing, while the farm woodland is  processed for use around the farm, with the bark composted to fertilise the vegetable beds.

Profitability

Mr Wilson is fully aware of the need for the farm to be commercial – not least because he has to pay normal commercial rents to the Duchy of Cornwall.

Having a mixture of enterprises means the farm is less vulnerable to climatic and economic change compared with neighbouring farms with a narrower income base.

“On those conventional farms, yields plateaued several years ago, while their running costs have gone up and up and they are hitting the buffers,” says Mr Wilson.

“On our farm, we are also seeing margins squeezed, but we are becoming more targeted in what we grow and how we market it.”

The farm has a small vegetable business, with produce sold direct to consumers, and it is investing in a milk-vending machine, to retain more of the organic premium.

It also holds regular open days, which helps build awareness and customer loyalty.

While profits are far from guaranteed, environmental delivery certainly is, which Mr Wilson believes will put the business in a good position for future earnings, as taxpayer support moves towards a system based on “public money for public goods”.

A mix of livestock ensures income streams are spread

Sheep

The sheep at Duchy Home Farm comprise a mix of breeds, including Lleyn, Cotswold and Shropshire, of which about 100 are owned and the rest managed as part of a joint venture.

They are outdoor lambing and survive on a diet of grass or conserved fodder, which ensures a high omega-3 content – reputedly good for human health.

The flock is run as a single unit, though they are separated out for breeding, with the first lambs arriving in early April and sales beginning in July. Lambing percentage is put at 170%.

Mr Wilson says it is frustrating that wool, which is marketed as organic, is so undervalued – given the fact it is a natural fibre competing in a world of synthetics that are so bad for the environment.

Dairy

The 200 milkers at Duchy Home Farm are Ayrshires – chosen by the Prince of Wales on the grounds that they are not black-and-white – with a smattering of Dairy Shorthorns.

Yield averages just 6,000 litres a cow, though each cow manages six or seven lactations – considerably more than those in a commercial Holstein Friesian set up.

The milk is marketed through the Organic Milk Suppliers’ Co-operative (OMSCo) and currently achieves a 12-month rolling price of 42.8p/litre.

About two-thirds of the milk is from forage – clover-rich swards designed for their digestibility – with the cows fed less than 1t of concentrates each per year.

Mr Wilson makes full use of homeopathic and herbal remedies to counter any health challenges. Even though antibiotics can be used on organic livestock, withdrawal times are longer.

Beef

The beef enterprise at Duchy Home Farm comprises about 100 head of cattle made up of Aberdeen Angus, Gloucester and British Whites.

This mix is partly designed to help the Rare Breeds Survival Trust with retaining certain genetics, but also recognises the opportunities for traditional beef breeds in top-end markets.

All calves are spring-born and reared on the farm, being finished and ready for slaughter at between two and three years of age. Their diet is made up entirely of grass and silage with no concentrates in the ration.

Much of the beef is sold via the Organic Livestock Marketing Co-operative and ends up in supermarkets, though some goes direct to quality butchers and to Clarence House in London.

JOURNAL : Farmers Weekly

Getting a down cow back up on her feet as soon as possible after she collapses is the surest way to put her on the road to recovery, which makes prompt diagnosis and fast treatment vital.

Vet Anna Patch of Shepton Vets says delaying treatment can result in a down cow becoming a cow that remains down for a long ***period*** of time – typically more than 24 hours.

These individuals are the ones farmers will term “downer cows”.

To prevent problems from escalating, identifying the primary cause of a cow going down should be the priority. These tend to fall into three categories:

Trauma

Metabolic

Toxic

Below, she gives advice on how to spot and treat the different causes.

Trauma

This includes a number of things, from broken legs to a dislocated hip or nerve damage after calving.

What are the signs?

Cows often go down suddenly

Limbs often held in unusual positions

Cow may have been bulling recently or just calved

She will usually be bright, other than the fact she can’t get up

If there’s nerve damage, her tail might be paralysed/ floppy

She may have loss of sensation in the limbs

Her back feet may be knuckled – a sign of nerve damage after calving

Lifting the cow with a hoist (see box) and manipulating the limbs can be a good way to assess the problem. Work your way up each leg and manipulate each joint – is one leg shorter than the other, or is there any crunching?

Due to a cow’s weight, secondary muscle and nerve damage can quickly set in as soon as a cow goes down, regardless of the primary cause of her collapsing.

Treatment

Ask yourself if you have the time and facilities to treat and nurse her adequately to give her a good chance of getting up. What are the long-term implications for the cow? If a leg is broken for example, putting her down might be the best option.

When the decision is unclear, get a second opinion from the vet.

The decision will affect treatment. Consider medicine withdrawal as this will affect whether it is possible to get a casualty slaughter certificate. Speak to your vet about non-steroidal anti-inflammatories (NSAIDs) with short withdrawals if this is the case.

When nursing a cow with trauma, treatment will centre around NSAIDs and housing her on a deep-bed straw yard.

If she has done the splits, use shackles, but only if her back legs have gone outwards, not if they’ve gone backwards (in this instance they won’t help).

Cows with injuries not involving a break or dislocation should be lifted (see box) three or four times a day to maintain good blood flow.

Metabolic

This tends to be milk fever (low calcium), but can also include low magnesium or phosphate – although less common.

What are the signs?

Milk fever is most common 12 hours after calving.

Cows will have a low body temperature and cold extremities (such as the ears).

Cow may have been wobbly before she went down.

A “swan neck” that’s bent round can be a sign of milk fever.

Low phosphorus can also cause a cow going down. These cows tend to almost get up and sit like a dog. They can also be low in calcium.

If a cow is on spring grass, collapses and is thrashing around – it could be staggers (low magnesium).

If it’s unclear as to the cause, contact your vet to get a blood sample taken.

Treatment

Milk fever

Give one bottle of calcium in a vein – ideally the jugular vein

Also give an oral, long-acting calcium drench

Staggers

Get magnesium into her immediately under the skin. Don’t put it in a vein as this can kill.

Toxic

A cow has such a severe infection that a build-up of toxins has caused her to go down. This tends to come on rapidly and is usually mastitis or metritis.

What are the signs?

An initially high body temperature will start to go down to normal or low. As soon as temperature drops below normal, the prognosis is worse.

A hard udder and watery milk are signs of toxic mastitis – strip the udder to assess.

Cows tend to be suffering from dehydration and may have sunken eyes. Pinch some skin on the neck (SEE PHOTO) – if it takes more than five seconds to return to normal, she is dehydrated.

A foul vaginal discharge and retained foetal membrane (RFM) can indicate metritis risk.

Treatment

Toxic mastitis

Administer an appropriate antibiotic and NSAID in the vein – speak to a vet.

Give fluids with rehydration salts via an oral pump. You may want to call a vet for intravenous fluids in bad cases.

Strip each quarter at least three to four times a day and possibly use oxytocin to aid milk let-down.

Metritis

Intravenous antibiotics and NSAIDs and fluids.

Talk to your vet if you have an issue with an RFM.

Best-practice nursing

Lift with care – when moving or lifting a down cow, use a hip hoist and a breast strap on the forks for cow comfort and safety.

If you lift a cow and she shows no attempt to put her weight down, it suggests a poor prognosis and that she shouldn’t be lifted. Don’t just leave a cow dangling.

Lifting is often needed to assess a cow for injuries and as part of treatment for trauma.

If a cow responds well to lifting and is able to bear weight through her legs, lift her three to four times a day.

Temperature check – if you struggle to identify what’s wrong, take her temperature. This is particularly helpful in diagnosing toxic infections.

Provide a deep, clean bed – aim for 40-50cm of straw or 20-30cm of sand to minimise secondary damage and clean regularly to prevent mastitis infection.

Provide constant access to fresh food and water – putting a water bucket in a tyre can prevent her from knocking it over.

Move her – move her from side-to-side and reposition her legs at least four times a day to promote blood flow.

Check the udder – A cow that goes down will be more prone to developing mastitis and particularly if she has milk fever.

Provide protection from adverse weather – such as wind, rain, sun or frost.

Don’t leave it too late to call the vet – if you’re not sure, call the vet. There could be a chance it is something else, like a DA.

Don’t let it drag on. Once a cow is down for more than four days, with no signs of improving, she’s unlikely to get up.

JOURNAL : Farmers Weekly

The Pilkington family have taken their passion for simple grass-based dairying and developed it into a successful multi-site business.

Driven by a clear succession plan with their son Matt returning from university, in 2006 Mark and Hilary Pilkington relocated from Devon, where they were milking 120 cows on a steep hillside, to Northamptonshire.

Thirteen years on, having sold the Devon farm, the family team now runs three block-calving units – two spring and one autumn – in Northamptonshire and Warwickshire.

See also:

Farm facts: Pilkington Farms Ltd

Three units spanning 162ha owned, 243ha rented and 318ha on contract farming agreements.

1,200 cows milked with 600 heifers on the ground, rearing all own replacements.

Two spring-block calving units with mainly New Zealand Holstein Friesian cows but some crossbreds.

One autumn-block calving unit with crossbred cows.

Producing about 500kg MS a cow at 4.6% fat and 3.6% protein.

Milk sold to Arla on a manufacturing contract, with one farm being part of the Tesco Sustainable Dairy Group.

Grazing-based system. Extended rotational grazing from February to November with 10% of grassland reseeded each year.

Two 24-a-side and one 44-a-side Waikato herringbone parlours.

Thanks to clear targets, Pilkington Farms Ltd (PFL) has turned a profit every year despite expanding from 100 cows to 1,200 and from one unit to three.

Mark says that to run a business like theirs you have to step back from the cows and focus on managing people.

“Running multiple sites is different to running a farm – it wouldn’t suit everybody. At the end of the day, without people we wouldn’t have a business.”

And that is one of the things Matt enjoys most about the business. “I believe pasture-based multiple-site businesses are a great thing. It’s a great option for a person to come in and work their way up.”

The Pilkingtons share the key factors in running a multi-site business and explain how they fit with taking on a new unit.

Step 1: Assessing the opportunity

“When we identify a possible farm, we look for its potential,” says Matt. This includes looking at:

The grass-growing capacity of the farm

The milking platform

Necessary road crossings

Stocking rate

Understanding the rainfall and soil.

“We look for a minimum of 100ha because we know the 300-cow model is a profitable model,” he says.

Grazing is critical to the pasture-based system, with a utilisation target of just over 10t of DM/ha/year.

“Grazed grass has to be our number one,” says Matt. “It’s wedge first, all other feed second.”

The other key factor to assess is how the setup would work. In addition to the strong relationships between the family and the wider team, relationships with landlords and farmers for their tenancies and contracting farming agreements are “incredibly important” from a business and forage security viewpoint.

“It’s about understanding what they want out of the deal as well, so that it is a two-way thing,” says Matt, who places emphasis on improving the owners’ assets.

Several of their arrangements so far have involved arable conversion, so soil sampling and improving indices across the land has played a big part in the deal.

Step 2: Preparing a mature budget for a potential unit

 If the farm has potential, the next step is to work out a mature budget for the unit and understand what the numbers would look like in five to six years’ time.

The six years ballpark comes from experience in arable conversions, because it can take three to four years to establish and settle, and the operation should be hitting targets after four years and “flying” by five, Matt says.

The budget forecast is based on a scenario of growing 12t of grass a year and cows producing 6,000 litres from 800-900kg/head of cake.

They target a comparable farm profit (CFP) of 10ppl on a farm business tenancy and budget capital spend of no more than £1,500 a cow.

 “That’s why the tenancy has to be long enough to get return on investment,” Matt explains.

For a contract farming agreement, the budget would be assessed slightly differently depending on the terms.

Logistics of managing multiple units

To ensure budgets are met and returns achieved, each unit is run and costed entirely separately, with charges between farms if any labour or machinery is shared.

The directors aim to step back from the day-to-day running of each unit and give the herd managers autonomy, and a selection of tools helps them understand performance on each farm without having to visit.

Cloud-based FarmWizard software is used to track herd information, such as births, deaths, movements, vet and medicine records.

AgriNet is used to document and calculate information on grass.

Excel spreadsheets on Dropbox are updated by herd managers daily, with information on production and prices, including details such as cows in milk, milk quality and feeding information.

WhatsApp groups are used to communicate.

Hilary Pilkington prepares an annual budget with each team and a ring-bound version is kept in the farm office so it can be easily accessed.

Every month, Hilary reviews the budget so that any variance can be checked and acted on.

“We have a good handle on the figures. Once you understand your numbers you can explain the reason for a variance,” Hilary says.

The budget includes detail on every aspect of the unit, including labour, fertiliser, bedding, youngstock, bought-in feed, mineral and contractor costs, as well as milk income, cull and calf income and cashflow projections.

While the business is not heavily indebted it works closely with the bank and provides quarterly variance updates.

Other key partners include Rutland Farm Vets, the Vale Farmers buying group and contractor P&R Burbage.

Targets

Physical and financial targets help keep the business on track:

Physical

Tidy, well-presented farms

Safe working environment

People retention

Good technical performance (simple systems with the basics done well)

365-day compliance (every day is treated like an inspection day)

Communication and transparency.

Financial

Understanding and sticking to budgets.

Costs as a percentage of income – Variable costs <30%; labour, power, and machinery and depreciation <34%; other overheads <6%; rent and finance <15%; free cash >15%.

Pre-tax profit of £400 a cow a year.

Comparable farm profit of 10ppl.

Return on capital >15%.

Growing the balance sheet to improve the business’s ability to act on opportunities.

Step 3: Working out how to run the new unit

“The biggest lesson from our growth so far is that you need the people on the ground to facilitate it,” Matt says.

“If the farm has potential and we can see it working financially, then we need people to run it. We try to operate on a people first, opportunity second principle, so we’re always looking for potential herd managers and developing our own staff.”

The business employees 10 full-time staff members on the cow side and one full-time tractor driver.

Each unit has a herd manager who is responsible for the team’s workload and rotas as well as cow performance and grass management.

Having one autumn-calving and two spring-calving units allows some labour to be shared.

The youngstock manager moves between the different units for the calving ***periods***, allowing her to apply the same rigorous approach at each site.

Each unit is charged a management fee, which covers Mark, Hilary and Matt’s time, so that the cost of production does not omit family labour.

At the end of each year, the directors look at the balance sheet to see how it has grown.

Something Matt brought back from his travels to New Zealand with Positive Farmers in 2018 was an equity growth curve, which allows the family to assess how they are building value in the business.

All meetings between Mark, Hilary and Matt are treated as director’s meetings rather than family chats.

Tony Evans, a consultant with Andersons, has worked with the family for many years and meets them quarterly to review progress.

“He’s been integral in our move from Devon and our business growth,” says Matt.

People management and retention at PFL

Having a committed workforce to fulfil positions as opportunities arise is key to PFL's business model.

“Seeing other people achieve good things is rewarding,” says Matt, who is passionate about developing employees.

People development approaches used across PFL include:

Investment in training PFL spend about £500/employee/year on training.

Off-farm experience The aim is to have each employee off-farm one day a month, visiting other farms, attending discussion groups or training.

Personality profiling This has been carried out across the business to help understand people's motivation. Staff are salaried and not incentivised by bonuses.

Social events The whole team gets together for socials and herd managers are given money for team breakfast meetings.

Inter-farm rivalry Herd managers get together with the directors to review KPIs. Looking at the numbers side-by-side naturally creates healthy competition.

Recruiting non-***agricultural*** staff Two recruits have joined the PFL team with no ***agricultural*** experience. Matt says they needed good training, having never milked a cow or driven a tractor, but have brought enthusiasm and no “bad habits”.

Sharing experience/workload across blocks This has been valuable with the new recruits.

Taking them on in August meant the business was overstaffed at a quiet time of year, allowing them time to shadow others and learn the standard operating procedures on the autumn-calving farm before heading into spring-calving on their own unit.

Apprenticeships The idea of an apprenticeship scheme was brought to the business by  herd manager George Brown, a former Farmers Weekly Farmers Apprentice winner.

The plan is to recruit a trainee herd manager who will gain experience on one of PFL’s units before going on a sponsored 12-month sabbatical trip to New Zealand to gain experience on a leading dairy farm there.

To find out more about the business and keep up with its progress, visit the Pilkington Farms website or follow @mattpilks1 on Twitter.

JOURNAL : Farmers Weekly

Landowners in the Humber area willing to flood part of their land for up to 18 months are being sought to help with an environmental project.

The Water for Farming and Wildlife (WFFW) project – a partnership between the Environment Agency and RSPB – is looking for landowners who can offer one to five hectares of land near to the estuary to work with them for a duration of nine or 18 months.

In return, the landowners will have the costs associated with being involved with the project covered.

See also: Somerset farmers paid to reduce flood risk

The idea is to look at the feasibility of techniques that could be used to both create permanent or temporary wetland habitats and provide management benefits to local farmers, such as by helping control pests.

In 2018, the research team carried out experiments on 10m x 10m plots that were filled with water and the change in certain soil nutrients, water quality and wildlife assessed.

These small trials suggested that flooding the plots brought benefits for wildlife and there did not appear to be a negative effect on soil structure or fertility.

The team would now like to carry out field trials on plots averaging 2ha.

Early results

Alys Farndale, strategy officer at the Environment Agency, said: “So far, early results from our small-scale trials suggest that land can be brought back into use with no discernible differences to growing crops.

“The field-scale trials will help us to fully understand potential risks, benefits and logistics of temporary wetlands in the Humber area, as well as benefits to wildlife.

“Turning fields into temporary wetland can be good crop-rotation practice.

“Other studies, such as in the Netherlands, suggest that it could even lessen the need for pesticides, and we are keen to test whether this is true for farmland around the Humber.”

Farmers interested in taking part should email [*alys.farndale@environment-agency.gov.uk*](mailto:alys.farndale@environment-agency.gov.uk) for more information.

The deadline is Friday 14 June.

JOURNAL : Farmers Weekly

Isuzu has introduced two new high-spec versions of its popular D-Max pickup.

The XTR is the more conventional of the two and sits at the upper end of the maker’s line-up. It’s been designed for better off-road performance and has a few more rugged options than the rest of the range.

These include upgraded suspension from Australian firm Pedders, which offers longer, plusher travel and increased ground clearance of 250mm.

Higher-performance brakes have been installed too, with Kevlar ceramic front pads for better stopping power.

Outside, Isuzu has fitted a rufty-tufty bodykit with black plastic wheel-arch extensions, while interior mods include sportier heated leather seats with harder-wearing carbon fibre on the side bolsters.

The XTR is available to order now and prices start at £33,999.

See also: Pickup test: Isuzu D-Max Blade

Safir

The second of Isuzu’s new models is a special edition vision of the AT35, which has been fettled by Icelandic 4x4 specialist Arctic Trucks.

Limited to just 10 vehicles, each Safir comes with a sapphire blue paint finish, Mountain Top roller cover, 17in Arctic Trucks wheels and balloon tyres, plus almost every conceivable extra you can think of.

As a result, the list price is a rather weighty £45,000.

Both the XTR and Safir models feature the same 1.9-litre four-cylinder engine as the rest of the D-Max line-up, as well as a 3.5t towing capacity. They also come with a 125,000-mile, five-year warranty.

JOURNAL : Farmers Weekly

Agrilaser is a novel light technology that has been developed by Bird Control Group (BCG) to help farmers keep crop-damaging birds away from healthy crops.

The Life Laser Fence project is part-***funded*** by the EU Life+ programme, which aims to eliminate rodenticide use and reduce crop losses. Its trials indicate that a beam of light can be enough to deter approaching wildlife.

However, whether the frequency of beams and colour of the lights influence the performance of the system has yet to be determined.

See also: Video: On test Fendt's 943MT Vario crawler

The kit can be mounted on a pole or fence, or set up as a free-standing unit with power from a mains connection or solar charge system. It can operate over distances of up to 1.5km.

The beams are set up on a programmable pattern of movement to providing round-the-clock protection . It can memorise up to 16 patterns in three time-slots, but doesn’t have the capability to sense movement.

Inside the device is a projection safety system that shuts down the beam if it starts shining outside of the boundary. This helps stop the beam coming into contact with people.

The project started at Liverpool John Moores University, with trails taking place in the UK, Spain and Holland. Further evaluation of damage to animal health is still required, but so far, the project has not indicated any risk.

JOURNAL : Farmers Weekly

Putting a requirement for a pre-nuptial agreement into a partnership contract can be a useful way to raise the subject before marriage, suggests accountant Dyke Yaxley.

Pre-nuptial agreements are increasingly used by farming families to protect their assets and businesses, setting out how assets should be divided in the event of a divorce.

However, the delicate nature of the subject can make it a difficult one to broach, particularly if it has not been done well in advance of the wedding.

Pre-nups must be entered into willingly, with full information disclosed about the financial circumstances of each spouse, otherwise the agreement may be voided.

See also: How to make a pre-nuptial agreement ***smooth*** and secure

While their terms are not automatically enforced by the courts in the event of a marriage breakdown, over the last few years courts have shown a greater willingness to take note of these arrangements.

Mark Griffiths, director of Dyke Yaxley, said that the rise in property and land values was making the use of pre-nuptial agreements more common and they could be considered an add-on to a partnership agreement.

However, it came down to having a very good partnership agreement in the first place – land could be and was very commonly held outside the partnership, he pointed out.

JOURNAL : Farmers Weekly

Farm businesses and rural communities continue to be hampered by poor broadband and lack of access to online services, MPs say.

Rural broadband, mobile infrastructure and access to digital services remains a central issue, said the House of Commons environment, food and rural affairs (Efra) committee.

The committee has launched a short inquiry to examine current government proposals to improve digital connectivity in the countryside.

See also: Village switches on self-build hyperfast broadband

Not enough has improved since the committee's last inquiry into rural broadband and digital-only services in 2014/15, suggested committee chairman Neil Parish MP.

“The Efra committee has decided to revisit this subject because – five years after our initial inquiry – digital connectivity still remains a core issue for many rural communities,” he said.

'Unfairly hampered'

The last report warned that farmers trying to complete online-only applications for support payments were unfairly hampered by poor broadband.

“Until there is 100% reliable broadband coverage then there will be those who, through lack of online access, are disadvantaged through no fault of their own,” it said.

An NFU survey last year found almost two-thirds of farmers were unhappy with their broadband speeds.

Mr Parish said the government had identified challenges for improving digital connectivity in rural areas – and recently made numerous policy and ***funding*** announcements.

The committee wanted to know if these plans for improving connectivity were adequate for rural areas – and what was being done in the short term to improve broadband and mobile coverage.

Better service vital

“The committee will also test how the government plans to ensure access to the growing number of online public services at no extra cost to rural consumers,” said Mr Parish.

“As previous select committee inquiries have shown, delivery of broadband in rural areas in the past has been poor. We cannot allow this problem to continue.

“The government and service providers need to ensure that equal access to a high-quality, cost-effective service is accessible to all.”

How to have your say

Farmers and other rural residents are invited to submit written evidence to inquiry – with the committee outlining a number of questions it would like answered:

What are the barriers to delivering superfast broadband and improved mobile phone coverage in rural areas at an affordable cost to consumers?

Is enough being done to address the disparity in coverage and digital service provision between rural and urban areas?

What is the impact of the urban-rural digital divide on rural communities?

Is the current Universal Service Obligation (USO) adequate for the needs of rural communities and businesses and will it be effectively delivered?

Given technological developments, including provision of 5G, will the USO provide the necessary level of connectivity for rural areas in the next decade?

Are the government’s recent policy and ***funding*** announcements for improving digital connectivity adequate for rural areas, and how robust are the plans for delivery?

How well do digital public services work in rural areas where there are poor internet connections?

What support or alternatives are available for those in rural areas with poor or no connection to use digital public services and how effective is it?

The deadline for submissions through the committee’s web portal is midnight on Monday 24 June.

Respondents are advised to familiarise themselves with the guidance on giving evidence to select committees, including particulars of word count, format, document size, and content restrictions.

JOURNAL : Farmers Weekly

Bean growers pondering what the value of their 2019 crop will be are unlikely to see a return to the record prices paid this season, according to the head of the pulse growers association.

Good weather, including sufficient moisture, in most parts of the country is allowing growing crops to maintain yield potential and there are currently few reports of pests or disease, said PGRO chief executive Roger Vickers.

This should allow crops to perform better than during the difficult growing season of 2018, which led to a shortage of human consumption-quality beans for export, driving the price to well over £350/t.

See also: Spring beans outperform oilseed rape on heavy Essex land

Last year's experience also taught buyers and users alike how to cope with lower-quality produce, said Mr Vickers, who suggested the exceptional upward market movements of last year may never be repeated.

Trade in old crop beans has been at a virtual standstill for some time as most farmers have long since cleared stores, so traders are eagerly awaiting new supplies.

This has kept the quoted ex-farm feed bean price static for some weeks, at £246/t, in a market with very few sellers or buyers, as buyers such as feed compounders have switched to alternative protein sources such as soya and rapemeal.

Early crop prices for 2019 are reported to be some £50/t lower than this, at an ex-farm price of around £190-200/t, with some 40,000 tonnes sold for export at this level.

However, Mr Vickers said prices would have to fall further to attract significant interest from domestic bean buyers, as rival crops are still cheaper to buy.

Growers who have sold on a contract linked to a premium over feed wheat futures will see the value of the crop improve if the current wheat rally is maintained.

Feed beans typically trade at a premium over wheat of £30-40/t, which would give them a value of around £190/t this week (28 May), up some £14/t compared with two weeks ago.

JOURNAL : Farmers Weekly

After clocking up more than 1.2 million kilometres of testing across the globe, Land Rover has said it will launch its next-generation Defender later this year.

Rumours suggest that the launch will be at the Frankfurt motor show in September.

In preparation, Land Rover has released a series of pictures of the new model being tested in locations around the world, including Dubai, Utah and the slightly more down-to-earth Eastnor, Herefordshire.

See also: £690 conversion kit turns Land Rover Discoverys into pickup trucks

Camouflage livery masks the finer points of the design, but it’s clear that the new model is a significant departure from the original Defender and is more similar to the previous-generation Discovery.

The new model has been designed in Gaydon, Warwickshire, but production is taking place at the maker's recently opened factory in Nitra, Slovakia.

That puts an end to the 70-year run of producing Defenders and Series Land Rovers at Solihull, where the last model drove off the production line in 2016.

JOURNAL : Farmers Weekly

Oilseed rape has given many growers a rollercoaster ride this year.

As it comes under renewed scrutiny, we find out how our three new Oilseed Rape Masters are managing the risks and what the future holds for the crop.

Alan Clifton-Holt, AA Clifton, Romney Marsh, Kent

Despite success in last year’s Yield Enhancement Network (YEN) oilseed rape yield competition, run by crop consultants Adas, Kent grower Alan Clifton-Holt is not resting on his laurels.

Having achieved a yield of 6.2t/ha and scooping the Silver Award in 2018, he is now putting some of the lessons from that achievement into practice – along with insight gleaned from his involvement in Adama’s thought leadership group.

For his 313ha of oilseed rape this year, that means considering different varieties, tweaking nutrition and investigating biostimulants, as he works with Agrii agronomist Neil Harper to get the best returns.

Fine-tuning is an approach that fits in well with his overall aim to keep improving performance on the 1,500ha farm.

As well as using the YEN initiative to further their knowledge, the team try different things and make use of local trials data.

See also: OSR Masters: How an OSR grower has adapted production in a tricky year

Variety choice

Mr Clifton-Holt is growing both conventional and Clearfield varieties, with the oilseed rape crop featuring once in every six years.

Elgar, Django and Campus are the current conventional choices and two blocks of the Clearfield variety Veritas are grown where charlock is an issue.

“We’ve grown an area of Clearfield for three years. We haven’t seen a yield disadvantage at all, but are still learning how to grow it well,” says Mr Clifton-Holt.

The decision to move to home-saved seed where possible has relegated other hybrids from the line-up for the time being, although he remains open-minded about their future place.

Oilseed rape drilling takes place at the end of August and into September, with very little drilled before the August bank holiday.

“Moisture availability is the key. Even though we only have very low flea beetle numbers on Romney Marsh, we have to get it growing straight away,” he says.

Establishment system

High seed rates of about 4kg/ha are used, without a seed treatment.

Mr Clifton-Holt's establishment system of subsoiling, followed by disc tilling to produce a fine tilth and then tine drilling has worked well for the past few years, giving consistent results.

A polymer-coated starter fertiliser is used at drilling, supplying nitrogen, phosphate and boron, which helps to get the crop up and away.

In general, nutrition is being pushed this year, to keep the crop greener for longer and to extend the flowering ***period***.

“That was one of the key learnings from YEN. So we’re using 240kg/ha of nitrogen and 80kg/ha of sulphur, as well as providing micronutrients throughout the season,” he adds.

Having used a berseem clover companion crop in the past, he has now abandoned that practice in favour of getting better weed control.

Slug pellets are only used if needed, so are not applied right behind the drill.

“We will double roll if we can, which seems to be just as effective. Although slugs aren’t a major issue here, their numbers have risen with the introduction of cover crops,” he says.

Weed control

Herbicide use depends on the field and the weed pressure. Clearfield varieties usually have a pre-emergence treatment of straight metazachlor, followed by either Clerando (imazamox + metazachlor)  or Cleravo (imazamox + quinmerac).

The rest of the oilseed rape waits until the post-emergence timing for Astrokerb (propyzamide + aminopyralid), when Mr Clifton-Holt is confident establishment has been successful.

For blackgrass, two graminicides may be required, with a cheaper product going on before a later hit with Centurion Max (clethodim).

Otherwise, he uses one prothioconazole-based fungicide in the autumn, when the crop also receives magnesium and boron.

That is followed by a plant growth regulator/fungicide combination in the spring and then one flowering spray. Insecticides are seldom used.

Biostimulants supplied by Yara are being put through their paces in 2019, to see if they have a benefit.

Applied in early March and again in April, Mr Clifton-Holt is reserving judgement until he sees the harvest results.

Steve Klenk, Garnstone Farms, Kings Pyon, Herefordshire

Changes are being made to the way that oilseed rape is grown at Garnstone Farms in Herefordshire.

Farm manager Steve Klenk’s strategy of focusing on soil biology and introducing more diversity is widening the rotation and allowing him to reduce the farm’s reliance on inputs.

A new drill, the use of different companion crops and a rethink on varieties are all on the cards for this autumn, as he balances oilseed rape production with continually improving soil health.

With 100ha of oilseed rape currently in the ground, farm policy to date has been to grow oilseed rape no more than once every five years, as part of a flexible rotation that includes wheat, maize, herbage seed and wholecrop cereals.

Mr Klenk now has plans to extend that to seven years, in a bid to further reduce any pest and disease issues and help build soil fungi numbers.

Move to no-till

To encourage life in the soil, he has moved to no-till where conditions are suitable, included cover crops in the rotation and made best use of a combination of organic manures.

As a result, profitability is increasing and crops are performing better. Oilseed rape yields are about 4.5t/ha, with a longer rotation being key to maintaining these.

This year he is growing hybrids Aquila and Windozz alongside conventional Elgar – all chosen for their local performance.

Drilled in the first week of September, with 5t/ha of chicken litter used as a starter fertiliser, they were established with a Weaving drill following a very light cultivation.

He adds that the light cultivation with a spring tine is very important as he is planting oilseed rape very shallow. In four of his rapeseed fields, red clover was drilled at the same time.

“The idea behind it is that oilseed rape has no synergy with soil fungi. Having the clover there helps to keep the fungi going, for the benefit of the rest of the rotation,” says Mr Klenk.

Red clover

In one of those fields, where an autumn herbicide wasn’t required, the red clover is still going strong, he reports.

“I’m tempted to drill the following wheat crop straight into it. I’m also thinking about trying other crops to drill with the oilseed rape this autumn, such as lucerne and white clover,” he adds.

For 2019-20, he intends to move away from hybrids and use cleaned, home-saved Elgar seed with no dressing.

A new 6m Sly Boss drill will be used to establish the crop, using the same angled disc coulter principle as his previous system, with minimal soil disturbance.

“We usually start drilling at the end of August. If we go earlier than that, the crop gets too advanced,” Mr Klenk says.

He is also wondering about growing a blend of varieties in the same field, to increase the crop’s resilience – something that he will be trying in his winter wheat.

Grassweed control

For weed control, a metazachlor-based pre-emergence herbicide mix at about £25/ha is standard practice, followed by a late autumn application of propyzamide for grassweeds.

“Bromes are as much of a problem as blackgrass and herbage seed production means ryegrass is in the rotation. Oilseed rape is a good opportunity for blackgrass control,” he says.

One autumn fungicide is used in most seasons. In keeping with his soil health policy, every nitrogen application made to the crop includes humic+fulvic acid for beneficial soil microbes, plus molasses.

“The idea behind that is to make nitrogen use more efficient, so it pays for itself,” Mr Klenk adds.

Two sclerotinia sprays are always required, as the area is a known hotspot for the disease.

The second has 20 litres of a long-chain polymer nitrogen product included, as late nitrogen has been shown to benefit yield.

Insecticides use is down, stresses Mr Klenk. “We don’t have to spray for cabbage stem flea beetle and would prefer not to use them at other times of year.”

Edd Banks, Thomas Banks & Partners, Harlton, Cambridgeshire

The oilseed rape being grown by Edd Banks in Cambridgeshire this year only covers one-third of the originally intended crop area.

A change in drilling date – forced on him by last summer’s heatwave – saw the crop going into the ground in early September – some six weeks later than planned.

As a result, it was at the mercy of both drought and flea beetle, in a difficult season. Two of the three crop blocks failed, with those on heavy land struggling to grow away without sufficient moisture.

“It was dry until November. The plants were small and vulnerable to pest attack. I called time on one block at the end of September and the other in November. It was a common sight in this area.” says Mr Banks.

Oilseed rape drilling

His usual procedure is to drill oilseed rape from mid-July onwards, following winter barley.

Having removed the straw, he cultivates, drills and rolls in one day, applying 30kg/ha of nitrogen at the same time and some slug pellets.

“It’s a low-cost establishment system using home-saved seed, which allows us to manage the risk and avoid spending on the crop too soon," he says.

“Drilling in July also means that by the time the flea beetles arrive in late August, the plants are already a good size and can withstand the attack. Unfortunately, the Sahara-like conditions put a stop to that this year,” adds Mr Banks.

Both of the failed blocks have been replaced with sugar beet, which is growing well and will be lifted in good time in the autumn.

His prompt decision to give up on the oilseed rape allowed him to get the sugar beet cultivations done in the autumn, rather than risk losing soil moisture in the spring.

“Being on a three-year contract with British Sugar meant sugar beet was the obvious replacement,” he adds.

Lighter land

On some of the farm’s lighter land, his remaining 40ha of oilseed rape – which is all conventional variety Campus – has fared better.

While it did need to be sprayed for flea beetle in the autumn, it doesn’t appear to have a larvae problem.

Weed control was done post emergence, with Belkar (halauxifen-methyl + picloram) used for broad-leaved weed control in October and grassweeds getting a graminicide at the same time, followed by Astrokerb in late November to target thistles and blackgrass.

“The farm is getting much cleaner where blackgrass is concerned, but a patchy oilseed rape crop can be a setback. That was another factor in the decision to replace the two failed blocks,” Mr Banks says.

Otherwise, disease control has been prothioconazole-based, with an autumn and spring application being made – the latter including some tebuconazole. A single flowering spray was applied in mid-May.

Early drilling

Looking ahead, Mr Banks is planning to grow 150ha of oilseed rape on his 1,100ha next year, going back to his preferred early drilling in July with home-saved Campus seed.

The farm’s one-pass establishment system will cost £50-£60/ha.

“Given the crop challenges, I can’t justify the cost of hybrid seed. The issue is that it’s external factors that dictate whether the crop succeeds, not the plant genetics,” he says.

Mr Banks believes that oilseed rape is still the best broad-acre break crop for the farm, providing it gets away well at establishment.

“Pulse crops are badly affected by drought, haven’t been consistent and can cause blackgrass problems. Linseed doesn’t really stack up and the jury is still out on soya,” he adds.

Sugar beet, which has come to his rescue this year, can’t be grown as frequently as oilseed rape, but still offers good returns.

“It’s another crop which has lost the use of neonicotinoid seed treatments, so we will have to be vigilant,” he adds.

Sponsor’s message

Corteva Agriscience is delighted once again to be official sponsor of OSR Masters in 2019.

Corteva Agriscience has a rich tradition of oilseed rape innovation through its heritage companies, Dow AgroSciences, DuPont Crop Protection and Pioneer Seeds.

By inviting ideas from a wide variety of sources and with our own tradition of proven oilseed rape products – such as Astrokerb, Kerb Flo 500 and PT256, combined with a rich pipeline of breakthrough products such as the soon to be launched Belkar herbicide and the first Clearfield variety on the Recommended List, PT279CL – Corteva Agriscience believes UK oilseed rape growers will meet short-term challenges and see great potential in the oilseed rape crop going forward.

Thanks to Corteva Agriscience for its sponsorship, which enables us to run OSR Masters. Farmers Weekly had full editorial control of this report.

Farmers Weekly had full editorial control of this report.

JOURNAL : Farmers Weekly

Two months ago in France, four men were found guilty of having falsely labelled 500t of horsemeat as beef during the Europe-wide horsemeat incident in 2013. They faced mixed penalties of fines and custodial sentences.

While consumers may think this court case marks the end of poor behaviour in the horsemeat supply chain, this case is not an isolated incident, and certainly won't be the last.

See also: Preparation is the key to success for Open Farm Sunday

As well as the other convictions in the UK associated with the 2013 incident, in 2015 more than 20 people were arrested in Europe in a crackdown on tampering with horse passports and trade in illegal horsemeat.

Then, in 2017, after a Europol investigation, 66 people were arrested across Europe, again for mislabelling horsemeat and selling it as beef, while in October and December 2018 there were further problems with tampering with horse passports.

And earlier this year there was an EU notification again, with regard to “poor traceability records (potential tampering with passports) for horses from the UK and Ireland, slaughtered in Germany”.

Far from isolated events

These examples show that these types of illicit behaviour in our food supply chains are far from isolated events.

Other areas where food crime has been identified around the world include fish, milk, spices and herbs, and alcohol. While not all the food we purchase and consume is affected, there is growing concern over these trends.

There are many types of crime – including adulteration, counterfeiting, smuggling, food trafficking and theft – that businesses need to be aware of and guard against.

The additional ***funding*** of the National Food Crime Unit (NFCU) is a welcome initiative by the UK government. Individual businesses are undertaking risk assessments and implementing actions to reduce the risk of themselves and consumers being misled or defrauded by others.

But why is it happening so much now? Economic, social and supply pressures can cause stresses that lead to people behaving badly in some sectors of food production.

While some food crime is driven by organised criminal networks, other crime is driven within current supply chains, as there is a constant pressure to keep food affordable for all.

European austerity is clearly also having an impact. Austerity measures were implemented in the EU following the global recession in 2008 and the Eurozone crisis in 2009, and people’s incomes and associated purchasing power are still being affected a decade later.

In response, businesses and consumers need to be aware of the risk of food crime and make sure they are not vulnerable. Consumers expect food safety and high standards in terms of quality and labelling. For them, they are a given.

Food integrity reflects the decisions made in the food supply chain on behalf of others. Businesses are developing risk assessment and management strategies to reduce the likelihood of food crime occurring – but consumers purchasing food are reliant on trust.

Brand value depends on integrity in supply chains and this recent court case also shows the personal impact of not complying with the law.

Louise Manning is a professor at the Royal ***Agricultural*** University, Cirencester

JOURNAL : Farmers Weekly

I’ve now been farming for more than 40 years and have just achieved the ripe old age of 60.  This makes me one year older than the average British farmer, so perhaps it is a sign of ageing that I feel the ground shifting beneath my farming feet like never before.

On the one hand, Britain continues to contemplate the crazed self-harm of Brexit, which will have a bigger adverse effect on farming than on any other UK industry.

See also: My post-referendum nightmares

At the same time, climate change science, growing concerns about ***agriculture***’s effects on biodiversity and “evidence” that eating anything but very modest quantities of meat and dairy products is bad for human health are all combining to undermine what little influence farmers might once have had in Whitehall.

Indeed, Brexit – combined with a growing realisation that British ***agriculture*** is currently largely devoted to meat and dairy production – is the potential perfect storm for UK farmers.

We are used to a series of Defra secretaries (with Michael Gove the current spectacular example) being appointed with virtually no knowledge of their brief. This has not mattered for the past 46 years, because farm policy has been set in Brussels and subject to the lobby power of vast numbers of EU farmers. But what a Defra secretary thinks he or she knows about farming and the environment will have huge implications for UK farmers post Brexit.

Mr Gove makes no secret that his priority at Defra is the environment, and he has consistently ignored the issue of food production in his various speeches and consultation documents – like the Health and Harmony consultation and the “command paper” draft of the proposed ***Agriculture*** Bill.

So, as farmers struggle to get to grips with what “public money for public goods” and “natural capital” might mean for farm policy, the burning issue of Britain’s mushrooming food trade deficit is completely ignored.

Mr Gove and his ministerial colleague, trade secretary Liam Fox, both support a cheap food, free-trade policy, so they are not the least bit interested in the fact that, since 1984, UK self-sufficiency in indigenous foods has fallen from 95% to 76%. Nor are they particularly bothered that food imports have grown to the point where the UK now has a £22.4bn food trade deficit.

Harking back to a time before I had even started farming, but was still studying for my economics A-level in 1975, one topic that was part of the course was a UK government White Paper entitled "Food from our own resources".  The paper was considered important because, guess what, Britain was about to vote later that year on an in/out referendum on whether the UK should leave the then European Economic Community.

But how different the contents of that White Paper were to Mr Gove’s various published farm policy documents. "Food from our own resources" suggested UK food production should be increased by 2.5% a year, with a target of a 20% increase in milk production, 10% in beef production and 9% increase in cereals.

Back in 1975, of course, the farmers had the ear of a generation of politicians who still remembered food rationing. Forty years on and I find I’m now increasingly perceived as an environmental menace rather than part of a strategically important industry.

JOURNAL : Farmers Weekly

Achieving more sustainable food production in the UK will require a “carrot and stick” approach, but with more emphasis on inducements than penalties, according to Sustainable Food Trust chief executive Patrick Holden.

“We can’t blame farmers for simply following what makes economic sense,” he says.

“But British ***agriculture*** needs to become more sustainable – to better respect the environment and produce food that is better for human health – and that can only be achieved if it is profitable to do so.”

See also: Meat eaters or vegetarians: Who has the better arguments?

Mr Holden, who runs his own organic farm in west Wales and is a former director of the Soil Association, believes current farming practices which use agro-chemicals to maximise production are causing long-term damage to the environment.

He says that with regards to climate change, we are in the ‘last-chance saloon’ and changing farming systems holds one of the keys to avoiding irreversible damage to our soils, our ecosystems and our climate.

He believes farming systems need to change so that cutting greenhouse gas emissions, conserving water supplies, improving the soil and extending biodiversity become part of the mainstream, rather than niche activities.

Economic change

To persuade farmers to adjust will require a change in the economics of sustainable farming, which provide a combination of better returns from the marketplace and taxpayer support, says Mr Holden.

He also accepts that securing a market premium post Brexit will require protection from imports of cheaper food from parts of the world that do not adhere to the UK’s high standards.

This, he says, can be achieved by imposing a new system of differentiated tariffs that targets producers and countries which continue to farm in a way that damages the planet.

Farm support

He also believes that the government must create an ***agricultural*** policy which helps farmers who use more sustainable techniques to achieve greater profit.

“Michael Gove has brought some brilliant fresh thinking since taking over as Defra secretary,” says Mr Holden. “We now have a golden opportunity to take the average direct payment of £80/acre and use it to reward farmers who embrace environmental improvement.”

This money should not be spent on old-style stewardship schemes, he argues, as these have merely encouraged farmers to separate their commercial food production activities from their environmental delivery, with areas allocated to both.

The Sustainable Food Trust prefers a whole-farm approach – for example, paying farmers to improve their soil fertility across the whole of their farm, or reduce chemical fertiliser and pesticide application on all their fields, rather than just targeting pockets of woodland or field margins.

As well as redirecting support, Mr Holden believes there is a strong case to increase the farm support budget from the current £3bn a year, not cut it, as many have assumed will be the case.

Penalties

But as well as providing incentives, Mr Holden believes that farms using practices which cause damage to the environment or public health should be held financially accountable for that damage.

He suggests a tax could be introduced on certain pesticides, artificial fertiliser and antibiotics, to make them more expensive and so dissuade farmers from using them.

Any ***funds*** raised could be channelled into a new environmental programme, he adds.

Q&A with Patrick Holden

Q. With a population of 65 million and rising, should we not be aiming to step up food production rather than adopt practices that lower yield and self-sufficiency?

My stock answer to that stock question is that we already produce enough food, but 50% of it gets wasted – both along the supply chain and in the household.

That needs to be addressed. People also need to eat a bit less – we have an obesity crisis in this country, so producing more food may not help.

And there is also the issue of processing grain into livestock, which is wasteful due to the efficiency losses.

Q. Do you see veganism as a threat or opportunity?

The trend towards veganism has been triggered by an understandable revulsion towards industrial livestock farming.

But there is a lack of understanding of the role ruminants play in maintaining the carbon in our grasslands.

Grass-fed beef and lamb are highly nutritious and play a positive role in helping us reduce our climatic impact.

Conversely, chicken is gaining market share, despite having a far worse environmental footprint.

Chicken is only cheap because modern, chemical-based farming has enabled us to produce a surplus of feed grain.

If we revert to more sustainable cereal production, output will fall and prices will rise.

Q. There are many thousands of people in this country who rely on food banks. How can they be expected to pay for organic food?

We are sensitive to the fact that for people on low incomes, just getting food on the table is a challenge.

But that is where government can intervene. In the US, food stamps is the main form of ***agricultural*** support. We could do something similar here.

Q. How does rewilding fit in – allowing the less-productive parts of the countryside to go back to nature while focusing food production on areas more suited to the task?

That is the issue of land sharing or land sparing. Some environmentalists, such as George Monbiot, argue for land sparing – farming more intensively on the good bits and letting the uplands revert to scrub and forest.

As an upland farmer, I profoundly disagree with him – especially when he takes a blanket approach.

In any case, the land sparing approach that has been widely adopted in Germany  does not deliver, as they have still seen a 70% decline in insect numbers.

Land sharing is the better approach, using all our land in a more sustainable way, with a patchwork of environmental features. If we work with nature, biodiversity and food production can co-exist.

Q. What’s the best way to help conventional farmers learn the new techniques?

We already have the Innovative Farmers programme – backed by the Duchy of Cornwall and the Soil Association, among others – which is a great way for organic and conventional farmers to carry out their own trials and share best practice.

I can see this developing into a series of "harmony hubs", with a whole network of interconnected farms sharing information.

Q. Can genetic engineering help in terms of developing varieties of plants and animals that have a smaller environmental footprint?

I think there should be a new partnership with seed breeders to try to reconcile an obvious tension.

Most farmers want to increase yields, but I see more scope to use genetics to develop varieties from those plants and animals that already thrive on a particular farm or locality.

There is an opportunity to combine the science of epigenetic adaption, rather than genetic modification.

Patrick Holden was speaking to Farmers Weekly at a farm walk organised by the Sustainable Food Trust at HRH the Prince of Wales’ Highgrove estate in Gloucestershire.

What future for UK farm support?

A new report from the Sustainable Food Trust sets out the organisation’s latest thinking on the future direction of ***agricultural*** policy, drawing on the experience of nine different farmers who share their hopes and expectations for a post-Brexit policy.

In particular, it recommends a “whole-farm approach” to farm support, with Defra making an “annual sustainability assessment” of individual farms, before paying out any money.

This would consider things such as soil condition, areas of legume crops, levels of biodiversity, quantity of agrochemicals used, farm nutrient recycling and presence of local breeds.

Read more on the Sustainable Food Trust website.

JOURNAL : Farmers Weekly

Police in Wiltshire are offering to stop-check tractors being driven at night in a bid to target tackle farm theft in the county.

The Wiltshire Rural Crime Partnership is giving away “Police Stop Me” stickers for farmers and contractors to display on tractors and other ***agricultural*** vehicles.

See also: Share your farm protection tips and stories

The idea is that "Police STOP ME between 20:00-05:00" stickers are now available for rural communities to apply to their ***agricultural*** vehicles, trailers and horse boxes etc.

If machinery displaying a sticker is seen on the roads between 8pm and 5am, police officers stop-check the vehicle to ensure it is being used by the rightful owner.

A similar initiative has been in operation with cash-in-transit vans for many years, and has proven to successfully reduce attacks on vehicles from the security trade.

Rural crime officer Marc Jackson said: “This initiative is currently being used by other police forces around the UK and is a small but effective tool in the fight against rural crime.

Crime prevention

“Anything we can do to work with our communities to help disrupt and prevent rural crime is something we are keen to promote.

“Stickers won’t necessarily stop a theft, but they do raise awareness to other members of the public and police officers in regards to farm machinery thefts.

“This can include quad bikes, ATVs, 4x4 vehicles and as well as vintage tractors.”

PC Jackson said police were also asking farmers, smallholders and horse owners to ensure that their ***agricultural*** vehicles are adequately protected and stored securely.

“We often find that vehicles are stolen while being used, with the keys left in the vehicle when the owner is checking livestock or working around the farm yard.”

Devastating impact

NFU Wiltshire representative Andi Witcombe said: “Rural crime is one of the most pressing, impactful and devastating issues farmers are dealing with at the moment.

“We have seen some great examples around the country of police forces getting on the front foot with rural policing, and the NFU in Wiltshire welcomes the Police Stop Me initiative.

More than two-thirds of farmers have been victims of crime in the past 12 months.

“Appropriate action needs to be taken to ensure farmers can do what they do best – producing safe, traceable and affordable food for the nation.”

JOURNAL : Farmers Weekly

Safety campaigners are calling for a review of speed limits on rural roads after a report revealed that drivers don’t feel safe travelling at the current 60mph speed limit.

The study, by road safety charity Brake and Direct Line, found that six in 10 feel unsafe travelling at the default limit on rural single-carriageway roads.

Fewer than one quarter (23%) stated that 60mph is a safe speed for a vehicle on a road where there may be people on foot, bicycles and horses.

See also: Tractor dashcam footage reveals reckless motorists

The report found that drivers either wanted, or were ambivalent, about a reduction to the default 60mph limit on rural roads, with less than one in five (19%) objecting to a reduction.

Seventeen people are killed or seriously injured on rural roads every day and nearly half of all deaths on Britain’s roads occur on single-carriageway roads.

Looking ahead to the upcoming publication of the government’s new road safety action plan, Brake urged ministers to review the current 60mph speed limit on rural lanes.

Take the poll and read the rest of the report below.

(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'));

The charity argues that the current limit is too high for rural roads, which are often narrow with blind bends, and no pavements or cycle paths.

There is also a lack of alternate direct or segregated routes for people on foot, bicycles or horses, it says.

Joshua Harris, director of campaigns for Brake, said: “Drivers have made their views clear – travelling at 60mph on rural roads doesn’t feel safe to them, and the majority would support or not object to the limit being reduced.

“The current default limit gives a false impression that 60mph is a safe speed and this is putting everyone who uses our rural roads at risk.”

The survey of 1,107 drivers was carried out online by research specialists Surveygoo, on behalf of Brake and Direct Line.

See also: Tractors on the road: Rights, wrongs, rules and regulations

According to Department for Transport figures, rural roads carry 40% of all road traffic but they account for 62% of all road fatalities.

The NFU has said the 60mph speed limit on rural roads is too often treated as a target rather than a speed to drive at only when safe to do so.

Thomas Price, NFU farm transport and safety policy adviser, said: “Rural roads are also often narrow, twisting, with dips and blind spots and a poor road surface.

“Corners are a hazard that many drivers do not handle well – approaching them too fast.

“This means they cannot judge the severity of the bend or see unexpected hazards such as oncoming or slow moving vehicles, livestock, horses or pedestrians. Country roads often have no road lighting which makes hazards hard to see.”

Advice to motorists using country roads

Slow down before a bend and not on it

Drive at a speed correct for the road conditions – don’t treat the speed limit as a target

Be patient behind slow moving traffic – don’t overtake unless it is essential to do so

Pass vulnerable road users such as horse riders, cyclists and walkers wide and slow

Never taking a country road for granted – conditions can be different every time it is used

(Source: NFU)

JOURNAL : Farmers Weekly

The National Pig Association has accused UK pork processors of failing to pass on more than £1m a week to loss-making pig producers after the African swine fever crisis in China drove up the global price of pork.

Mainland European producers have seen prices rise by 30p/kg since early February to stand at close to 147p/kg, as exporters rush to fill the demand left by at least a one-fifth decline in the size of the Chinese breeding herd.

However, UK prices have risen just 6p/kg in the same ***period***, to 144p/kg.

See also: Guide to biosecurity measures to keep pigs disease-free

Once additional UK-only costs, such as levies and haulage, are taken into account, UK farmers are earning 6-8p/kg below that, at around 137p/kg, said NPA chairman Richard Lister.

NPA calculations show the failure to match the EU price means UK producers have lost more than £1m each week since the middle of April.

The figure could be as high as £13m over five weeks once the premium paid for higher-welfare UK pork management systems is factored in.

The price rises are an “an insult to the hard work of the pig industry,” said Mr Lister.

“It is too little, too late. The price continues to push further ahead in the EU and the small increases we have seen do not come close to compensating producers for the millions lost since early February.

“The excuses given by processors simply do not stack up – especially when we see the likes of Cranswick posting profits of nearly £90m, partly on the back of strong Asian export growth.”

AHDB figures show that pig producers have been loss-making since the second half of 2018, with farmers estimated to be losing up to £10 a pig produced as prices remain low and costs high.

JOURNAL : Farmers Weekly

Arable farmers in Scotland are being urged to review security following two high-value thefts of agrochemicals from farms.

Thieves struck at a farm in the Westerton area of Meikle Wartle sometime between Friday 17 May and Saturday 25 May.

They made off with agrochemicals worth about £10,000.

See also: Farm security advice to combat rural crime

PC Johnathan Walkden of Police Scotland said: “This type of theft is unusual for the area and we are appealing for anyone who may have information to contact us.

“We are working with the farm and the rural community as part of enquiries.

“The chemicals stolen are for ***agricultural*** use and include herbicides and fertiliser. They are not considered harmful.”

It is believed that a vehicle would have been used, given the quantity of chemicals taken.

Second theft

Meanwhile, police are appealing for information after a break-in at a farm 90 miles away near Munlochy on the Black Isle.

Entry to a storage building at the farm at Roskill was forced some time between 7.55pm on Thursday 23 May and 6.45am on Friday 24 May.

A quantity of agrochemicals, including fungicides and herbicides along with a tractor GPS system, were stolen.

Det Constable Chris Robertson of Police Scotland said: “We are urging other farms in the area to be mindful of these recent incidents and to ensure that they take steps to ensure their property is as secure as possible.”

It is not known if both incidents are linked.

Anyone with information is urged to call police on 101 or Crimestoppers anonymously on 0800 555111.

See also: The rules for legal storage of pesticides on farm

JOURNAL : Farmers Weekly

The chair of the House of Commons Business, Energy and Industrial Strategy (BEIS) committee has confronted six major UK retailers over their failure to sign up to a code that outlines fair practices for paying suppliers.

Morrisons, Aldi, Iceland, Lidl, Ocado and B&M have all been contacted by MP Rachel Reeves to establish why they are not signatories of the voluntary Prompt Payment Code (PPC)

See also: Retailer Watch: Which supermarket treats suppliers the best?

Ms Reeves wrote to the retailers to find out why they had not signed up to the PPC, demanding an answer by June 4.

This follows a meeting earlier in May with the Grocery Code Adjudicator (GCA) Christine Tacon.

Ms Tacon highlighted a number of issues relating to the treatment of suppliers by retailers, including late payments and poor payment practices.

Other UK retailers including Asda, the Co-op, Marks & Spencer, Sainsbury’s and Waitrose have  signed up to the PPC, and there have been calls from the BEIS committee to make it mandatory for all medium and large retailers.

Payments problem

The 2017-18 GCA annual report stated that “delay in payments remained the number one concern highlighted by suppliers in the 2017 survey and continued to be an issue widely reported directly to the GCA by suppliers”.

PPC signatories agree to a host of regulations, including paying suppliers on time and in line with the terms of contracts, giving clear guidance to suppliers and encouraging good practice within supply chains.

Competition and Markets Authority decision on Sainsbury’s/Asda merger

The Competition and Markets Authority (CMA) is attempting to extinguish any remaining embers of the Asda/Sainsbury's merger, according to a filing by the regulator.

A draft document from the CMA, which in April blocked an attempted merger by the UK’s second- and third-largest retailers, outlines plans to stop the two supermarket giants revisiting the plans for the next 10 years.

The “prohibition ***period***” would prevent Sainsbury’s, Asda and its owner Walmart from revisiting the merger for the next decade.

JOURNAL : Farmers Weekly

The continued concerns over the future of key chemicals and the knock-on effect for those operating zero-tillage systems seem to have done little to stifle the direct drill market, with yet another new name added to buyers’ options.

The Spanish-made Virkar seeder will make its public debut at next month’s Groundswell demo day and comes from a company that specialises purely in no-tillers – a sector that now commands about 20% of UK drill sales.

Its cutting disc and tine combination were developed by a farmer looking for a system to match his stoney, uneven ground.

Having decided to build his own drill in 2012, they started appearing on the no-till radar three years ago when an export business was established that saw them first shipped to France and now to the UK and Denmark.

Virkar Dynamic

Width 4.5m or 6m

Spacing 19cm or 25cm

Coulters Rippled disc and tine

Max coulter pressure 280kg

Hopper 5,300 litres, 65:35 grain/fert split

Metering Muller seeding control

Power used 180hp (6m)

Drilling speed 8kph

Realistic output 50ha/day

Price £80,000 (6m)

Basingstoke-based Samagri has taken on British distribution, which it will run alongside its Kockerling and Sumo franchises.

The firm's Sam Berry decided it was a drill that could suit his farm’s 700ha of undulating terrain.

He reckons it’s pretty good candidate for anyone considering making the switch to a no-till system, giving soils a chance to adjust by stirring up a very narrow band of tilth, while leaving the ground between untouched.

See also: Driver’s view: David Bird's Primewest Cross Slot

Disc, tine, or both?

Mr Berry was in the market for something very specific – a front disc to cut through trash and create a micro-tilth, and a tine to deal with seed placement.

Running a straight disc and seeding boot can sometimes cause a smeared, impenetrable slot on sticky ground that tends to limit the crop’s ability to root down quickly and get off to a fast start.

Instead, the front-running turbo disc has a rippled profile to form a micro-tilth. As it does so, it opens the 12mm-wide slot that acts as a passageway through which the following tine and boot can glide without too much extra disturbance.

This should encourage fast early rooting, says Mr Berry, and over the 40ha it has covered this spring, he has noticed strong early crop vigour.

The discs ride on hydraulic rams linked to a central accumulator that provide up to 280kg of downward pressure on each coulter.

A sprung linkage allows the disc to lift over immoveable rocks by up to 35cm and means that the more the disc goes into the ground, the greater the pressure exerted on the press wheels.

Getting (and keeping) direct drills in baked-hard ground can be a problem, so Virkar offers the option of fitting wafer weights on the drawbar to add to the 6.5t empty weight.

This could prove handy when sowing small-seeded, lightweight crops such as oilseed rape.

Operators can tinker with the working depth of the disc in relation to the boot, pushing it up to 2.5cm deeper to make sure the seed is dropped onto, and covered by, loose soil.

As well as dropping the seed, the tine and seeding boot elements fulfil a second role in cleaning the slot behind the disc, which significantly reduces the risk of hairpinning, says Mr Berry.

The company offers a couple of tip options for the tine, with choice predominantly determined by ground conditions.

A simple, straight-legged design should usually be adequate, but there’s also one with an angled point that will help keep it in the ground when the going is dry.

Because the legs do minimal work in forming the slot, they are subjected to little wear and should be good for thousands of acres.

It also means required pulling power is fairly modest – Mr Berry uses his Fendt 724, but reckons buyers could get away with just 180hp on the 6m model.

Optimum travel speed is about 8kph to minimise soil throw that would otherwise leave a more open, vulnerable slot, though those working on min-tilled ground could push it closer to 12kph.

Closing the slot

Seeding depth is set on pairs of V-angled press rollers that can be adjusted by an uncomplicated clip system to make sure loose soil is pushed back over the seed.

Standard spec includes rubber wheels, but tougher, notched steel versions are available for particularly hard conditions.

Contractors, or those working across variable soil types, might consider investing in both to add a bit more flexibility to the system.

The steel setup adds an extra £2,400, but will prove vital if the concrete-like conditions this spring become more common.

The whole unit is semi-mounted on the tractor, so the chassis rides on a pair of 550/45 R22.5 transport wheels that remain in contact with the ground during work.

This arrangement has the potential to cause unnecessary compaction on cultivated ground, but should have little impact in a zero-till system where the soil tends to be able to handle a bit more weight.

One of Virkar’s neater developments is a steering kit on the rear axle, which remains engaged during work but can be locked for transport.

It uses a potentiometer on the drawbar to dictate their angle and offers vast improvements in bout accuracy on sloped ground.

In particular, the drill should be less prone to cutting corners on curved headlands, shouldn’t crab when working across slopes and the steering system will also reduce side pressures on the coulter arms.

The other benefit, of course, is tight turning, so swinging back into work on a 12m headland shouldn’t pose much of a problem.

Modular design

Another stand-out feature is the flexibility to alter row width and full working.

Because the 4.5m and 6m versions use the same chassis, owners can simply bolt extra frames on the wings and fit the required coulter modules at a cost of roughly £10,000.

A bit of spanner twizzling can also shift row widths from 19cm to 25cm (or vice versa) by moving the coulter units into different pre-drilled slots on the frame.

And if you’re thinking about sowing oilseed rape at 50cm centres, it’s simply a case of lifting the front row out of work.

Virkar’s Spanish customers have reported plenty of success in planting wheat with 25cm row spacings.

For starters, they say it can handle far trashier conditions, fungicide applications have been cut by as much as 40% and they’re also getting marginally better yields, all of which is reflected in profitability.

Split hopper

The standard outfit carries a 5,300-litre hopper that can be ordered (or retrofitted) with a 65:35 grain and fert arrangement.

There is also the option of a third 600-litre seed-carrying element that can be dropped into the main hopper with a telehandler, where it is clamped in position.

All of the components are made in-house by Virkar, except for the Muller control system. This can be run through the towing tractor’s Isobus-ready terminal, providing sowing rate adjustments from 2-380kg/ha.

The firm is also working on bigger models and expanding its portfolio, first with an 8m version of the Dynamic and later with a disc drill version and direct maize drill.

Groundswell

Virkar’s Dynamic drill will be making its public working demo debut at next month’s Groundswell event.

Alongside a raft of speakers, the no-till show will host demonstrations from John Deere, Cross Slot, Dale, Weaving, Horsch, Novag, Kuhn, Virkar, Sky, Simtech, Ryetec and Sly.

JOURNAL : Farmers Weekly

Techneat is to offer a new GPS-based rate controller on its sprayer-mounted slug pellet applicators.

The move should improve accuracy and provide better control of the Outcast V2 unit that was previously only available with headland or sectional on/off through a basic control system unrelated to forward speed.

The new GPS rate controller is compatible with the firm's three-way section control options.

See also: Video: How to calibrate your slug pellet spreader

An in-cab control box manages the section valves and automatically reduces the speed of the metering unit proportionately as the valves open and close.

This means that the application rate of the slug pellets should be much more accurate in relation to forward speed and the rate remains correct when one or two sectional valves are closed.

Techneat says this improvement is particularly important given that many contractors and large-scale farmers are now using the Outcast V2 to spread pellets at 36m.

Interested buyers can expect to pay upwards of £7,751 for the package of spreader and rate controller.

JOURNAL : Farmers Weekly

White and purple wheats, food barleys, special types of beans, oats for health drinks and even chickpeas are some of the novel crop options being investigated by Agrii.

Farmers can no longer rely on growing just the four staple crops of winter wheat, winter barley, oilseed rape and spring barley, says Peter Smith, market development and pulse seed manager.

Grassweed issues and the loss of pesticides mean farmers are widening their rotations and increasing their spring cropping areas. On top of this, oilseed rape is proving problematic in some parts of the UK.

See also: Kent grower’s soya crop delivers cost and blackgrass benefits

To help farmers find profitable options, Agrii is looking to develop alternative cereal and break crops.

The firm has already seen success with Explorer malting barley, naked oats under the Superioat brand and German E-wheats..

Naked oats

Food barley

Legumes

Alternative wheat

Working with Glencore and Budweiser, Agrii has contracted farmers to grow a specific malting barley variety that suits the brewers’ process.

“It offers farmers on heavier land the chance to grow spring barley without the fear of exceeding nitrogen limits,” says Skye van Heyzen, Agrii’s seed sales and naked oat product manager.

The tonnage has increased from 430t to 85,000t in six years and the company has developed an agronomic package that helps growers maximise yields and deliver what the brewer wants.

But this is only the beginning, there are many more potential crops that are being looked at.

For some, Mr Smith says the market is already there.

“So it’s a case of using our existing R&D system to see if it is possible to grow these crops.”

If so, the company then develops a growing system that ensures farmers can reliably deliver the yields.

“In contrast, for some crops like coloured wheat, we already know how to grow them and it’s more about getting food manufacturers interested.”

In addition, are they prepared to pay a premium? This may be needed to cover the extra cost of growing them in the UK, he says.

The crops being investigated fall into four areas: naked oats, food barley, legumes and wheat.

Naked oats

Naked oats are already established in the market alongside Explorer barley and German E wheat. They differ from conventional oats in that they naturally thresh free from the husk during harvest.

Consequently, they have a higher protein content (13%) than conventional oats and their 9% oil content makes them an energy rich product.

Contracts (100% buyback) are available in England and Wales with a premium over feed wheat of £30-45t/ha.

Mr van Heyzen says there is a good diverse market which includes bird food, pet food, human consumption, malting and poultry feed.

About 3,000ha are currently grown and Agrii’s target is to exceed 4,000 in 2020 and he believes it could reach 6,000-7,000ha.

“The varieties are here, the agronomy is coming along and markets are growing,” says Mr van Heyzen.

One attraction for growers is its lower variable costs than oilseed rape and second wheat, resulting in gross margins comparable with existing break crops.

However, getting good yields is the key to its profitability and raising them from 5t/ha to 6t/ha can add £100/ha to margins. To achieve this extra tonne, Agrii has put together an agronomy package.

It includes using a special phosphite, zinc and manganese seed treatment to get crops off to good start.

Meeting market specs is also essential, for example, good grain size is essential for bird food markets.

“We have found that micro-nutrition is key to grain size. Last season which was a challenging year, there was a 20% reduction in screenings just by changing crop nutrition.”

Food barley

In the UK, farmers grow barley for distilling, brewing or animal feed rather than food.

However, Mr Smith believes there are opportunities for the naked form in the food sector. Like naked oats, the outer coats threshes free when harvested.

One valuable advantage of barley is its high level of beta glucans and fibre, which helps digestion and to prevent type 2 diabetes.

“It is an easy way to get beta glucans into peoples’ diets.”

He is also looking at waxy types, which offer valuable properties for food processing, as they can absorb more water and increase viscosity.

There is a range of potential markets for food barley, including breakfast cereals,  artisan breads and rice alternatives, not forgetting pet foods

He points to Japan which saw a dramatic increase in food barley use in 2016, jumping from 6,000 to 28,000t. US farmers are growing and exporting food barley to Japan.

“This shows the potential for increased demand in the UK, as well as growing them for export.

“We can grow them, as they are very similar to conventional barley. So we are screening many crosses in an attempt to find types really well-adapted to UK conditions.”

Legumes

By 2054, global plant protein consumption is forecast to reach 943m tonnes in the UK.

Most is at present imported, meaning there is an opportunity to grow more here. Examples include soya, chickpeas, field and haricot beans, and peas.

One alternative to imported soya is field beans, and one UK retailer is intent on replacing 5% of the imported protein in pig rations, thanks to a new type of bean.

Originally coming out of the Optibean project, the bean contains very low levels of vicine/convicine and last autumn saw the PGRO add a new LVC category in its recommended List.

Vicine and convicine are not easily digested by animals, therefore, these beans can be fed at higher levels to pigs and poultry than conventional varieties.

Working with Waitrose, Agrii has recruited a number of farmers with an exclusive contract to grow the beans for the retailer’s monogastric producer group.

“Growers are paid a premium of £40-50/t over feed wheat futures and one benefit for growers is there are no bruchid beetle deductions,” says Mr Smith.

The Waitrose contract is in its second year and he believes it could grow, as well as other producer groups adopting LVC beans.

Other alternative proteins are further off, one being UK-grown soya and Agrii is in its fifth year of looking at more than 20 different varieties to identify the most suitable for UK conditions.

Maturity is the key issue, although this wasn’t the case in last year’s hot summer.

“But you do need the non-GM premium to make it compete financially,” says Mr Smith.

There are other pulses, such as haricot beans, with mroe than 1.5m tins of baked beans produced a day from imported beans alone.

Although it is still in its early days, Agrii is also closely investigating varieties for UK adaptability.

Last year, one white haricot variety was harvested only 98 days from sowing, suggesting maturity may not be a problem, and it is being trialled again this year.

It is a low input crop and Mr Smith believes the key will be getting the quality. There may be problems with pods being close to the ground.

Similarly, there is a ready market for chickpeas in the UK with 30,000t imported from around the world.

“We had a look last year and saw good maturity. We are repeating the work this year and have variety trials at various sites.”

Alternative wheat

The UK imports more than 200,000t a year of strong wheat, which contains excess gluten for breadmaking. These include Canadian red wheat, spring wheat from North Dakota and German E wheats.

UK growers are already growing German E wheat type, MV Frederica and Agrii is looking at other varieties, both winter and spring, to see if they can also deliver in the UK.

“The key question is can we get them to stay standing and hit required grain specs to ensure millers get the right product,” says Mr van Heyzen, who aims to introduce another variety in the next 1-2 years.

For spring cereals, Durum wheat may prove to be an option, with small amounts already being grown in the UK.

The wheat is used to make pasta, and Agrii is looking at varieties from the EU and South Africa, the latter being bred for growing under irrigation.

One is showing good promise. “Last year it out-yielded all the other spring wheats on the market and shows it can be done,” says Mr van Heyzen.

Agrii is now working with end users and sees potential, especially if tariffs are introduced for imports after Brexit.

Another interesting market is white wheat. “The difference is in the colour of the aleurone layer - being red or not,” explains Mr van Heyzen.

“Varieties on the recommended list, such as Skyfall, are classed as red wheat and when milled, you get that darker colour which results in the darker wholemeal loaf.”

With white wheat, wholemeal loaves look white, but with all the fibre and not the flavour of brown.

Currently, millers are buying in French white wheat and the next step is to convince them and bakers that UK growers can reliably produce it to their specs.

“One variety being tested has a good hagberg, decent protein and mills white. There is the market, we just need to demonstrate that we have the product,” says Mr van Heyzen.

Another niche cereal is purple/black grains, which are high in  anthocyanin pigments. These compounds are said to have anti-carcinogenic properties and are also in superfoods such as blue fruits.

Purple wheats are grown in the US, Canada and Australia and made into purple loaves, which are sold as health products.

The key is to find varieties that retain their colour. “For example, if you flake it does it stay purple so the consumer can see it?”

Again, Agrii is looking at different types here and while it is still in its early stages, there has been some interest from the food industry.

Oat-based drinks

The market for plant-based drinks is set to expand substantially in the next few years, and arable farmers could have a role in growing the crops to make them.

Skye van Heyzen highlights that the global industry is set to grow from £7.5bn to £26bn in the next five years. Reasons for their success include being lactose and gluten free and non-GM.

Some crops could also be used to supply beta glucans and the milder flavour will appeal to consumers that don’t like the taste of milk.

Working with one breeder, Agrii has started trials with an oat-based product. There are specific oat varieties for this use and some have been bred in similar climes to the UK.

Mr van Heyzen is confident that UK farmers will be growing oats for plant-based drinks within the next 2-4 years.

The potential alternative crop contenders

Existing crops with established markets

Explorer malting barley

Naked oats

German E wheats

LVC beans

Crops where a market exists, but we don’t yet grow them

Chickpeas

Soya

Haricot beans

Crops we can grow, but which don’t yet have a market

Naked barley

White wheat

Purple wheat

JOURNAL : Farmers Weekly

Following the success of its Land Cruiser Commercial, Toyota has introduced a model featuring a few more bells and whistles.

The Active features alloy wheels, sat-nav and the option of an automatic transmission. The original utility-grade truck has only one spec level, with steel wheels, a manual gearbox and a basic Bluetooth radio.

See also: On test: Toyota Land Cruiser Utility

Like the base-spec Commercial, the Active comes in short or long wheelbase and has a flat rubber floor where the rear seats would normally be. There is also a bulkhead between the driver and passenger and the load, and colour-coded blanking glass to keep prying eyes out of the load area.

The engine is the same across the range – a 2.8-litre four-cylinder diesel that develops 175hp – as is the 3t towing capacity.

Prices for the Active have yet to be announced, but the standard short-wheelbase Utility Commercial starts at £28,519.

JOURNAL : Farmers Weekly

US President Donald Trump has proposed another giant bail-out as American ***agriculture*** creaks under the pressure of his trade war with China.

The $16bn (£12.6bn) cash injection is the administration’s second multibillion-dollar payment to farmers as retaliatory Chinese trade tariffs make US agri-exports to one of its biggest markets financially unviable.

See also: New farm kit: Is buying, hiring or contracting best?

Mr Trump promised immediate relief for farmers whose margins have been squeezed under his presidency.

“We will ensure that our farmers get the relief they need, and very, very quickly,” he said, adding that China had attacked US farmers and he was simply helping them achieve “a beautiful, flat, level playing field”.

The deal will consist of three tranches, the first likely to be paid in July or August, followed by additional ***funding*** in November and January next year.

Which agri-goods does the UK import from the US?

Five months to March 2019

Fresh pork: £1.1m (364t)

Fresh and frozen sheepmeat: £1.3m (181t)

Cheese: £103,566 (12t)

Vegetables: £49.5m (59,340t)

Fruits & Nuts: £84m (20,000t)

Grains: £113.5m (323,000t)

America's 3.2 million farmers will receive a share of $14.5bn, with the remaining $1.5bn used to buy surplus food for impoverished Americans and food banks.

An additional idea laid out by the president, to distribute this food to Third World countries, was scrapped.

Details of how the money will be allocated have not been revealed, but in a previous round of $8.5bn of support payments paid last year, the top 10% of farms received more than half the ***funds*** available, according to the Financial Times.

Farm bias

Farming is an anomaly in US industry, being the only sector to receive direct payments as a result of Mr Trump’s trade war with China.

The industry, like that in the UK, is consolidating as smaller farms are consumed by larger enterprises capable of absorbing cripplingly low prices for soya beans – the nation’s most valuable ***agricultural*** export.

JOURNAL : Farmers Weekly

Shipments of UK cheese overseas leapt by an impressive 22% in the first quarter of 2019, driven demand from Spain, Belgium and the Netherlands.

In total, the UK exported 57,000t of cheese around the world between January and March this year.

See also: Which retailers will back British farming in no-deal Brexit?

That was 14% above levels for the same ***period*** in 2018.

The EU remained the largest recipient of UK cheddar, stilton and Wensleydale, accounting for 76.6% of exports in terms of value and 82.63% in volume across the ***period***.

UK global cheese exports were worth £190.5m to the UK economy in the first three months of the year, 15% up on 2017.

[*https://infogram.com/uk-cheese-exports-1ho16vweo1w82nq?live*](https://infogram.com/uk-cheese-exports-1ho16vweo1w82nq?live)

Despite shipments to Ireland dropping, influenced by Brexit uncertainty, growth was seen to both the US and China, although volumes remained relatively small.

The US remained the UK’s largest trading partner for cheese outside of the EU, importing £13.1m worth, totalling 1,948t.

Meanwhile, China, often propounded as the golden goose for UK exports, bought in 830t of UK cheese worth £2.5m in quarter one 2019, accounting for just 1.5% of volume and 1.3% of value of total cheese exports.

[*https://infogram.com/cheese-exports-value-volume-1ho16vwej50x2nq?live*](https://infogram.com/cheese-exports-value-volume-1ho16vwej50x2nq?live)

In total, shipments to outside the EU were slightly down on the same ***period*** in 2018, but up on the other quarters of last year.

High UK milk production would have bolstered exports, tipping the balance of trade toward sending surplus product overseas.

Brexit uncertainty could also have played its part in the positive figures, according to AHDB Dairy, as overseas buyers stocked up ahead of originally expected departure date at the end of March.

The levy board indicated that if the latter was the case, a drop in exports in quarter two would show in figures later in the year.

[*https://infogram.com/cheese-export-countries-1h8n6modgggj4xo?live*](https://infogram.com/cheese-export-countries-1h8n6modgggj4xo?live)

JOURNAL : Farmers Weekly

The amount of land planted to vines has jumped by 690ha over the past year, making the UK one of the fastest expanding wine regions in the world.

Latest figures from industry trade body WineGB show that around 3m vines have been planted this year, which translates to a 24% increase in the overall land area now under vines.

There are now just over 3,500ha being used to grow vines across the whole of the UK – more than triple the area found in 2000.

Landowners with suitable ground are finding the sector financially attractive, with sale prices between £12,000 and £20,000/acre and farm business tenancy rents of up to £350/acre for a 25- to 30-year let.

See also: Increased competition for farmland drive by wine sector

A recent academic study by the University of East Anglia suggested that there may be as much as 35,000ha of land suitable for wine production – much of it in Kent, Sussex and East Anglia.

Although much of the additional planting has been in Kent, Sussex and Hampshire, new vines have also been planted in Gloucestershire, Northamptonshire, Devon, Somerset, Suffolk, Norfolk, Essex and Wales.

“This impressive figure of 3m vines represents another milestone in the growth of our fantastic industry,” said Simon Robinson, chairman of WineGB.

“Last year we set out our vision for the next 20 years. At the rate of current growth, we could be producing some 40 million bottles per year.

“We’re certainly heading towards that. This is a thriving British industry.”

WineGB estimates there are more than 500 commercial vineyards and 165 wineries in the UK today, with the bulk of production being sparkling wines.

Last year a record-breaking 15.6 million bottles of wine were produced, 130% higher than the previous year’s crop in 2017 and far exceeding the previous record of 6.3m bottles in 2014.

JOURNAL : Farmers Weekly

Emergency measures are needed to help farmers recycle thousands of tonnes of plastic waste, say industry leaders in Wales.

The suspension of plastic farm waste collection has prompted the Farmers’ Union of Wales (FUW) to call for urgent action from the Welsh government.

See also: ‘Critical’ situation as plastic recycler suspends service

Mountains of bale wrap, silage bags and other plastics are in danger of building up on farms across Wales, says the FUW.

FUW president Glyn Roberts said: “The Welsh government appears to be washing its hands of this potential time-bomb of rubbish, as farmers clean out their farms.”

Alarm raised

The alarm was originally raised last year by Birch Farm Plastics, which is the only company in Wales dedicated to agri-plastics collection.

Citing issues including recycling centre costs, the company suspended all collections for recycling after 30 years, starting from this month until the end of the year.

The FUW said farmers had been left without the means to recycle their waste.

Circular economy

Welsh rural affairs minister Lesley Griffiths has said she is keen to develop a circular economy for plastics with sufficient facilities so waste farm plastics can be collect and treated.

But Mr Roberts said: “It is obvious that the infrastructure has, for whatever reason, broken down and it appears to be the farming industry that will bear the brunt of this crisis.

He added: “We are facing a major problem that is not of our making and that is not in our control.”

Potential long-term solutions included the use of biodegradable materials and a supply chain that pays to have plastics recycled in Wales, added Mr Roberts.

JOURNAL : Farmers Weekly

Cybercriminals are increasingly turning their attention to small and medium-sized enterprises including farms, because they know people running these businesses often live and work in isolation and are probably an easier target than larger companies which may have more security in place.

Farmers need to be especially vigilant towards the end of the year, as scammers are aware that that is when BPS payments begin to arrive.

How big is the problem?

There are no figures available for the total cost of such crimes to the ***agricultural*** sector – partly because many people are too embarrassed to admit they have become a victim. Banks are also reluctant to say how much their farming customers have lost to fraud.

However, there have been cases where individual farmers have been swindled out of tens of thousands of pounds, putting extreme pressure on their personal and business finances.

See also: Beef farmer scammed out of £10,800 in tractor ad fraud

The Office for National Statistics (ONS) says people are more likely to fall victim to fraud or cyber offences than any other crime.

How likely are you to get your money back?

Criminals are using a fast-changing range of approaches to steal from farmers.

Some look for data which they can either sell or use themselves to commit a further crime – such as raiding the farm’s bank accounts, setting up a fake website to mimic that of another business or redirecting payments to suppliers.

Others may try to commit extortion by blocking the computer systems of a business, demanding payments in return for unlocking the data.

In the case of crimes where people are tricked into buying items of machinery that do not exist or have been misrepresented, there is often little prospect of being able to recover the money.

Where payments are fraudulently made without customers' authorisation, banks are generally obliged to refund what has been taken.

In cases where victims are conned into authorising bank payments because they believe the fraudster is genuine, then banks have often fallen back on the defence that customers have acted with “gross negligence” – which would mean they’re not liable for the money their customer has lost.

However, from the end of May 2019 a new voluntary scheme has been introduced which could make it easier for victims to claim reimbursement.

Banks which sign up to the code will reimburse money to the victims of scams where they have been tricked into authorising payments, if the customer can demonstrate that they took reasonable care and that the bank has failed to live up to its responsibilities.

Insurance against cybercrimes is available to farmers and this can cover a range of losses resulting from an attack.

Types of fraud

There are several common types of scams:

Banking deception This is when someone is manipulated into transferring money from their own bank account to one belonging to a scammer.

Criminals will often impersonate by phone or text a trusted organisation such as a bank, government agency such as HMRC, a utility company or ***agricultural*** contractor, using information gleaned from phishing emails or texts to help them appear genuine.

The criminal often claims that there has been suspicious activity on an account, that a refund is owed or that account details need to be “updated” or “verified” and that the customer must act quickly.

In some instances, the criminal’s aim is to get enough stolen information to allow them to access a bank account and make an unauthorised payment.

In others the goal is to trick the victim into authorising a payment to them, in the belief that they are dealing with a genuine caller.

Invoice scams In an invoice scam, a farmer attempts to pay an invoice to a legitimate payee, but the scammer intervenes to convince the victim to redirect the payment to their own account.

This type of scam often involves the interception of emails, with the criminal subsequently posing as the supplier, mimicking very closely the genuine supplier's invoices and emails. They seek payment and send the customer an email informing them that the bank account to which the payment should be made has changed.

Criminals who specialise in invoice fraud often know when regular payments are due and so the emails will appear to be genuine.

Shopping fraud This is when farmers become victim to fraud when buying or selling machinery, tools or other supplies online.

This scam can involve fraudsters creating fake websites, using business details and photographs based on real farms or genuine companies selling machinery but which do not have an online presence.

The websites are then used to advertise non-existent tractors and equipment for sale at bargain prices –  luring in victims who pay hefty deposits for farm machinery that doesn’t exist.

Malware fraud This involves the use of software that has been made or used by a fraudster to ensure that your computer, laptop, tablet or mobile phone doesn’t work as it’s supposed to.

In some cases, it collects information or data saved on your device, and passes it on, and in others it allows a criminal to hijack your device and hold your data to ransom unless a payment is made.

There’s also potential for malware to be used to allow criminals or activists to hack into systems such as cameras in livestock housing.

A common example of a malware scam is where the caller claims to be from the help desk of a well-known IT firm, such as Microsoft. They may claim that your computer has a virus and will ask you to download “anti-virus software” to deal with it.

Experts tips on how to avoid falling victim

Farmers Weekly asked Action Fraud, the UK’s national reporting centre for fraud and cybercrime; Financial Fraud Action UK (FFA UK), an organisation representing the banks and payments industry; the NFU and NFU Mutual for their top tips on avoiding becoming a victim of fraud.

Have up-to-date antivirus software in place on your computer systems, ensure firewalls are switched on, and apply software patches or updates as quickly as possible. Criminals use weaknesses in software to attack devices and steal information.

If you outsource your IT services, don’t assume those businesses will be active in preventing cybercrime – check what their remit covers.

Have a strong, separate password on your email account as criminals can use email as an entry point to access other accounts, for example those used for online shopping.

Be careful what information you share externally. Fraudsters can use snippets from social media posts to gain knowledge of a person’s circumstances which helps them sound more convincing.

Control who has access to systems and ensure they are trained on how to prevent cybercrime. Providing authorised access to every member of staff could be problematic if some aren’t properly trained on issues such as phishing.

If someone emails or phones asking for a supplier’s bank account details to be changed, always verify with that supplier separately, on the phone or in person, using the contact details you have on file. Criminals can access or alter emails to make them look genuine. They can also falsify caller IDs so a call may appear genuine when it isn’t.

If you are making a payment to an account for the first time, transfer a small sum first and then check with the company using known contact details that the payment has been received to check the account details are correct.

Always treat phone calls and emails claiming to be to be from your bank or other financial organisations with suspicion. Do not click on any links in an unexpected email or text, and respond by calling back using a published number such as the one found on the back of your bank card or  on their website. Scammers can keep the phone line open, so if they suggest you hang up and call them back to check their authenticity, the line may still be connected to the criminal. Ideally use another phone line to make your checks.

A genuine bank or organisation will never contact you out of the blue to ask for your PIN, full password or to move money to another account. Nor would they try to force you to make an on-the-spot financial transaction or transfer.

Have the confidence to refuse unusual requests for personal or financial information. It’s easy to feel embarrassed when faced with unexpected or complex conversations. But it’s okay to stop the discussion if you do not feel in control of it.

If you’re presented with an unusual request or pop-up during an online banking session asking you to enter security information, close the session and check with your bank’s online banking help desk.

When buying online remember that if a deal seems too good to be true, it probably is.

Authorised payments via bank transfer offer you no protection if you become a victim of fraud. Use an online payment option such as PayPal, which helps to protect you, but make sure it is a genuine link. Do not send confidential personal or financial information by email.

If you are selling, be wary of accepting payment by cheque, as even though it may clear, you are still unprotected if the cheque is forged or stolen. Never accept a cheque for a higher amount and refund the difference. This is a common fraud that only comes to light when the buyer's cheque turns out to be stolen or forged.

What do farmers who have been caught out advise?

Farmers who have fallen victim to the scammers warn how convincing the people they dealt with were and highlight the elaborate lengths to which scammers will go to convince people they are genuine.

For example, in 2018 a farmer from Lancashire was targeted by bank scammers who told him that money had been transferred from his account and that he should transfer the rest into a higher security account.

At this point, the farmer said he wanted to verify everything with his own bank manager.

The caller said he would do that on the customer’s behalf and for asked for the bank manager’s name and telephone number.

A while later he received a phone call that appeared to be from his bank manager’s number, and it was only because the female voice on the other end of the phone sounded nothing like his bank manager that he realised there was an issue.

Meanwhile, two farmers were scammed out tens of thousands of pounds after paying for machines they had found online using what they thought was a secure PayPal transaction, but which they later discovered was a fake link.

Their cases highlight the importance of physically seeing machinery or equipment before putting down a deposit.

Sources of help and advice

Contact your bank straight away if you think you may have fallen victim to an invoice or banking scam.

Cases of fraud should be reported to Action Fraud using its online reporting tool or by telephone on 0300 123 2040.

Action Fraud reports are passed to the National Fraud Intelligence Bureau (NFIB) which assesses, analyses and sends them to police forces for investigation.

The government’s Cyber Essentials website is an online resource that gives simple advice to help secure your systems and devices.

How scam-aware are you?

You can test your awareness of some common scams by taking an online test devised by Financial Fraud Action UK.

JOURNAL : Farmers Weekly

Cereals farms will lose money on their 2019 feed wheat crops without subsidy, according to the latest edition of the ABC costings book, compiled by farm business consultant Andersons.

The guide, designed to help farmers and managers budget, puts feed wheat production costs at £152/t once all overhead costs including rent, finance and unpaid family labour are accounted for.

Cost of production before rent and finance is £121/t for first wheats after a non-cereals break crop. This is based on an average yield of 9.1t/ha, producing a gross margin of £823/ha.

See also: More on business management in FW's Know-How centre

The only other cereal gross margin approaching the £800/ha mark is winter wheat for milling, at £797/ha, based on an 8.65t/ha yield and a selling price of £160/t.

For second and continuous feed wheats yielding an average of 8.2t/ha (slightly higher than the national average), the income from a £150/t crop is £1,230/ha.

With total costs including rent and finance estimated at £152/t, this puts these crops into a £16.4/ha loss before BPS.

New crop feed wheat prices have recently risen to around the £150/t average used in these budgets, on the back of fears about prospects for the US maize crop, with harvest values at £147-154/t ex-farm, while grain for November movement was worth £154-157/t as Farmers Weekly went to press on Wednesday (29 May).

Fixed costs

Fixed costs are calculated for small, medium, large and very large farms in each sector.

Small (up to 200ha) and medium (up to 350ha) cereals farms are estimated to have total fixed costs averaging £835/ha, while large cereals units (350-500ha) are at £780/ha and very large (larger than 500ha) at £715/ha.

“The lack of profitability without subsidy raises some uncomfortable questions about what the post-Brexit prospects for farming might be,” said Richard King, editor of the ABC book and head of business research at Andersons.

With area payments in England to be phased out and replaced by land managers being paid for providing public goods, there will be far less profit from these new payments, said Mr King.

“The industry faces a ***period*** of significant adjustment if farming profit is to be improved enough to replace the lost subsidy.”

Advice

Until more is known about the new system, farmers need to focus on the areas they can influence such as how they structure and run their businesses, he advised.

“If they are as efficient as they can be, then they will be in the best position to weather whatever politics or economics throws at them.”

For the time being, the continued weakness of sterling in the face of political uncertainty is helping UK competitiveness, said Mr King.

No deal

The costings assume an orderly exit from the EU. If no deal were to result, the effect in the farming sector would be significant and not for the better, he warns.

He also draws attention to important challenges for ***agriculture*** that are being overshadowed by Brexit: adaptation to and mitigation of climate change; the implementation of technology; renewal of the farm workforce; and increasing productivity while protecting the environment.

ABC costings

The costings series covers all main enterprise types and includes sensitivity tables to show the variation in gross margin at different yields and input rates.

For dairy farms it uses a milk price of 27-28.4p/litre depending on system. In this sector the ‘lumpy’ nature of fixed costs is clearly illustrated. For example, for a small (up to 70ha) dairy farm fixed costs are put at £1,655/ha, for medium units (70-110ha) at £1,705/ha, while the jump to a large unit (110-160ha) brings a further rise in fixed costs to £1,830/ha. It is not until a unit has more than 160ha that fixed costs fall, in this case to an estimated £1,725/ha.

The fixed costs in the series are based on actual costs collected through the Farm Business Survey, the national farm costings service run by six universities with ***agriculture*** departments. More than 2,300 farm businesses in England and Wales take part in the FBS survey annually.

BPS outlook – the ABC book estimates the English lowland BPS rate for 2019 at 261.6/ha. At the exchange rate on Wednesday 29 May of 1 euro = 88p, this would deliver a payment of £231.20/ha.

The book, now in its 88th edition, is revised every six months.

**Load-Date:** June 7, 2019

**End of Document**



[***BRIEF NEWS BULLETIN NO. 10614***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TRN-8F01-JDKJ-119J-00000-00&context=1516831)

HINA Digest

16 November 2018

Copyright 2018 Croatian News Agency - Hina All Rights Reserved



**Length:** 11884 words

**Body**

Zagreb, 16 November 2018 (Hina) - FinMin presents set of tax bills in parliamentZAGREB, Nov15, 2018 (Hina) - A set of tax bills presented in parliament on Thursday by Finance Minister Zdravko Maric sparked a heated debate, with the opposition and the ruling majority criticising one another.The strongest opposition Social Democratic Party (SDP) claimed that the government was increasing salaries for "Prime Minister Plenkovic' elite.""These tax changes are inappropriate at this time ... While our people are emigrating on a daily basis, the government has decided to raise the net pay for Plenkovic's elite of some 20,000 people. Those making more than HRK 17,000 a month will now make even more money, while others will get nothing. This is a disaster and we must talk about it," said SDP MP Gordan Maras in response to the finance minister's presentation.MP Pedja Grbin also joined his party colleague in criticising the government."Do you think that it is socially more acceptable to help with tax breaks 20,000 people who are already making more than HRK 17,000 net than to support the SDP's proposal to raise the non-taxable portion from HRK 3,800 to HRK 5,000 and help two thirds of Croatian citizens whose salaries range from HRK 3,800 up?" Grbin asked the finance minister.Minister Maric explained that raising the non-taxable portion would not apply to a vast majority of tax payers.

"On the other hand, I have failed to emphasisethat income tax revenue is revenue of local and regional government units and this would be a great loss for them," Maric said.Maras then requested a recess. The request was seconded by Ivan Suker of the ruling Croatian Democratic Union (HDZ).Third round of tax reliefIn his introductory remarks, Minister Maric said that the proposed set of nine bills had been submitted for a second reading and that it represented a third round of tax and administrative relief as part of the tax reform which became effective on 1 January 2017.The bills in question concern Value Added Tax, property sales, excise tax, profit tax, income tax, contributions, fiscalisation of cash transactions, general tax law, and administrative cooperation in taxation."In the first round of tax relief, the tax burden was reduced by a total of HRK 2.3 billion, and in the second round by HRK 1.3 billion. ... In the present bill we propose a further tax reduction of HRK 3 billion, which will bring the total tax reduction over three years to HRK 6.6 billion," Maric said.Speaking of the most important changes proposed by the bills, Maric said that the VAT rate of 13% would be extended to include fresh or chilled meat, fish, fruit and vegetables, eggs, live animal deliveries, and children's diapers.The VAT rate of 5% would apply to all medicines, regardless of whether they are prescription or non-prescription medicines, while the VAT rate of 13% would apply to services and copyright-related rights of writers, composers and performing artists.Under the income tax bill, a person would qualify as a tax dependent if their annual income does not exceed HRK 15,000 (EUR 2,000).After adoption, the proposed bills are expected to go into force on 1 January 2019. Maric said that additional modifications would be made as part of secondary legislation, including those relating to the taxation of tobacco and tobacco products, a special tax on motor vehicles, and income tax rules.The income tax rules are under public consultation and need to be adjusted to the existing labour legislation. Maric said that the plan was to increase the annual amount of non-taxable receipts from HRK 2,500 to 7,500 (EUR 1,000).MPs debate tax reform benefitsZAGREB, Nov15(Hina) - In a parliamentary debate on the third round of the tax reform on Thursday, members of the Opposition and the ruling majority discussed who would benefit the most from the proposed tax changes - whether it would be only the small number of those who earn more than HRK 17,000 a month or all social groups.Finance Minister Zdravko Maric stressed that the tax reform proposals should be viewed as an integral set of measures rather than focusing on only one segment, stressing that its purpose was to reduce taxes by three billion kuna in total, to be distributed as of next year on as many taxpayers and businesses."Do you know how many citizens will feel this unburdening? 13,000 to 14,000 and those are people whose salary is three to four times higher than the average salary. And of that small number of employees, those with three or more children will not even feel their salary increase," said Bozo Petrov of the opposition Bridge party.He added that the failure to implement real economic reforms would lead to a further economic decline and continuation of emigration."We will end up as a poor country of cheap labour... obsolete industries of low added value and low wages," he said.Social Democrat Branko Grcic wondered if the tax reform would result in a wage increase at all."Regardless of their amount, salaries will grow by a maximum HRK 1,600 and I'm wondering what that means for a person who earns HRK 40,000 or 50,000 a month," he said, adding that most citizens would not benefit from the tax reform.He was also critical of the proposed increase in non-taxable annual bonuses from HRK 2,500 to 7,500,which Maric believescan benefit any employee, regardless of the amount of their monthly or annual income, depending on their employer's possibilities."There are no guarantees in that regard either, we don't know how many firms will possibly increase those bonuses or to how many workers that measure will apply. So probably only a smaller number of workers will profit from that," said Grcic.Ivan Suker of the ruling HDZ party said that exactly that tax change was intended for 390,000 employees whose income is not taxed because not only would those bonuses not be taxed, butcontributions would not have to be paid for them either.Suker said the tax reform should be viewed in the context of the 2019 budget, and that when the non-taxable part of income was concerned, one should bear in mind that of the 2.34 million income-earning citizens 1.5 million earned wages in amounts that were not taxed."These reforms will increase the minimum wage by 0 kuna, gross wages in the amount of HRK 5,000 will increase by HRK 140, and those in the gross amount of HRK 20,000 will increase by HRK 360," said Branimir Bunjac of the Human Shield and SNAGA parliamentary group.Stjepan Curaj of the Croatian People's Party (HNS), a member of the ruling majority, said that the reform was not detrimental either to workers or employers and that it did not contain any measures that would force anyone to pay higher taxes."Those who wish that taxes are lower than they are have to be realistic," he said.Independent Ivica Misic said that as a businessman he wanted to thank Maric for the tax reform, assessing that it "is sufficient considering the current situation."Tulio Demetlika of the IDS/PGS/RI party group and Kazimir Varda of the Workand Solidarity Party/Reformists/Independent MPs group expressed concern about the impact of the tax reform on revenues of local government units.Davor Vlaovic of the Croatian Peasant Party (HSS) objected to Maric not lowering the VAT rate on the traditional Slavonian kulen salami and cured meat products.The Opposition welcomed the government's plan to lower the VAT rate on over-the-counter drugs to 5%.PM: Government's objective is to find viable solution for shipyardsZAGREB, Nov15(Hina) - Prime Minister Andrej Plenkovic said in the northern Adriatic city of Rijeka on Thursday that the government's objective was to finda viable solution for the ailing shipyards 3. Maj and Uljanik so that both companies could function based on market economy rules.After talks with Uljanik's new management and representatives of workers and trade unions of the 3. Maj dock, Plenkovic told the press that the meeting focused on the new management's efforts tofinda way to continue drawing up a viable restructuring programme for the entire Uljanik Group."We understand that there are certain doubts about the purpose of Uljanik and 3. Maj and staying together (in the Uljanik Group) and there are different views regarding that situation," Plenkovic said.The government has done everything through the guarantees it issued in early January to enable the continuation of the drawing up of arestructuring plan and the functioning of the entire group. This means salaries for the employees of Uljanik and 3. Maj this year, Plenkovic said, recalling the government's efforts to secure salaries for July and August, as well as the possibility for the payment of another three minimum wages via the agency for payment of workers' claims.He also said that the government, namely the Economy Ministry, was conducting talks with other potential partners and investors interested in the two shipyards."The government's goal is to find a sustainable solution which, in the future, will enable both companies to function based on market economy rules," Plenkovic said, adding that the governmentunderstands the importance, both symbolic and economic, of Uljanik and 3. Maj for the cities of Pula and Rijeka, Primorje-Gorski Kotar County and Istria County, as well as the importance of Croatia's shipbuilding industry for the production, exports and indicators of overall economic activity and growth.Asked when a solution could be expected, Plenkovic said the government was seeking solutions all the timeand, according to him, contacts were made with a number of potential partners. However, he declined to speak about details, saying that these talks were sensitive.Asked if the state was considering entering the Uljanik Group for a ***transitional*** ***period***, the PM said the government was already involved, adding that in mid-October he had received a report on the governments's exposure with regards to the HRK 4.3 billion in guarantees issued so far."No matter how you look at it, the state is involved," Plenkovic said.Asked if 3. Maj and Uljanik would be separated in the end, the PM said it was hard to say at this moment. "Viability is in our interest," he added.Horvat confirms several investors interested in shipyardsEconomy Minister Darko Horvat confirmed for reporters that several investors were interested in the Uljanik Group and the 3. Maj shipyard, but declined to say who before concrete offers were on the table."We are conducting intensive talks and negotiations. Four partners are very interested, both in 3. Maj alone and in the entire Uljanik Group." Horvat told reporters when asked if Div Group and Italy's Fincarieri were still interested.The minister said that today's talks with the management of Uljanik and 3. Maj, unionists and workers representatives were constructive.Bulic: Restructuring plan still not readyUljanik management board chairman Emil Bulic said "a lot of room for improving contracts and aligning our possibilities and shipowners' needs" was found over the past ten days in talks with shipowners and workers."The talks are being held on a daily basis. All shipowners have, because we are in a crisis, contacted state institutions together with us and the state, so shipowners say, fully supportsour programme," he said, adding that shipowners had "significantconfidence" in the restructuring programme.At the same time, social dialogue is under way with the partners in Pula and Rijeka and some workers, also thanks to the payment of a minimum wage, have agreed to resume work in a few days, so all available resources will be used to finish the ships close todelivery, said Bulic.Asked when the salaries for October would be paid, he saidmanagement and the government had very little maneuvering room and that everything was being done to pay themas soon as possible. "We must not forget the responsibility of the people participating in decision making and those decisions must be based on regulations."Asked if this meant the strike wasending, Bulic said it was up to the strike committee. "We can only ask for understanding and ask workers to find the courage so that we can resume working as soon as possible."Asked when the unpaid salaries would be paid, he said last week, when this was discussed, the intention was to pay them in a week or two. "It's not only up to us. Many conditions have to be met," he said, adding that "it could be too ambitious" to say now they would be paid in a week's time.Bulic said management was focused on therestructuring plan and that it was not done yet because the government expected a viable plan that was drawn up together with the strategic partner, Kermas Energija. "We are working together to prove the viability of the programme. A lot still needs to be aligned because the state must bear a heavy burden."He said it was crucial forthe programme to ensure the viability of shipbuilding.After a member of the press remarked that part of the plan was to repurpose part of the shipyard for tourism, Bulic said that was the last thing being talked about and that "the tourism part"need not affect production. "Perhaps it's been overemphasised. Our focus is on shipbuilding."Asked if he saw 3. Maj remaining in the Uljanik Group, Bulic said he did and that the group's management, which owns 3. Maj, was seeing to the interests of the company it managed and all workers."Whether 3. Maj remains part of the Uljanik Group isn't the most important thing. We'll decide on that together with all stakeholders - the central and local governments, workers and management - in order to ensure 3. Maj's independence, whether within the Group or outside of it. Right now ownership is secondary. The important thing is to ensure the conditions so that 3. Maj can resume business," Bulic said.Strike at 3. Maj dock continuesZAGREB, Nov 15 (Hina) - After a meeting between Prime Minister Andrej Plenkovic and the management boards of the3. Maj dock and the Uljanik shipbuilding group, workers and unions on Thursday, union representativeJuraj Soljicsaid that workers will continue striking until their demands are met and workers, who receivedthe minimum wage for September, are paid their full wage."Even if workers at 3. Maj were to stop their strike, they don't have anything to do," Soljic said, underscoring that there is no material for them to work with that would enable the continuation of production at that Rijeka-based shipyard.He added that during the meeting with PM Plenkovic, workers' representatives reiterated their stance.Workers are demanding the replacement of the 3. MajSupervisory Board and the appointment of a new one, comprisingtwo members from Pula and two from Rijeka in addition to the current workers' representative. They are also demanding that the dock's director, Maksimilijan Percan, be replaced, an emergency administration appointed, and all sectors that used to be part of 3. Maj, including the engine factory,be restored as part of the dock, as well as that workers' representative beincluded in preparing arestructuring plan for the Uljanik Group.Workers also want the 3. Majshipyard's separation from the Pula-based Uljanik to be included in the restructuring plan and that it be prepared carefully so that 3. Maj can continue working and contracting new jobs.Soljic said that workers want to know what will happen to the ships currently being built at the dock. Over the past two days, we had informal contact with the ships' owner regarding the completion of those ships because they mean life for 3. Maj, he added.He said that workers were told at the meeting that they would be able to participate in preparing the restructuring plan.The unionist underscored that workers' representatives said that they would not back down from their demand that the Supervisory Board be replaced and a new one appointed, adding that if an agreement was not reached on that point, the state would have to step in.Soljic said that the management board had still not prepared the restructuring plan for Uljanik even though it was said that it would be completed by the start of the week. "As far as I understood, the potential partner for Uljanik has to prove its financial capacity for the programme to survive," he added.He added that they were assured at the meeting that 3. Majwould not be shut down and that negotiations were being held with various partners.With regard to separating 3. Maj from Uljanik, Soljic said that it can't be done overnight and that it is necessary to regulate Uljanik's repayment of a HRK 523 million loan given to it by 3. Maj, the completion of thefour ships under construction, investment into technology andinjection of fresh capital by a new partner, as well as the sale of shares.I believe that the bids also offersomething and I trust that a model will be found for 3. Maj's survival and that if nothing else, it will be privatised and operate independently, Soljic concluded.Construction of Istrian Y motorway's eastern branch section inauguratedZAGREB, Nov15(Hina) - Theconstruction of an28-kilometre-long section on the eastern branchof the Istrian Y motorway, from Rogovici to the Ucka Tunnel, was inaugurated in Rogovici near Pazin, Istria County on Thursday, with Prime Minister Andrej Plenkovic attending.The HRK 1.2 billion project envisages the construction of 31 structures, including 11 viaducts. Works are expected to last three years. The first section, Rogovici-Cerovlje, is 12-km-long and should be opened to traffic in two years. The contractor is theBouygues group.Plenkovic said this was a very important project and that its realisation would significantly contribute to the economic development of Istria County and its connection with Croatia's motorway network. "I believe thatwe will find a good financing model for the next stages, which pertain tothe second tube of the Ucka Tunneland the section from the tunnel to Matulji. The fact that the concession lasts until 2032 is a very good model for Croatia."This project "will complete the 23-year partnership between Croatia andBouygues," he said, adding that investment in the 2B1 stage would increase GDP by 0.5% during construction."The relevant ministry, together with (motorway operators) Bina-Istra and Hrvatske Autoceste, has the task of continuing to advance the road infrastructure, both in Istria and all of Croatia," Plenkovic said, adding that today's start of construction was a big event for the county and the country.He said the government had invested a lot in the transport infrastructure in recent years and that it would continue to invest in roads, airports and river transport. Big investments are planned for the rail sector, he added.Transport Minister Oleg Butkovic said this was a special day for Istria as in three years it would be connected to the rest of the country by a good road network. "This project is the result of an excellently negotiated concession agreement and it's important that everything that is built will remain owned by Croatia."He said the incumbent government, "unlike others, didn't want to sell the motorways, which represent a big potential, but launched restructuring, stabilising the road sector's debt and keeping the motorways."The 2B1 stage is an importantinvestment in the economy as 90% of the works willbe done by Croatian companies and it will create 1,000 jobs during construction and another ten during maintenance, said Bina-Istra director general Dario Silic."As part of the concession, Bina-Istra has invested HRK 5.7 billion in the Istrian Y through the 2B1 stage and the sections already built," he said, adding that the operator would not stop at that asthe 2B2 stage envisaged building thesecond tube of the Ucka Tunnel and the section from there to Matulji.Istria County prefect Valter Flego said the2B1 construction stage would increase safety on that motorway section, reduce congestion, shorten travel time, improve environmental protection, enhance economic and social cohesion, and bring economic benefits.PM: EU accession referendum was euro referendumtooZAGREB, Nov15(Hina) - Prime Minister Andrej Plenkovic said in Opatija on Thursday that a referendum on the introduction of the euro was held at the same time as the referendum on Croatia's European Union accession, during the vote on the Treaty of Accession"which saysCroatia willjoin the euro area.""Therefore a referendum was held," he said,responding to questions from the press about a euro referendum.Asked about the chances of Croatia entering the European Exchange Rate Mechanism II as early as 2020, Plenkovic said the indicators were good regardingcompliance with the Maastricht criteria. He added thatCroatia had a euro introduction strategyand that a letter was being drawn up, to be forwarded by the minister of finance and the central bank governor, about the steps Croatia would take to enter the said mechanism, which is a prerequisite for joining the euro area.Asked about dilemmas as to whether introducing the euro meant giving up a part of one's sovereignty, Plenkovic said "the European Union is bringing sovereignty together, thereby strengthening all the states within the European project.""The euro is one of the closer integrations... Our goal is perfectly clear, strategically defined, confirmed at areferendum and adopted both in the accession negotiations and the Treaty of Accession.It's all part of the European project which, since 1990, has been the strategic commitment of all Croatian governments, all parliaments, all leaderships. There's no dilemma here. It's a policy of ***continuity*** and something that is in Croatia's interest," said Plenkovic.Foreign commerce chambers call on Croatia to improve business climateZAGREB, Nov 15 (Hina) - An inefficient public administration, legal insecurity, excessive taxes, lack of skilled labour force and the government's performance are the key obstacles to doing business in Croatia, it was said on Thursday at apresentation of a survey by six bilateral chambers of commerce, containing recommendations on how to improve the business environment.The initiative to improve the business environment in Croatia and bilateral trade was launched by the American Chamber of Commerce(AmCham), the Association of Italian Entrepreneurs in Croatia Business Party,the Austrian Foreign Trade Office, the Canadian-Croatian Business Network (CCBN), the German-Croatian Chamber of Industry and Commerce, and theNordic Chamber of Commerce in Croatia.Addressing the press, CCBN presidentJoe Basic explained that the six chambers currently comprised more than 1,200 companies in Croatia employing more than 150,000 people and accounting for more than 50% of foreign investments in Croatia.The survey covered 473 companies and its combined results show that despite some significant changes for the better, companies and potential investors are still faced with numerous obstacles, and thatthe changes occurring in Croatia are too slow and insufficient in comparison to the rest of Europe.Complex and time-consuming administrative procedures are among the main limiting factors to doing business.The implementation of legal regulations and procedures by authorities is the area where the greatest deterioration has occurred in the past five years. On the other hand, companies did not recognise improvements, where they did happen, as being directly connected to the government.Some chambers said the unstable regulatory framework wasthe greatest problem while others considered the judiciary as the greatest problem.Some of the critical problems identified by the foreign chambers of commerce include the lack of legal security, labour taxation and the lack of the labour force.Asked about the role of the government in improving the business climate, 42% of companies - members of the American, Canadian and Nordic chambers of commerce - considered the government's work asnegative while 46% said that the government's work did not have any impact. As many as 56% of Italian companies assessed the government's work as poor, 33% said it was average and 6% assessed it as good.In conclusion, only 13% of American, Canadian and Nordic companies consider that conditions for doing business in Croatia areamong the best in central and eastern Europe while 36% consider them to beamong the worst or worst.The survey also showsthat 27% of companies-members of the German and Italian chamberswould notchoose Croatia again as a preferred investment destination.Some of the recommendations heard at the presentation include the introduction of penalties in situations when public servants do their job inefficiently, while employees whose work excelsshould be rewarded. Representatives of the foreign chambers called for digitisation of public institutions and services, which, they said, would result in faster and more transparent public services.They underscored that the Agency for Investmentsand Competitiveness (AIK) should remain independent and consider it to be the key institution for investors who are considering doing business in Croatia.Conflict of Interest Commission chair: Officials can lie in assets declaration, we can't penalise themZAGREB, Nov 15 (Hina) - Conflict of Interest Commission chair Natasa Novakovic said on Thursday that the proposed bill on preventing conflict of interest makes it possible for officials to lie in their declaration of assets while the commission cannot punish them."Three things are especially disputable for the commission, in addition to abolishing the year-long 'cooling-off ***period***.' If during a regular check of declarations of assets, we determine that something wasn't included, for example, a holiday home, we cannot launch proceedings but inform the official concerned that they didn't report something and ask them to amend their declaration within 15 days."If they do so, we cannot launch proceedings, which means that declarations can be completely false and if we identify anything during regular checks, the official can simply say 'I forgot,' amend their declaration of assets and and we can't launch any proceedings. In other words, officials can lie at any time when submitting their declarations of assets. That isn't the purpose of those declarations," Novakovic said."It is also problematic that proceedings have to be launched within 30 days, because that is absolutely impossible," Novakovic warned ahead of a meeting of the National Council for Monitoring the Implementation of the Strategy to Combat Corruption."This bill is definitely a step backward. There are some minor improvements but none of these deal with the essence of the conflict of interest but concern procedural matters," she said.Novakovic added that the commission isn't aware of what is currently happening with the bill."The last information was that the one-year 'cooling-off' ***period*** no longer exists in the bill that was put to public consultation in July and August and on which we stated our position. We are not aware at what stage the bill is... it should have been adopted by now. The commission's proposal was that an official can transfer from one company to another but that proposal was expanded to say that officials can transfer to a state or private company immediately after leaving office," she added.Commenting on a query by Finance Minister Zdravko Maric as to where he could possibly work after leaving his post, Novakovic said: "The limit is one year, officials in any case receive '6+6' (wages). Also, a person doesn't necessarily have to take up a managerial position immediately, they can be a consultant, so I don't see any problem in that."Commenting on the Agrokor case, Novakovic said that the commission had received replies from the government and economist Zoran Besak, one of people involved in the making of Lex Agrokor, regarding the 'Hotmail' scandal but not from anyone else. "Since it is difficult to determine anything in that way, calls will be sent for oral depositions. Prime Minister (Andrej) Plenkovic has not been summonsed as an individual, the government has, and the government has sent its opinion," she said.A former public administration minister, MP Arsen Bauk (SDP), said that the Zoran Milanovic government, too, had identified the need to amend the conflict of interest law."It is a fact that certain problems exists. When an official leaves their post, they cannot take up a job that objectively doesn't have anything to do with what they used to do, and that should be corrected. It is necessary, however, to maintain the provision that an official cannot go and work in a company that they collaborated with while in office and I think that that ***period*** should be extended to more than one year," he said."As far as (Finance) Minister Zdravko Maric is concerned, I don't see that he could in any scenario ... immediately take up a position in the Adris Group. I don't know if he's waiting for the new law to be adopted, as could be deduced from his recent answers to reporters, when he said that he would remain minister 'until further notice.' If he had said that he would remain minister until the end of his term, there would not be any dilemma," Bauk concluded.Minister Maric on Monday refuted media allegations that he would resign and become an executive in the private Adris Group which specialises in tourism, insurance, healthy food and real estate. FinMin talks Conflict of Interest ActZAGREB, Nov 15 (Hina) - Finance Minister Zdravko Maric said on Thursday the media claims that the Conflict of Interest Act was being amended because of him were someone's fabrication and that this law should identify conflict of interest and abuses but not prevent someone who came to the government from the private sector from returning there."I, as minister of finance... tomorrow practically couldn't work anywhere in Croatia," Maric said, responding to questions from the press.The media have recently said that Maric is going to the Adris tourism and insurance group and that, because him, a provision on a year-long cooling ***period***, under which former office holders could not be appointed to supervisory committees and other bodies for one year after the end of their term, is being thrown out of a bill of amendments to the Conflict of Interest Act.Asked what he meant when he said that he would remain minister "until further notice" but not until the end of his term, Maric said he already answered and that, "as far as I know, I'm still minister" and that he was focused on a set of tax laws.He said the bill was in the remit of the Public Administration Ministry and that a public consultation on it was held over the summer. "I no longer know what stage it's in, but now someone has fabricated this whole story, to connect it with me."Earlier today, asked by the press why the cooling ***period*** provision was thrown out of the bill, Public Administration Minister Lovro Kuscevic said nothing was thrown out, that the bill was still being agreed, and that the media calling it Lex Maric was ridiculous.EUR 1M bail set for TodoricZAGREB, Nov15 (Hina) - Zagreb County Court judges ruled on Thursday that the former owner of the Agrokor food and retail conglomerate, Ivica Todoric, can be released on bail of HRK 7.5 million (EUR 1 million)."The judges havealtered the decision by the investigating judge concerning bail. They believe that, with appropriate precautions, bail can achieve the same purpose as investigative detention," court spokesman Kresimir Devcic told the press.He said that along with the bail, which is to be deposited in cash, the judges also decided that Todoric must not leave Zagreb and must hand over his passportas precautions.Todoric has been remanded in custody after his extradition from the United Kingdom last week. He, his two sons and 12 Agrokor managers and auditors are suspected of embezzling over a billion kuna (EUR 135 million) from Agrokor.Vasiljkovic stays in jailashe considersverdict undeservedZAGREB, Nov15(Hina) - Varazdin County Court has rejected a motion to grant a conditional release to Dragan Vasiljkovic, aka Captain Dragan, whose 15-year prison sentence for war crimes against Croatian soldiers and civilians was reduced to 13.5 years by the Supreme Court in June.The court said that the convict's conduct had been good, but that account should be taken of the fact that he had spent a short ***period*** of time serving his sentence and that therefore it could not be determined how he would continue to behave "since he has not been evaluated as yet."Also,based on a report by the Diagnostics Centre, it canbe concluded that theconvict denies the crimes he was convicted for and considers his sentence undeserved, which shows that his punishment has not achieved its purpose, the court said, noting that the convict is uncritical and that there has not been any change in his behaviour with regard to the crimes committed.Vasiljkovic was convicted for war crimes against prisoners of war in Knin and for an attack on Glina. Hewas acquitted, due to lack of evidence, ofthe charge that he ordered the murder of two unidentified Croatian POWs in Bruska near Benkovac in 1993.Born in Belgrade and holdingthe citizenship of both Serbia and Australia, Vasiljkovic was arrested 12 years ago in Australia where he lived under a false name and worked as a golf coach.He was extradited to Croatia in July 2015 and denied the charges from the very start of the trial, accusing witnesses of perjury.PM: Some ministers in Vukovar, some in Skabrnja on Remembrance DayZAGREB, Nov 15 (Hina) -Prime Minister Andrej Plenkovic on Thursday told reporters in Rogovici near Pazin, Istria County that part of the government would be in Vukovar and another part would be in Skabrnja on Remembrance Day on Sunday."Of coursewe will go totheheroic town, the symbol of the Homeland War, and pay homage to the victims and once again show political support for Vukovar's development in the economic sense. I think that there will be opportunities over the next few days to see how much thisgovernment has done for Vukovar's development, how many projects there are that are in fact a continuation of what we did and promised at the government session held there in November 2016," Plenkovic said.He underscored that those are important projects - from infrastructure to support for the construction of the water tower and resolving property rights matters and the preparation of a special law on Vukovar."As such, that is evidence that this government supports Vukovar's development, both economically and politically," he said and added that "anyone who wishes to pay homage tothe sacrifice of Croatian defenders and toVukovar's sacrificeis welcome."Vukovar Remembrance Days should focus on victims, says mayorZAGREB, Nov 15 (Hina) - Vukovar Mayor Ivan Penava on Thursday saidthat on Vukovar Remembrance Day, marked November 18, the focus should be on Vukovar's sacrifice in the Homeland War, all the heroes and civilianskilled inthe Great Serbia aggression in 1991 and on no one else, addingthat he expected the commemorative events to be conducted in dignity and peacefully."On Sunday, 18 November, the focus has to be on Vukovar's sacrifice, on remembrance of that sacrifice, on the Croatian defenders who are no longer with us and those who are. I would like us, in the days ahead of Remembrance Day, torecall the Croatian soldiers from Vukovar,all those events that occurred until the fall of Vukovar," Mayor Penava told reporters in Parliament House.Asked whether Milorad Pupovac of the Independent Democratic SerbParty (SDSS)was welcome in Vukovar, Penava said that it's not up to himto say who is welcome and who isn't."Everyone has to decide whether they should bein Backa Palanka (Serbia) alongside those who were part of the Serb-Chetnik aggressor army or to pay homage to the victims of that aggression. You can't sit next to them and then come and say that you acknowledgethose people who suffered. That difference is defined in our constitution, inparliament's Declaration on the Homeland War and by the Hague (war crimes) tribunalwhich... acquitted Croatia's generals," Penava said.In September, Pupovac attendeda gathering in Backa Palankacommemorating the persecution of Serbs during the 1995 Croatian military and police Operation Stormat which Serbia's President Aleksandar Vucic compared Croatia with Nazi Germany.Veterans' minister: All those who need to bow before Vukovar victims should do soZAGREB, Nov15(Hina) - Croatian War Veterans' Minister Tomo Medved said on Thursday he expected remembrance daysin Vukovar and Skabrnja to be observed in a dignified fashion.Asked if MP Milorad Pupovac of the Independent Democratic Serb Party (SDSS) should come to Vukovar, Medved said that all those who feel the need to come and bow before Vukovar's victims should be there."According to the information I haveregarding organised transportation, the Veterans' Ministry has secured a train from Split to Vukovaras well as over 50 buses from all parts of Croatia. We expect the arrival of a large number of people who honorVukovar. I expect the commemoration to be dignified and peaceful, as it should be," Medved told the press in parliament.Asked if MP Pupovac should attend the commemorative events in Vukovar, Medved said: "I would like to stress that all those who feel the need to come and bow before Vukovar victims should do that."Kujundzic,Tolusic: Everyone is welcome to pay respects to war victims in VukovarZAGREB, Nov 15 (Hina) - Everyone is welcome to pay respects to war victims in Vukovar this Sunday, Health Minister Milan Kujundzic and ***Agriculture*** Minister Tomislav Tolusic told reporters after an inner cabinet meeting on Thursday, following media reports that the leader of the Independent Democratic Serb Party (SDSS), Milorad Pupovac, had not yet decided whether he would join the Remembrance Procession."There is room for anyone wishing to pay their respects to victims in Vukovar," Kujundzic said.The right-wing parties Desno and HSP AS have said earlier they will consider Pupovac's visit to Vukovar as a hostile act unless he apologises there on his own behalf and on behalf of all those who had in any way contributed to the killing and suffering of Croats in the 1991-1995 war.Kujundzic commented on the statement by the deputy mayor of Vukovar that it would not be good if Pupovac attended the procession."He probably knows what he is talking about. I think it is morally right and humane to pay respects to victims regardless of your ethnic background. We should work on reconciliation and pay respects to victims," the health minister said."I'm not interested. I'm going to Vukovar with my prime minister and my government. Whoever wants to pay respects to victims is absolutely welcome," Tolusic said.Asked if Pupovac should go to Vukovar, Tolusic said that anyone who so wished should be there on Sunday.Interior Ministry issues statement after Guardian articleZAGREB, Nov 15 (Hina) - The Croatian Ministry of the Interior issued a statement on Thursday following an article in the British newspaper The Guardian about the ill-treatment of migrants by Croatian police on the border with Bosnia and Herzegovina."We are appalled that the protection of the Croatian state border, which is carried out by the Croatian police only, is being discredited and connected to imaginaryparamilitary agents wearingsecret insigniathat operate on the border under cover of night, and the fact that the Homeland War is referred to as a revolt of Croatian Serbs deserves the strongest condemnation," the ministry said on its website.In his query to the ministry, The Guardian's reporter Lorenzo Tondo mentioned migrants' accounts alleging that "some officers wear paramilitary uniforms with a badge depicting a sword upraised by two lightning bolts."According to our sources, some of them are members of a Croatian special police formation set up around the ministry's existing special police air unit following an open revolt of Croatian Serbs against the government in Croatia. According to our sources, they may still be active as an anti-terrorist squad along the Bosnian border, the British newspaper said in its query.The ministry said that within the Police Directorate there is a special police command as a branch of the Croatian police. "We have no knowledge of the operation of paramilitary agents which you insinuate. The Croatian state border is guarded only byCroatian police wearing their official uniforms and displaying the official insignia of this Ministry," the statement said."What you referred to in your query as an open revolt of Croatian Serbs against the government in Croatia is the liberating Homeland War which followedaggression by Serb rebels and the former Yugoslav army against a legitimate and democratically elected Croatian government. The Ministry of the Interior still remembers with the greatest respect 762 of its officers killed, 27 missing and over 3,600 wounded in the Homeland War," the ministry said.Labour minister presents pension reform proposal to employersZAGREB, Nov 15 (Hina) - Labour and Pension System Minister Marko Pavic on Thursday presented the government's pension reform proposal at a working lunch with employers, saying that the reform was designed to help achieve sustainability of public finances and a fairer pension system as well as consolidate the second pension pillar.Speaking on behalf of employers, Croatian Employers' Association (HUP) president Gordana Deranja said that the amended proposal was more acceptable as it incorporated some objections put forward by employers.Pavic underscored that the priority was to increase pension allowances and stimulate workers to stay on the labour market for longer as only 20% of them achieve a full working life.The average working life is 30 years whereas in Germany the average is more than 37 years, he said.Furthermore, we wish to correct inter-generational injustices, Pavic said, explaining that people born after 1962 would receive a pension that was HRK 600 - 700 lower than other pensioners' allowances if the reform was not implemented.He announced that pensions would increase next year, noting that people with the minimum pension would be eligible for a 3.13% supplement.The pension system is faced with many challenges - pensions are small, expenditure for pensions is high and the reform is essential because it has been constantly deferred, Pavic said.He warned that if the reform was not implemented, HRK 40 billion would be required to equalise old and new pensioners' allowances by 2040 and that the easiest thing would be to leave that burden to future generations but that the government could not allow that.Deranja said that HUP is satisfied with the improved proposal as some of their objections have been incorporated, one of those being that all pensioners would be allowed to work up to 4 hours a day, including those who retired earlier.We are also pleased that the 20% supplement for pensions from the second pillar has been recognised. Workers who entered the labour market at an early age will be eligible for retirement after a 41-year working life and aged 60 to 65, and they will not have to work until the age of 67, she said.She welcomed the possibility of pension ***funds*** being allowed to invest in start-ups and SMEs, which wasn't the case until now.Further tax reliefs, a new labour law and wage reliefs are required because without higher wages it won't be possible to retain workers in Croatia, Deranja warned, adding that wages were being raised already but to the detriment of investments that were essential in order to follow global trends.She said that the education sector had to adapt to labour market needs and warned that young people were emigrating to work in other countries as soon as they leave school. There will always be fluctuations on the labour market, however, mass emigration is alarming and something needs to be done to resolve that, she warned.Speaking on behalf of entrepreneurs, the founder of the PIP honey company, Ivan Bracic, proposed that pensions granted under special regulations (so-called privileged pensions) should be paid out of the state budget, noting that this was not recommended only by employers but also by the European Commission, yet there was still no concrete answer as to whether and when that would happen.EU's Septindustrial production up for 61 months, Croatia reports declineZAGREB, Nov 15 (Hina) - Industrial production in the European Union increased by 1.1% in September 2018 compared with the same month last year, growing for 61 straight months, while Croatia was among the EU member states that recorded the largest decreases, according to Eurostat, the EU statistical office.Year on year, EU industrial production rose by 1.1% in September, following an increase of 1.3% in August."The increase marks a continued upward trend in EU industrial production which has been going on since September 2013. During that time, production stagnated only once, in November 2014," the Croatian Chamber of Commerce (HGK) said on Thursday, commenting on the Eurostat report.The production of capital goods rose the most, by 2.4%, while the largest decrease, of 1.4%, was recorded in the production of durable consumer goods.The highest year-on-year increases in industrial production were registered in Ireland (+9.4%), Poland (+5.0%) and Denmark (+4.3%), while the largest decreases were observed in Malta (-5.3%), Croatia (-2.6%) and the Netherlands (-2.3%).In August 2018, Croatia registered a year-on-year drop in industrial production of 1.1%.In September 2018, compared with August 2018, EU industrial production fell by 0.2%. The production of capital goods was the only sector to see a rise, of 0.1%, while the largest drop was recorded in the production of non-durable consumer goods, of 1.0%.The largest month-on-monthdecreases in industrial production were registered in Latvia (-3.3%), Lithuania (-3.1%) and Portugal (-2.8%), while the highest increases were observed in Denmark (+2.8%), Ireland (+2.2%) and the Netherlands (+1.2%).Croatia recorded a 1.5% decline in industrial production in September compared with August, when it registered a rise of 0.3%."In the first nine months of this year, industrial production in the EU was 2.2% higher on average than in the same ***period*** of 2017, while in Croatia it was 0.2% lower. This represents a slowdown in the pace of industrial production growth in relation to the start of the year when the growth rate was 3.2%," HGK said.Eurostat: Croatia records surplus in foreign personal transfersZAGREB, Nov 16 (Hina) - In 2017, Croatia was among European Union member states which recorded a surplus in flows of money sent by residents of the European Union (EU) to non-EU countries, referred to as personal transfers.Croatia's surplus was EUR 823 million, while the EU's deficit amounted to more than EUR 20 billion, according to Eurostat, the statistical office of the European Union.In 2017, flows of money sent by Croatian residents other countries, referred to as personal transfers, amounted to EUR 248 million. Inflows to Croatia totalled EUR 1.07 billion in 2017, according to Eurostat.Largest surpluses in personal transfers in Portugal and Poland, largest deficit in FranceAmong Member States for which data are published, the outflows of personal transfers in 2017 were highest from France (EUR 10.6 bn), followed by Spain (EUR 7.3 bn), the United Kingdom (EUR 6.8 bn) and Italy (EUR 6.1 bn).In contrast, the highest inflows were recorded in Portugal (EUR 3.6 bn), ahead of Poland (EUR 3.1 bn), Romania (EUR 2.8 bn) and the United Kingdom (EUR 2.3 bn).As a result, the largest surpluses in personal transfers were registered in 2017 in Portugal (+3.0 bn), Poland (+2.8 bn) and Romania (+2.6 bn), while France (-10.1 bn) recorded by far the largest deficit, followed by Germany (-4.6 bn), the United Kingdom (-4.5 bn) and Italy (-4.0 bn).INA finalises purchase of ENI's stake in north Adriatic gas fieldsZAGREB, Nov15(Hina) - The Croatian oil company INA has completed the purchase of Italian energy company ENI's stake in gas fields in the northern Adriatic, the company said on Thursday, noting that this would result in a10% increase in INA's daily output of natural gas.On June 20 INA said that it had agreed the purchase of ENI's stake in the gas fields in the northern Adriatic and that it would become the sole owner of ENI's Croatian daughter company ENI Croatia BV and take over the management of the exploitation areas Northern Adriatic and Marica once all contractual conditions were met, including approval by competition agencies.INA said today that the gas produced in the Northern Adriatic exploitation field would be put into Croatia's gas supply system, which would increase gas supply security, while the gas produced in the exploitation field Marica would continue to be transported to Italy, in line with a gas sale agreement between INA and ENI.INA said the latest transaction would enable further investment in the Northern Adriatic and Marica fields.Earlier this year INA said thatthis transaction covered4.3 million barrels of oil equivalent (boe) of proven and probable reserves and would increaseproduction by about 2,500 boe a day (almost 380,000 cubic metres of gas a day).INA said at the time that the transaction would enable it to become,for the first time in its history, the soleoperator in an offshore exploitation fieldin the country and abroad.Mine removal experts protest outside gov't headquartersZAGREB, Nov15(Hina) - Some 50 unionists and employees of the Croatian Mine Action Centre (HCR) on Thursday rallied outside the government and parliament buildings in St. Mark's Square to protest against a government decision under which as of 1 January 2019 the HCR will be joined with the Ministry of the Interior and cease to exist as a separate public institution, which could significantly slow down or even stop the mine removal process.The union of mine removal experts claims that the government's decision of August 2, which is aimed at reducing the number of agencies, ***funds*** and institutes, was made without any prior analysis with regard to the HCR and it fears that this could hamper the absorption of money from EU ***funds*** and the mine removal process.They sought a meeting with Prime Minister Andrej Plenkovic or his deputy Tomislav Tolusic, who is in charge of implementing the government decision.Unionist Mario Barjaktaric told reporters that the planned integration of the HCR and the Ministry of the Interior would also bring into question the rights of mine removal experts, which the union would not accept.He said that the HCR's reorganisation in the last three months had been carried out covertly and that the union had been marginalised in the process.Barjaktaric also noted that some high-ranking officials knowingly counted on a part of dissatisfied workers leaving, given that their wages would drop after the HCR was joined with the Ministry of the Interior.Another unionist, Zeljko Tkalcevic, said that the process of mine removal in Croatia would be completed in a few years' time, by which time most workers would have met retirement conditions.A total of 160 HCR employees and about 600 other people from the private sector are involved in the mine removal process.Tkalcevic said that because of this, there is no reason to join the HCR and the Ministry of the Interior, especially not without a prior analysis.Currently 70% of mine removal exerts meet retirement conditions, and there is a lack of such professionals on the labour market, Tkalcevic said, expressing concern that the mine removal process could come to a halt.New Forensic Psychiatry Institute opened at Vrapce Psychiatric HospitalZAGREB, Nov 15(Hina) - A new, HRK 75 million Forensic Psychiatry Institute was opened on Thursday atZagreb's Vrapce Psychiatric Hospital.The building, inaugurated by Regional Development and EU ***Funds*** Minister Gabrijela Zalac, will provide accommodation for and mandatory treatment of 70 psychiatric patients convicted for murder and other serious crimes.Zalac said that the new forensic psychiatry institute was an example of investment in the upgrading and development of the healthcare system, which, she said, was one of the government's priorities.The largest part of ***funds*** for the new building, in the amount of HRK 68 million, was provided by the EU.Zalac called for efficiency in preparing EU-***funded*** projects and reported that more than HRK 42 million had been secured for the preparation of project documentation for a new university hospital in Zagreb.Health Minister Milan Kujundzic said that the new facility at the Psychiatric Hospital would help reduce the expected patient treatment time from five to two or two and a half years.***Agriculture*** Minister Tomislav Tolusic, who also attended the opening ceremony, said that the project for the construction of the Forensic Psychiatry Institute had lasted 20 years and underlined the role of Vrapce Psychiatric Hospital director Vlado Jukic as its main initiator andadvocate.Jukic said that the new building, covering an area of some 4,400 square metres, met all the spatial and security conditions for the accommodation and treatment of forensic patients who would be moved there by the end of the year.All patients will be accommodated in single and double rooms, all will wear electronic bracelets and will be under constant video surveillance except when they are in their rooms or toilets, it was said at the opening ceremony.The entire complex is surrounded by a concrete wall and a five-metre-highiron fence. Entry and exit are possible only with electronic cards and in the company of authorised personnel.The complex also includes sports grounds as well as new medical offices.Authentication to prevent fake drugs from entering EU market as of FebZAGREB, Nov15(Hina) - A conference was held at the Croatian Employers Association (HUP) on Thursday on preparations in the European Union fora medicineauthenticationsystemwhich will be introduced in February 2019 to preventfalsified medicines from enteringthe EU market.The conference was organised by HUP and the Slovak Embassy.The serialised authentication of pharma products is an important step in making medicines on the Croatian market even safer, said HUP representative Biserka Sladovic.She said that although Croatia'sAgency for Medicinal Products and Medical Devices(HALMED) had not registered falsified medicines on the market, the new authentication system wouldadditionally preventfake medicines from enteringlegal distribution chains in Croatia and the EU.European Medicines Verification Organisation (EMVO) director Andreas Walter voiced confidence that all EU member states would finishpreparations forserialised authentication in time, by February 9.Croatia and Slovakia are conducting their serialisation procedureswell, notably if we take into account that they are small countries for which such a procedure is a special challenge, he said.As of 9 February 2019, under the EU'sFalsified Medicines DirectiveDirective,two new safety features -a unique identifier and a physical anti-tamper device -must be present on each individual medicine pack or bottle on the market.Matija Kropek of Croatian pharmaceutical company Belupo said they had no information about any falsification of their drugs, as confirmed by HALMED.Croatian, Italian parliament speakers talk status of minoritiesZAGREB, Nov 15 (Hina) - Italy is satisfied with the status of the Italian minority in Croatia, while the Croatian minority in Italy still needs help in preserving its identity, Croatian Parliament Speaker Gordan Jandrokovic and his Italian counterpart Maria Elisabeta Alberti Casellati said in Rome on Thursday, the Croatian Parliament said in a press release.Meeting with Casellati, Jandrokovic began a visit to Italy of several days. Croatia wants to strengthen parliamentary cooperation with its western neighbour.The two speakers also talked about improving the status of the Croatian minority in Italy, in the Molise and Friuli-Venezia Giulia regions, and the need for further support from the two countries so the minority can nurture its cultural and language identity.Casellati said she was satisfied with the Italian minority's status in Croatia, adding that the minorities were a bridge between the two countries.She and Jandrokovic also talked about the need to advance the European migrant policy and about the situation in Bosnia and Herzegovina. Jandrokovic voiced concern about the situation after last month's general elections in BiH and the status of Bosnian Croats.Croatian parliament speaker visits Pontifical Croatian College of St. Jerome in RomeZAGREB, Nov 16 (Hina) - Croatian Parliament Speaker Gordan Jandrokovic on Thursday in Rome visited the Croatian church of St Jerome and the Pontifical Croatian College of St. Jerome , a Catholic college, church and a society in the city of Rome intended for the schooling of Croatian clerics.After meeting rector Boze Rados and Croatian priests, Jandrokovic said that the Pontifical Croatian College of St. Jerome had a great spiritual and cultural meaning for the entire Croatian people and that through the history, the institution witnessed the connection between Croats and the Holy Father, the Vatican and the Catholic faith, the parliament's public relations office said in a press release.Rados briefed Jandrokovic of the activities of the Croat community in Rome and the activities of the college which is currently the home to 2 priests studying at various pontifical universities.Serbian PM denies Srebrenica genocideZAGREB, Nov 15 (Hina) - Serbian Prime Minister Ana Brnabic said on Thursday there had been no genocide in Srebrenica, despite UN tribunals' verdicts that Bosnian Serb troops committed genocide there by killing thousands of Bosniaks in the summer of 1995.The International Court of Justice (ICJ) and the International Criminal Tribunal for the former Yugoslavia qualified as genocide the crimes committed by the Bosnian Serb army which in July 1995 killed more than 8,000 Bosniak boys and men after occupying Srebrenica, then a UN protected zone in eastern Bosnia and Herzegovina (BiH).In an interview with Deutsche Welle, Brnabic said, "No, I don't think the horrible massacre in Srebrenica was genocide. That was a heinous crime. A war crime." "I'm not proud of that. That wasn't done in the name of the Serbian people and Serbia can't be collectively blamed for what happened there," she added.Her statement was condemned by BiH Council of Ministers Chairman Denis Zvizdic, saying it was an "uncivilised denial of the crime of genocide in an attempt to downplay the planned murder of more than 8,000 innocent civilians, to deny international law and to contest international tribunals' verdicts.""I hope Serbia will soon have a leader who can make a watershed and who, for the sake of a common future, can admit the genocide. You neither can nor want to," he told Brnabic.Although genocide is precisely defined in international law, she offered her own definition in the interview. "I think that... you know, I think it was a horrible, horrible crime, but genocide is essentially when... genocide is when you kill an entire population, women, children, which wasn't the case here."The Srebrenica genocide has been denied by other Serb officials, including Serbian President Aleksandar Vucic and the President of the Bosnian Serb entity, Milorad Dodik.Ruling in BiH's suit against Serbia in 2007, the ICJ found that Serbia was not responsible for the Srebrenica genocide but was responsible for not preventing it nor punishing the perpetrators.In other news:PM addresses ELSA conference in OpatijaZAGREB, Nov 15 (Hina) - Prime Minister Andrej Plenkovic on Thursday held a lecture for law students at the 74th International Council Meeting of the European Law Students' Association taking place in Opatija this week.Plenkovic spoke about the current situation in Croatia and its future goals, identifying as his government's priorities entry into the euro area and the Schengen area of passport-free movement.ELSA brings together 52,000 law students from 44 European countries.As a student, Plenkovic was the founder of ELSA Croatia, its president and the president of the ELSA International Board in 1993.Academician Velimir Neidhardt elected new HAZU presidentZAGREB, Nov 16 (Hina) - Academician Velimir Neidhardt has been elected new president of the Croatian Academy of Sciences and Arts (HAZU).Neidhardt was elected on Thursdaz evening after winning 87 of a total of 125 votes.Founded in 1866, HAZU is the oldest national academy in Southeast Europe.Croatian companies attend ADIPEC exhibitionZAGREB, Nov15(Hina) - Nine Croatian companies presented their products at the ADIPEC 2018 exhibition in Abu Dhabi on November 12-15.Croatia's potential in the oil, gas and energy production was presented by Crosco, Datalink, HELB, Ivasim,Ivicom, OMV INDOIL, PA-EL, PARLUX and Specijalna Oprema.The Croatian companies attended the event as part of the Hr.izvoz project of the Croatian Chamber of Commerce (HGK)."The Croatian pavilion was well visited, and the participating companies were satisfied with the response by business partners," Marija Sculac Domac of the HGK said.Meetings were held with business agents regarding the possibilities of entering the markets of Kuwait and Saudi Arabia."We held a number of meetings and confirmed that there is interest in cooperation. We expect ourparticipation in the exhibition to open the door to new markets for Croatian valve manufacturers," said Miroslav Vuckovic of OMV INDOIL.ADIPECis a major exhibition and business conference on oil and gas and accompanying industries such as shipbuilding, energy production, and the chemical and digital industries.The event, is attended bymore than 100,000 professionals, featuring 2,000 exhibitors from135 countries.Crobex rises after 3 daysZAGREB, Nov15(Hina) - TheZagreb Stock Exchange's Crobex indexwent up on Thursday, by 0.03% to 1,749.13 points, rising after three days of decline, while the Crobex10 decreased for the sixth trading day in a row, today by 0.03% to 1,026.04 points.Regular turnover was HRK 6.17 million. Only one stock crossed the million kuna mark, the Janaf oil pipeline operator, turning over HRK 2.9 million. It closed at HRK 3,900 per share, unchanged from Wednesday.(EUR 1 = HRK 7.4)THIS BULLETIN INCLUDES ITEMS RELEASED BY 0830 HRS ON FRIDAY (Hina) ha Masthead Brief News Bulletin is published by the Croatian News Agency HINA Marulicev 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 Valentic, DirectorEditor in Chief: Serdo Obratov Bulletin Editor: Marija Sestan

ZAGREB, Nov15(Hina) - In a parliamentary debate on the third round of the tax reform on Thursday, members of the Opposition and the ruling majority discussed who would benefit the most from the proposed tax changes - whether it would be only the small number of those who earn more than HRK 17,000 a month or all social groups.

ZAGREB, Nov15(Hina) - Prime Minister Andrej Plenkovic said in the northern Adriatic city of Rijeka on Thursday that the government's objective was to finda viable solution for the ailing shipyards 3. Maj and Uljanik so that both companies could function based on market economy rules.

ZAGREB, Nov 15 (Hina) - After a meeting between Prime Minister Andrej Plenkovic and the management boards of the3. Maj dock and the Uljanik shipbuilding group, workers and unions on Thursday, union representativeJuraj Soljicsaid that workers will continue striking until their demands are met and workers, who receivedthe minimum wage for September, are paid their full wage.

ZAGREB, Nov15(Hina) - Theconstruction of an28-kilometre-long section on the eastern branchof the Istrian Y motorway, from Rogovici to the Ucka Tunnel, was inaugurated in Rogovici near Pazin, Istria County on Thursday, with Prime Minister Andrej Plenkovic attending.

ZAGREB, Nov 15 (Hina) -Prime Minister Andrej Plenkovic on Thursday told reporters in Rogovici near Pazin, Istria County that part of the government would be in Vukovar and another part would be in Skabrnja on Remembrance Day on Sunday.

ZAGREB, Nov 15 (Hina) - Vukovar Mayor Ivan Penava on Thursday saidthat on Vukovar Remembrance Day, marked November 18, the focus should be on Vukovar's sacrifice in the Homeland War, all the heroes and civilianskilled inthe Great Serbia aggression in 1991 and on no one else, addingthat he expected the commemorative events to be conducted in dignity and peacefully.

ZAGREB, Nov15(Hina) - Croatian War Veterans' Minister Tomo Medved said on Thursday he expected remembrance daysin Vukovar and Skabrnja to be observed in a dignified fashion.

ZAGREB, Nov 15 (Hina) - Everyone is welcome to pay respects to war victims in Vukovar this Sunday, Health Minister Milan Kujundzic and ***Agriculture*** Minister Tomislav Tolusic told reporters after an inner cabinet meeting on Thursday, following media reports that the leader of the Independent Democratic Serb Party (SDSS), Milorad Pupovac, had not yet decided whether he would join the Remembrance Procession.

ZAGREB, Nov 15 (Hina) - Labour and Pension System Minister Marko Pavic on Thursday presented the government's pension reform proposal at a working lunch with employers, saying that the reform was designed to help achieve sustainability of public finances and a fairer pension system as well as consolidate the second pension pillar.

Speaking on behalf of employers, Croatian Employers' Association (HUP) president Gordana Deranja said that the amended proposal was more acceptable as it incorporated some objections put forward by employers.

Pavic underscored that the priority was to increase pension allowances and stimulate workers to stay on the labour market for longer as only 20% of them achieve a full working life.

The average working life is 30 years whereas in Germany the average is more than 37 years, he said.

Furthermore, we wish to correct inter-generational injustices, Pavic said, explaining that people born after 1962 would receive a pension that was HRK 600 - 700 lower than other pensioners' allowances if the reform was not implemented.

He announced that pensions would increase next year, noting that people with the minimum pension would be eligible for a 3.13% supplement.

The pension system is faced with many challenges - pensions are small, expenditure for pensions is high and the reform is essential because it has been constantly deferred, Pavic said.

He warned that if the reform was not implemented, HRK 40 billion would be required to equalise old and new pensioners' allowances by 2040 and that the easiest thing would be to leave that burden to future generations but that the government could not allow that.

Deranja said that HUP is satisfied with the improved proposal as some of their objections have been incorporated, one of those being that all pensioners would be allowed to work up to 4 hours a day, including those who retired earlier.

We are also pleased that the 20% supplement for pensions from the second pillar has been recognised. Workers who entered the labour market at an early age will be eligible for retirement after a 41-year working life and aged 60 to 65, and they will not have to work until the age of 67, she said.

She welcomed the possibility of pension ***funds*** being allowed to invest in start-ups and SMEs, which wasn't the case until now.

Further tax reliefs, a new labour law and wage reliefs are required because without higher wages it won't be possible to retain workers in Croatia, Deranja warned, adding that wages were being raised already but to the detriment of investments that were essential in order to follow global trends.

She said that the education sector had to adapt to labour market needs and warned that young people were emigrating to work in other countries as soon as they leave school. There will always be fluctuations on the labour market, however, mass emigration is alarming and something needs to be done to resolve that, she warned.

Speaking on behalf of entrepreneurs, the founder of the PIP honey company, Ivan Bracic, proposed that pensions granted under special regulations (so-called privileged pensions) should be paid out of the state budget, noting that this was not recommended only by employers but also by the European Commission, yet there was still no concrete answer as to whether and when that would happen.

ZAGREB, Nov 15 (Hina) - Industrial production in the European Union increased by 1.1% in September 2018 compared with the same month last year, growing for 61 straight months, while Croatia was among the EU member states that recorded the largest decreases, according to Eurostat, the EU statistical office.

ZAGREB, Nov15(Hina) - The Croatian oil company INA has completed the purchase of Italian energy company ENI's stake in gas fields in the northern Adriatic, the company said on Thursday, noting that this would result in a10% increase in INA's daily output of natural gas.

ZAGREB, Nov15(Hina) - Some 50 unionists and employees of the Croatian Mine Action Centre (HCR) on Thursday rallied outside the government and parliament buildings in St. Mark's Square to protest against a government decision under which as of 1 January 2019 the HCR will be joined with the Ministry of the Interior and cease to exist as a separate public institution, which could significantly slow down or even stop the mine removal process.

ZAGREB, Nov 15(Hina) - A new, HRK 75 million Forensic Psychiatry Institute was opened on Thursday atZagreb's Vrapce Psychiatric Hospital.

ZAGREB, Nov15(Hina) - A conference was held at the Croatian Employers Association (HUP) on Thursday on preparations in the European Union fora medicineauthenticationsystemwhich will be introduced in February 2019 to preventfalsified medicines from enteringthe EU market.

ZAGREB, Nov 15 (Hina) - Prime Minister Andrej Plenkovic on Thursday held a lecture for law students at the 74th International Council Meeting of the European Law Students' Association taking place in Opatija this week.

Plenkovic spoke about the current situation in Croatia and its future goals, identifying as his government's priorities entry into the euro area and the Schengen area of passport-free movement.

ELSA brings together 52,000 law students from 44 European countries.

As a student, Plenkovic was the founder of ELSA Croatia, its president and the president of the ELSA International Board in 1993.

ZAGREB, Nov 16 (Hina) - Academician Velimir Neidhardt has been elected new president of the Croatian Academy of Sciences and Arts (HAZU).

Neidhardt was elected on Thursdaz evening after winning 87 of a total of 125 votes.

Founded in 1866, HAZU is the oldest national academy in Southeast Europe.

ZAGREB, Nov15(Hina) - Nine Croatian companies presented their products at the ADIPEC 2018 exhibition in Abu Dhabi on November 12-15.

ZAGREB, Nov15(Hina) - TheZagreb Stock Exchange's Crobex indexwent up on Thursday, by 0.03% to 1,749.13 points, rising after three days of decline, while the Crobex10 decreased for the sixth trading day in a row, today by 0.03% to 1,026.04 points.

**Load-Date:** November 16, 2018

**End of Document**



[***De-globalization: Theories, predictions, and opportunities for international business research***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:671W-P2V1-F0C0-33MD-00000-00&context=1516831)

Journal of International Business Studies

April 2019

Copyright 2019 Academy of International Business All Rights Reserved

**Section:** Pg. 1053-1077; Vol. 50; No. 7; ISSN: 0047-2506,1478-6990

**Length:** 11727 words

**Byline:** [*michael.witt@insead.edu*](mailto:michael.witt@insead.edu)

**Body**

Introduction

Growing evidence suggests that we may live in a ***period*** of de-globalization that began a decade ago. As I will show, trade globalization seems to have peaked between 2007 and 2010, and foreign direct investment (FDI) globalization between 2007 and 2011. Greater restrictions on trade and investments have accompanied these developments.

For a field like International Business (IB) that has been built on an implicit assumption of ongoing globalization, de-globalization would mark a significant turn of events. What are the implications for the stock of knowledge that IB has evolved over the past decades? Assuming de-globalization is real and persistent, will we see the same structures, behaviors, and strategies as before, merely at lower levels of scale and scope? Or will significant aspects of international business be qualitatively different, requiring new theorizing and empirical exploration?

I argue that the latter, a qualitative shift, would be likely in a de-globalizing environment, and that coming to terms with this shift would require a much deeper integration of politics in IB theory and research.

The centrality of politics stems from its role as a key driver of (de-)globalization. While technology and resultant drops in the costs of transportation and communication may enable globalization, politics determines whether firms and individuals can take advantage of the opportunities thus afforded (Chase-Dunn, Kawano, & Brewer, ; Jones, ; O’Rourke & Williamson, ). Accordingly, the previous wave of globalization broke down in the first half of the twentieth century not because of technological regression (O’Rourke & Williamson, ). Rather, as a comprehensive body of historical exploration across the social sciences has documented, it ended because governments stepped in to curtail trade and capital flows for geopolitical and domestic reasons (Chase-Dunn et al., ; Findlay & O’Rourke, ; Jones, , , ; Kindleberger, ; Meyer, ; O’Rourke & Williamson, ). Academy of International Business annual meetings, calls for special issues on de-globalization from the Global Strategy Journal and Strategy Science, and first IB publications on the topic (Kobrin, ; Meyer, ) all suggest that IB scholars are keenly aware of the role of politics. However, much of the debate has been empirically based rather than informed by theory.

Relevant theory, however, does exist: in the International Relations field of political science. There, two major competing schools of thought, liberalism1 and realism, have sought to account for the development of globalization, each pointing to different mechanisms driving it and leading to its reversal. Liberalism identifies domestic political pressures against globalization as a cause of de-globalization, a narrative that is consistent with much public debate. Realism, on the other hand, sees the end of US hegemony and the rise of China as a geostrategic competitor as the trigger. The two theories point to different scenarios for the future of the world economy, with different implications for future IB research. In particular, they suggest that significant aspects of multinational enterprise (MNE) activities under de-globalization will be qualitatively different from what we have seen so far.

In what follows, I begin by defining de-globalization and showing data suggesting that de-globalization may already be a reality. I then introduce the two relevant major bodies of theory from political science, liberalism and realism. While further schools of thought exist, the present pair represent the current mainstream. For each theory, I lay out the general mechanisms, the specifics of how the theory would account for (de-)globalization, and the outcomes for a de-globalizing world the theory suggests. It will become clear that these theories not only vary considerably in the mechanisms they see at work but also in their predictions of what a de-globalizing world would look like.

I then discuss implications of the two theories for IB research with respect to three major IB topics: the political strategies and roles of MNEs, global value chains, and interaction with the national context. After a brief summary, I conclude with thoughts on the importance and appropriateness of integrating international politics into IB.

The state of de-globalization

Globalization is commonly defined in IB as the process of increasing interdependence among nations (Chase-Dunn et al., ; Guillén, ; Meyer, ; Rugman & Verbeke, ; Verbeke, Coeurderoy, & Matt, ). Accordingly, de-globalization represents the process of weakening interdependence among nations. While (de-)globalization has multiple facets, the focus of this paper is on the economic realm.

Importantly, the level of analysis is the world, not the individual nation (Chase-Dunn et al., ). Just as globalization does not require that every single nation become more interdependent – for instance, North Korea arguably moved against the trend by becoming less interdependent after the end of the Cold War – de-globalization does not require that every single country become less interdependent. Indicative of globalization or de-globalization is what happens in the world as a whole.

At the global level, de-globalization seems to have been in progress for several years, at least with respect to the dimensions most directly relevant to International Business, trade and FDI. A weakening of interdependence for these two dimensions means that we should observe that, on average, countries rely less on goods and services or on investment from other countries, relative to levels of domestic economic activity. In other words, trade and investment flows as percentages of GDP should be declining.

The data are consistent with this expectation. In terms of trade, Figure  shows a time series of world average levels of imports of goods and services as a percentage of GDP, weighted by GDP (World Bank, ). It suggests that the ***period*** of rapid growth from around 1985 onwards peaked in 2007 at 30.2% before dropping as a result of the 2007 financial crisis. It rebounded in 2009 and 2010, reaching 30.1%, but has since been on a slight downward trend.

World average levels of imports of goods and services as a percentage of GDP, weighted by GDP.

Source: World Bank ().

A similar but more pronounced downward trend is visible in FDI. Figure  shows a time series of world average levels of inward FDI flows as a percentage of GDP, weighted by GDP (World Bank, ). After a rapid increase in the 1990s, this measure first peaked at 4.4% with the burst of the dotcom bubble; it recovered from 2004 onwards and peaked again in 2007 at 5.3% before falling as a result of the 2007 financial crisis. It has since stabilized between 2 and 3%. Importantly, these changes are not accounted for by equivalent drops in overall investment levels (World Bank, ).

World average levels of inward FDI flows as a percentage of GDP, weighted by GDP.

Source: World Bank ().

These numbers are vulnerable to a number of distortions (Chase-Dunn et al., ). In particular, they rely on currency conversion to US dollars in the weighting by GDP and need adjusting for inflation. The usual correction mechanisms for these issues, purchasing power parities (PPP) and constant prices, are themselves estimates that are vulnerable to estimation and measurement errors. For instance, the 2011 corrections of PPP exchange rates in the Penn World Tables resulted in China’s economy “growing” by 27% in 2005 (Subramanian, ).

As a robustness test, I consequently followed Chase-Dunn et al. () and weighted imports as well as foreign direct investment by population. Figures  and show the results. They are broadly consistent with those produced by weighting by GDP, especially with respect to the recent declining trends. Obviously, these measures are subject to different distortions. For instance, China and India are much more heavily weighted, which accounts for the absence of a peak in 2000 in Figure .

World average levels of imports of goods and services as a percentage of GDP, weighted by population.

Source: World Bank ().

World average levels of inward FDI flows as a percentage of GDP, weighted by population.

Source: World Bank ().

Additional alternative measures draw a consistent picture for both globalization outcomes and changes in trade and investment regulations underpinning them. The KOF Globalization Index (Dreher, ; Dreher, Gaston, & Martens, ; Gygli, Haelg, & Sturm, ) provides sub-indices of de facto and de jure trade globalization, with the latter reflecting changes in the regulatory environment. Figure  shows the timeline of these measures from 1970 to 2015, the last year for which the indices are currently available. De facto trade globalization peaked in 2008, and de jure trade globalization, in 2010.

KOF Globalization Index, sub-indices for de facto and de jure trade globalization.

Source: KOF Swiss Economic Institute ().

While the KOF Globalization Index provides only a composite financial globalization index incorporating both direct and portfolio investments, it is possible to gain insights into the FDI dimension by drawing on the underlying data. For de facto FDI globalization, the composite financial globalization index uses IMF data on the net position of foreign direct investment stocks standardized by GDP. As Figure  shows, this measure, too, is consistent with the possibility of ongoing de-globalization, with a considerable drop since its peak in 2011.

World net foreign direct investment position as percentage of world GDP. Years before 1980 not available.

Source: IMF (, ).

For de jure FDI globalization, the KOF Globalization Index draws on the investment restrictions variable of the Economic Freedom Index. Figure  shows the trend in this variable since 1995, the earliest year for which the variable is available in the dataset (Fraser Institute, ). Since higher values indicate more economic freedom, the figure suggests that de jure FDI globalization peaked in 2000/2001 and has shown a declining trend since.

Foreign ownership/investment restrictions. Higher = fewer restrictions. Years before 1995 and from 1996 to 1999 not available.

Source: Fraser Institute ().

Overall, while these statistics do not constitute conclusive proof, they are consistent with a shift towards lower levels of economic interdependence, and thus with de-globalization. This is particularly remarkable considering that technology has continued to improve, a development that at least in the past and all else equal facilitated higher levels of economic interdependence (Chase-Dunn et al., ; Jones, ).2

De-globalization: explanations and possible outcomes

As mentioned in the introduction, politics is a key factor in both globalization and de-globalization. The field of International Relations in political science has developed two major theoretical approaches3 that speak to the question of (de-)globalization: liberalism and realism. The former is consistent with most of the discourse on (de-)globalization in the press and among IB scholars, while the latter represents the dominant school of thought in International Relations.

The term “liberalism” has come to mean different things to different people and thus represents a source of potential confusion. In this paper, “liberalism” and any of its derivatives will exclusively denote the International Relations theory by this name as introduced below. It will never imply outcomes such as an open economy, nor will it refer to a political philosophy of individual freedom and rights or an ideology concerning social welfare policies.

Both liberalism and realism have evolved multiple variants. For the purpose of this discussion, I focus on the theoretical formulations growing out of the two foundational pieces of modern International Relations theory, Moravcsik’s () conceptualization of liberalism and Waltz’s () structural realism. For an overview of other variants, I refer the reader to International Relations primers (e.g., Matthews & Callaway, ) or any major International Relations textbook (e.g., Pevehouse & Goldstein, ).

Table  presents an overview of the main characteristics of both approaches, their conceptualizations of (de-)globalization, and their predictions about the future landscape of international economic activity. In the following paragraphs, I first lay out the main concepts and mechanisms envisioned by these theories before turning to the questions of how they relate to (de-)globalization and the kind of future each approach predicts.

Key characteristics of liberalism and realism as related to (de-)globalization

|  | **Liberalism** | **Realism** |
| --- | --- | --- |
| Actors | *Anyone*, including individuals, firms, NGOs, states, international organizations | *Sovereign nation states*, especially powerful ones |
| Interests | *Self*-*interest* broadly conceived, such as economic considerations, personal and cultural values, etc. | *Survival of the nation state* |
| Power | *Any kind*, includingHard power (coercion though military and economic strength) Sharp power (distraction and manipulation) Soft power (co-optation through attraction) | *Hard power* |
| Assumptions about rationality | *Rational on average* | *Rational* |
| Role of domestic politics | *Crucial* as countries? foreign policies reflect domestic political configurations | *Irrelevant* |
| Nature of international interaction | *Zero*-*sum or positive*-*sum* | *Zero*-*sum* |
| Role of international institutions | *Crucial* for positive-sum outcomes | *Irrelevant*: epiphenomenal to power |
| Foundation of globalization | *Agreement* of states to increase interdependence*Institutional infrastructure* to facilitate cooperation | *Coercion* of states by a global hegemon |
| Triggers of de-globalization | *Changing interests* leading to states? opting out of their prior agreements*Ineffective institutions* out of synch with states? interests | *Hegemonic decline* leading to loss of sufficient coercive power |
| Likely shape of international economic relations under de-globalization | *Patchwork*: coalitions of the willing | Emergence of *a new global hegemon: new globalization* according to the interests of the new hegemon*Multiple regional hegemons: multiple regimes* structured around these hegemons*No hegemon*: *disorder* |

General Mechanisms

Liberalism

Liberalism permits a wide range of actors, interests, and forms of power to determine political outcomes. While countries4 represent the major actors in international politics, possible actors codetermining outcomes further range from the individual to the international, including individuals, firms, non-government organizations (NGOs), and international organizations such as the European Union (EU), the World Trade Organization (WTO) or the United Nations. Liberalism assumes these actors to be rational on average, that is, deviations from rationality are possible.

By engaging in politics, these actors pursue their self-interests, a term that is very broadly conceived. It includes questions of economic welfare, but also permits other preferences including those based on personal and cultural values. Depending on the interests at hand, actors may seek to attain their objectives through positive-sum cooperation (e.g., economic wealth through trade) or zero-sum competition (e.g., national security through military strength).

In pursuing their respective interests, actors have recourse to a wide range of different forms of power. These include hard power, which usually rests on coercive capabilities such as military strength or the ability to inflict economic damage (Nye, ); sharp power (Walker & Ludwig, ), which draws on distraction and manipulation to weaken opponents and shore up one’s own position; and soft power (Nye, ), which relies on co-optation of others by presenting an attractive model or outcome.

In the resulting dynamics, what happens domestically – i.e., inside countries – is at least as important as what happens between countries. Countries may be the major actors in international politics, but, in liberalism, their interests are a reflection of domestic interests, with more powerful actors having greater influence on foreign policy. Depending on the issue area and the structure of the respective country, foreign policy may reflect the interests of different constituents: for instance, those of a few powerful actors in authoritarian dictatorships, those of special interests in countries with strong business lobbies, those of a plurality of the people in countries with first-past-the-poll elections, or of a societal consensus in Northern European corporatist societies. As actors and their interests shift, so does the focus and thrust of foreign policy.

Liberalism thus presents a fairly accurate depiction of reality, with all its complexity. This is also its major weakness as a theory. It is so permissive in terms of the possible actors, their respective interests and the various forms of power that may matter that it can be very difficult to arrive at a conclusive analysis and prediction for specific issues.

Realism

The realist school narrows down this wide range of possible actors, interests, and forms of power considerably. Actors are sovereign countries, especially great powers. Countries are unitary, rational actors, with domestic politics being irrelevant for their behavior in the international system. This is because under the additional assumption of anarchy in the international system – the notion that there are ultimately no rules constraining state behavior as there is no overarching authority that could enforce compliance – securing survival becomes the primary concern of states. The main objective of foreign policy is thus forced on countries by the structure of the international system, and countries permitting themselves to get distracted from the objective of survival by domestic-level political concerns risk their survival.

In the anarchic world of realism, securing survival is ultimately a function of hard power. In particular, countries need to acquire sufficient military power to defend themselves against other countries. Since building and maintaining armies requires resources, this implies an attendant need for economic strength. With power representing primarily a tool for securing survival against other countries, the emphasis is on relative rather than absolute power. Economic growth of 10% per year may enable a country to increase its power considerably in absolute terms, but from a realist perspective it is still falling behind if at the same time another state grows by 20%. Relations between countries thus become a zero-sum game.

Realism presents a much tighter theoretical approach than liberalism. Ironically given its name, realism offers a very reductionist rather than realistic picture of international politics. As a consequence, a salient point of criticism is that it may miss important parts of the picture. For instance, in a strict application of realism, the EU is not a relevant actor, as it does not represent a sovereign nation state. Not everyone finds the fallback position of realists – that the EU is ultimately the expression of the power of one member state (or possibly several of them) – convincing, considering the extent of horse-trading in which even the most powerful EU members must engage to attain their objectives.

Relationship with (De-)Globalization

Liberalism

For liberalists, globalization involves two major ingredients: the agreement of states to cooperate in building interdependence, and a supporting infrastructure that enables such cooperation to occur.

The first component, agreement, requires that there be sufficient political support for building economic interdependence within each country. In other words, proponents of openness need to have more political power than opponents.

While such agreement is an expression of the will to cooperate, putting cooperation into practice often faces challenges because of a risk that other countries will renege on their agreements in order to gain even greater benefits for themselves. Liberalists usually conceptualize this challenge in game-theoretic terms (e.g., Aggarwal & Dupont, ; Maggi, ), especially with reference to the prisoners’ dilemma: while overall benefits of cooperation may be maximized if everyone cooperates, individual players may maximize their own benefits by defecting while the others continue to cooperate. Since this incentive structure is known, the risk is that no actor agrees to cooperate.

Liberalists claim that countries can overcome the constraints of anarchy and build cooperation in at least three ways. First, because actors, especially states, interact with one another repeatedly, the gains from a one-time defection pale in comparison with the possible gains from long-term cooperation. Since countries realize who can be trusted and who tends to cheat, defecting does not pay. Rational actors will thus learn to cooperate (Axelrod, ). Second, cooperation can be helped along through the use of strategies that reward cooperation and punish defection. For instance, adopting a simple “tit-for-tat” approach – doing whatever the partner did last – tends to lead to stable cooperation over time (Axelrod, ).

Third, and most important for the understanding of de-globalization, is the argument that just as institutions facilitate cooperation within countries (North, ; Williamson, ), international institutions (also called “international regimes”) may enable international cooperation (Keohane, , ). Institutions in this context are defined as “persistent and connected sets of rules (formal and informal) that prescribe behavioral roles, constrain activity, and share expectations” (Keohane, : 3). This conceptualization is broadly consistent with that by North (), commonly used in the international business literature. (Somewhat confusingly, the bodies entrusted with administering international institutions, such as the WTO, are also referred to as “institutions,” while the business literature would see them as “organizations” (defined as groups of people bound together for a common purpose; see North, )).

Liberalists argue that institutions aid cooperation in a number of ways (Davis, ; Maggi, ; Matthews & Callaway, ). They provide a forum for discussion, for identifying mutual interests, and for finding joint solutions. Once institutions are agreed on, the organizations attached to them can help monitor compliance. Some of these organizations also provide for adjudication of conflicts around international institutions and set penalties for violations. Liberalists would not deny that compliance with international institutions is imperfect but would argue that imperfect institutions are better than none, with successful cooperation having the potential to open up further areas of cooperation in the future.

In a liberalist world, there are accordingly two pathways to de-globalization. The first is for the institutional infrastructure supporting globalization to lose its ability to support openness. For instance, diverging interests between countries may prevent the creation or maintenance of the institutions necessary for openness to sustain or advance. We have seen such a divergence of interests in the context of the Doha Round of WTO negotiations, in which advanced industrialized countries essentially pushed for more free trade (except in ***agriculture***), while the emerging markets pushed for what they saw as fair trade. Unlike in previous rounds, in which the advanced industrialized countries were powerful enough to push through their interests, increased power of emerging markets resulted in a stalemate in the Doha Round.

Such stalemate and attendant lack of institutional changes does not only work against the opening up of new areas of economic interdependence. It also contributes to institutional drift (Mahoney & Thelen, ), which implies that institutions move out of synch with the issues they should address. For instance, countries have shown great ingenuity in devising ways to renege on their promise of openness while officially remaining in compliance. An example is non-tariff barriers to trade, which many states have thrown up and which the WTO remains ill-equipped to address. Such circumvention of international institutions both reduces interdependence directly – by making trade with and investment in other countries harder – and indirectly – by inducing other countries to reciprocate by limiting openness.

This reneging is linked to the second pathway: a change in national political interests leads countries to opt out of economic interdependence. Consistent with the notion that shifting interests may be connected with the current de-globalization, public support for globalization has dropped in many economies since the early 2000s (OECD, ). In a November 2016 survey across 23 advanced and emerging markets, an average of 53% of respondents had little or no confidence in international institutions, 61% had little or no confidence in large firms, and a large minority was concerned about immigration (with no majority in favor) (IPSOS, ).

As to the causes of this shift, given the flexibility of liberalism with respect to interests, a wide range of causes is conceivable. For example, values underlying policy preferences may undergo ideological shifts away from open to protected markets. Since ideologies legitimate positions of power (Mannheim, ), such shifts usually require a failure, perceived or real, of the prevailing ideology. Arguably, the financial crisis of 2008 and the European refugee crisis of 2015 represented such watersheds against pro-openness ideology in the Western world. The former empowered left-wing critics of globalization, who object to openness in its present shape, which they see as unjust (Fisher & Ponniah, ; Santos, ; Verbeke et al., ). In particular, leftist activists object to an investment- and corporation-led form of globalization in which investors and firms are seen as benefiting at the expense of common people, some countries, and the environment. The latter reinforced support of right-wing nationalist groups linking globalization to unwelcome immigration (Rodrik, ), which seems to have played a role in the Brexit vote of 2016. Jointly, the rise of such opposition and attendant challenges to pro-market ideology are likely to weaken support of openness at the domestic level, with concomitant implications for a country’s ability to pursue international economic interdependence.

Second, opening up trade or finance internationally has distributional consequences within countries, with some sectors gaining and others losing. For instance, international trade or financial liberalization will generally hurt previously protected sectors and their workers (Buckley & Ghauri, ; Frieden, ; Stolper & Samuelson, ). Low-skilled workers suffer in terms of wage depression and job losses – and resultant increases in inequality – when exposed to competition from emerging markets, as has been shown for US workers facing competition from China (e.g., Acemoglu, Autor, Dorn, Hanson, & Price, ; Autor, Dorn, & Hanson, ). Unless compensated, the losers from globalization may mobilize and seek to reverse economic openness (Autor, Dorn, Hanson, & Majlesi, ; Frieden, ). If these actors then have sufficient power – for instance, by being numerous enough to elect a leader aligned with their interests – a country may shift its foreign economic policy in favor of de-globalization. Arguably, this accounts at least partially for the election of Donald Trump as U.S. President and the global rise of populism more generally (Rodrik, ).

A third example is that the payoffs from cooperation may change over time, and interests supporting globalization may weaken as a consequence. For instance, while importing goods or offshoring production may be economically efficient in the short term, the attendant shrinkage of production in the home market may be undesirable in the longer term for reasons such as a reduction in expertise and production capacity in industries important for national defense (Berger, ). We have also observed this mechanism in recent years, for example, in the context of growing numbers of Chinese foreign direct investment projects blocked in Western nations on grounds of national security.

Overall, the picture drawn by liberalism is consistent with de-globalization. International institutions appear to be weakening, and domestic political interests seem to have shifted to favor reduced interdependence.

Realism

For realists, the main pathway to globalization involves coercion. This is the thrust of a sub-theory of realism called “hegemonic stability theory” (Keohane, ; Kindleberger, ; Krasner, ). Hegemonic stability theory argues that ***periods*** of globalization occur when an overwhelmingly powerful country, a “hegemon,” creates and maintains, for its own benefit, sets of international institutions (“regimes”) that govern aspects such as trade and investments. The hegemon will keep this system in place as long as it remains strong enough to do so and the benefits from keeping the system exceed the costs. Other states may or may not benefit from the system.

Once the hegemon declines – i.e., it loses power relative to other countries to the point that it is no longer overwhelmingly powerful – the system becomes unstable. While hegemonic decline has been a persistent pattern in history (Gilpin, ; Organski, ), it is not necessarily clear precisely when a state ceases to be a hegemon. As a result, an economic order may outlive the hegemony of the country that created it – it is “sticky” (Krasner, ). It will fail once a shock to the system, such as an economic crisis, reveals that the hegemon has lost its power to maintain that system.

Importantly, while the international system under hegemonic stability may look much like an institutional structure along the lines of that envisioned by liberalism, these institutions are in reality epiphenomenal: they do not exist in their own right but reflect the interests and power of the hegemon. In essence, they are a matter of convenience for the hegemon: it is easier to hand out a rule book than to tell each country on a case-by-case basis what to do.

The theoretical parsimony of realism makes it much more straightforward to illustrate how the current ***period*** of de-globalization coincides with hegemonic decline. Hegemonic stability theory links the openness of the international economic system to the preponderance of the most powerful country, which in recent history has been the United States of America. Conversely, de-globalization accompanies a decline in power of the strongest state, not necessarily in absolute terms, but relative to other states. If such decline is present, one would expect de-globalization.

To assess this possibility, I evaluate the relative power of the United States as compared with the rest of the world and its closest rivals. I focus on two main dimensions that are central to the realist concept of power: military strength and economic power. The latter is easy to operationalize as GDP. Military power, on the other hand, is difficult to measure without a detailed, and probably classified, understanding of the capabilities of the world’s militaries, including the number and capabilities of soldiers and equipment. As a proxy, I rely instead on the extent of military spending. This measure is imperfect in that it does not account for classified budgets; does not differentiate between spending for new equipment as opposed to ongoing operations; and does not account for purchasing power differences. At the same time, the resultant biases all work against finding a decline in power in the current context: budget transparency is greater in the US than in its next closest military rivals, China and Russia; the US has been spending much more on ongoing wars in the past 15 years than any other nation, with concomitant expenses for veterans; and much of the world, but certainly China and Russia, should see greater purchasing power per dollar spent on the military than the United States. Any decline in the US budget relative to other states is thus likely to be a conservative depiction of actual dynamics.

Both metrics paint a clear picture of relative decline of US power. Figure  shows US GDP at PPP and constant 2011 international dollars relative to all other countries in the world combined, as well as relative to the respective next largest economy in the world (Japan until 1998, China from 1999 onward). The time series begins in 1990 because the World Development Indicators database used does not report GDP at PPP for earlier years. Relative to the rest of the world, US economic strength in this ***period*** peaked in 1999 at 20.6%. By 2017, that figure had declined to 15.2% of world GDP, a drop of 26.2%. The picture is even clearer for US GDP relative to the next largest. Again, US strength peaked in 1999 with its GDP at 289.4% that of China’s. By 2013, China had reached parity, and in 2017, US GDP was down to 83.2% of China’s, a decline by 71.3%. While one can argue whether the United States was an economic hegemon in 1999, it is clear that, by 2017, it was far from hegemony. At the same time, it is also clear that China is not (yet?) an economic hegemon, either.

US GDP at purchasing power parity and in constant 2011 international dollars relative to the next largest economy and the world. For a table with the values, please refer to the .

Source: World Bank ().

Figure  shows US military spending relative to all other countries in the world combined, as well as relative to the respective next largest spender (USSR 1988–1990, France 1991–2000, China 2001 onward). It is measured in constant 2016 international dollars, with PPP adjusted data unavailable. The time series begins in 1988 because this is the earliest year for which the SIPRI database (Stockholm International Peace Research Institute, ) contains a budget for the Soviet Union, which during the Cold War was the closest military contender to the United States. Military spending followed a similar pattern to GDP, though peaking earlier. Relative to the rest of the world, US military spending reached its high point in 1992 at 46.4%. By 2017, it had declined to 36.1%, a drop by 22.2%. Again, the picture is even clearer relative to the next closest contender: US spending peaked in 1992 at 921.7% that of the next closest, France. By 2017, it had decreased to 261.7% relative to the Chinese military budget, a drop of 71.6%. As already mentioned, especially the more recent figures are likely to underestimate the attendant shift in military power.

US military spending relative to the next largest spender and the world. For a table with the values, please refer to the .

Source: Stockholm International Peace Research Institute ().

Overall, these data show a picture that is consistent with de-globalization. To the extent that the United States used to be a hegemon that could erect and maintain an open international economic system, it is unlikely that it remains powerful enough today. Its economy is already smaller than China’s, and the Chinese military is rapidly catching up.

Outcomes

Both approaches would thus expect de-globalization under the present conditions. However, their predictions of the future landscape of the international political economy vary considerably.

Liberalism

As laid out above, liberalism suggests that de-globalization results from a combination of failing international institutions and interests shifting away from economic openness. To the extent that this change of interests is not uniform across countries – which is probably a realistic assumption – the most likely outcome is a globalization patchwork in which different pairs or groups of countries provide for varying levels of interdependence between them.

Geographically confined agreements are thus likely to gain in importance. The past decades have already seen the emergence of such a globalization patchwork in the shape of numerous bilateral and regional, rather than global, trade agreements (Aggarwal and Urata, ; Shadlen, ). While these agreements were effectively attempts at increasing interdependence above the global standard, de-globalization implies an additional layer of complexity in that some countries begin to opt out of the system to reduce their levels of interdependence. To the extent such departures threaten the viability of the remaining global infrastructure, countries willing to maintain high levels of interdependence may find a need to devise suitable bilateral and regional agreements. Similar to past agreements, these alternative arrangements are likely to be tailored to the interests of the countries negotiating them. Given diverse interests, it seems likely that variance in the extent and characteristics of economic openness will increase.

In the extreme, this may result in the reemergence of economic blocs seen in the 1930s, with currency and trade restrictions in place (Jones, , ). While these restrictions between blocs curtailed overall FDI, some countries still registered growing FDI from other blocs, as profits from existing operations could not be repatriated and were instead reinvested (Jones, ). The attendant rise in local assets and production may have helped MNEs mitigate the impact of trade barriers. Unfortunately, it also implied larger losses during World War II, when the combatants confiscated enemy assets (Jones, ; Jones & Lubinski, ).

Realism

Realism essentially predicts globalization in the presence of a global hegemon. In a multipolar world, in which at least two superpowers represent regional (in the sense of not global) hegemons and neither is strong enough to become a global hegemon, realism would expect the emergence of economic blocs around each regional hegemon, supported by different sets of institutions (regimes).

The most likely outcome under realism for the near to medium future is thus a repeat of the Cold War configuration of the international political economy: a bipolar world in which two superpowers erect two different systems in their respective spheres of interest. In this context, the United States remains less than a global hegemon, but strong enough to deny China the mantle of global hegemony. This may be a ***transitional*** phase for the next decades, or it may become a permanent condition if China fails to break through the middle income trap and thus does not grow much stronger (Lewin, Kenney, & Murmann, ; Witt, ).

In the longer run – presumably some decades hence – the world may see the emergence of China as a new global hegemon. For this case, hegemonic stability theory would suggest the creation of a new global order reflecting Chinese preferences. The ***smoothest*** transition would be for the United States to concede international leadership voluntarily to China. This seems unlikely. For a realist, it is more probable that leadership will be wrested from the United States. Possibly, this may occur in the context of a hegemonic war (Allison, ; Gilpin, ), but, given the threat of nuclear annihilation, conflict may be confined to economic or perhaps digital warfare.

How China would then refashion the international system is difficult to predict beyond such obvious changes as the Chinese yuan replacing the US dollar as reserve currency and new institutions replacing existing ones. Jacques (), for instance, extrapolated from history to suggest the emergence of a neo-tributary structure in which Chinese views of different races play an important role. Whether this is a credible prediction and specifically what this would entail remains unclear.

However, the longer run might also see the emergence of other superpowers and thus a multipolar world with multiple economic regimes. Since population size and thus the attainable total size of GDP is a key indicator of power in realism, the most likely candidate to attain superpower status in the future is India. This is contingent on continued economic development of the country, which is not a foregone conclusion given past economic performance and the possibility that especially China may seek to prevent the emergence of India as a competitor.

An unlikely candidate for superpower status is the European Union. The early 2000s saw a series of aspirational works that suggested that the EU might indeed be a coming superpower (Leonard, ; McCormick, ; Verhofstadt, ). The euro crisis put an end to such hopes, at least for now (Webber, ). In particular, the past 10 years have revealed that even though the EU would in principle have a sufficiently large economy and population, it lacks the “power conversion capability” requisite for superpower status (Nye, : 25). The problem is that EU norms of near-consensual decision-making paired with the frequently diverging interests of member states drastically reduce the ability of the EU to act (Webber, ). Unless this changes as a result of further integration, presumably into a United States of Europe, superpower status is likely to remain beyond reach.

Other countries are generally too small to become poles in a multipolar world. This includes Russia. Given its relatively small population of 144 million, it could not match the power of any of the other superpowers even if it managed to attain per capita GDP levels as in the advanced industrialized world. By the same token, Japan with a shrinking population of currently 127 million will not be able to muster sufficient power.

Implications for IB research

The two theories, liberalism and realism, thus predict the emergence of very distinct environments for international business. This has implications for potential exploration and theory development in at least three areas: the political strategies and roles of MNEs, global value chains, and interactions with the national context. I will discuss these in turn below.

Political Strategies and Roles of MNEs

The above discussion opens up opportunities to explore how MNEs affect the political sustainability of globalization, both in the context of their regular business activities and through deliberate political agency. Liberalism and realism suggest different foci in exploring these questions, with liberalism emphasizing ways to understand and address the negative side effects of globalization and realism pointing to pressure for stronger alignment with the political agendas of states vying for hegemony.

Research in these areas represents an extension of existing thinking about politics in IB. While IB scholars have long been aware of the importance of an international political context that permits globalization (e.g., Buckley & Casson, ), the field has tended to treat this context as exogenous. Accordingly, to the extent that IB research has explored the importance of political strategies, it has tended to do so in the context of strategic outcomes for the individual firm, such as entry and location choices, entry modes, ownership patterns, legitimacy, risk reduction, and performance (Cui, Hu, Li, & Meyer, ; Sun, ). Absent, with some exceptions already noted (Kobrin, ; Meyer, ), is a concern with the relationship between MNEs and the political context that enables and sustains globalization.

The discussion in this paper suggests that the international political context underpinning globalization is in fact endogenous to IB. For one, both liberalism and realism agree that the trade and investment decisions of MNEs feed back into the political context, though in distinct ways. In liberalism, as discussed earlier, MNEs affect domestic interests in part through the distributional consequences of their trade and investment decisions, with disadvantaged parts of the population opposing openness. As also discussed, MNE activities further clash with competing ideologies on the left and the right of the political spectrum, and the more successful and thus salient MNEs become, the stronger is an anti-globalization response likely to be.

In realism, MNEs’ activities across boundaries have the potential to affect the distribution of power among states. For instance, MNEs may slow the economic development of potential rivals by using their international market presence to block the emergence of rival firms (see Hymer, ). Asian developmental states of the twentieth century, such as Japan and South Korea, consequently sought to curtail inward FDI (Amsden, ; Johnson, ). On the other hand, MNEs may also help rival countries gain economic strength. For instance, MNE investments abroad increase host country GDP, and MNE activities abroad may lead to technological spillovers (e.g., Buckley, Clegg, & Wang, ; Giroud, ; Meyer & Sinani, ; Ramamurti, ) that can strengthen rivals. This in turn would presumably induce a hegemon to adjust the international regime it created so as to ensure continued relative gains in its favor.

The result in both cases is a coevolutionary dynamic (Lewin & Volberda, ) of globalization and MNE activities that, through different mechanisms, may be self-destabilizing and lead to de-globalization.

For IB research, with MNE activities as one central theme, liberalism and realism thus open up large, but different, questions about the relationship between MNEs and the political context that enables them. With respect to regular business activities of MNEs and their outcomes, liberalism implies a need to place a greater premium on sustaining societal support for globalization. For instance, as already mentioned, we know that the investment and trade activities of MNEs produce winners and losers within a given national context. A liberalist would expect MNEs to give these mechanisms greater weight in future decision-making than they have so far. While there are national differences – discussed in a later section – this would broadly be evident in a shift away from a shareholder focus towards a more encompassing stakeholder view of the firm (Agle, Donaldson, Freeman, Jensen, Mitchell, & Wood, ; Freeman, Wicks, & Parmar, ).

Realism suggests the importance of generating a better understanding of how MNE activities support or undermine hegemony. In a direct sense, this includes the possibility that home country governments will determine at least part of MNE activities – in other words, that MNEs represent political tools for attaining power. For instance, the literature on Chinese MNEs has noted that a key objective of Chinese outwards FDI has been to secure access to resources abroad (e.g., Buckley, Clegg, Cross, Liu, Voss, & Zheng, ; Child & Rodrigues, ; Cuervo-Cazurra, ; Luo & Tung, ), a critical concern from a realist perspective. Similarly, the springboard perspective (Luo & Tung, , ) of leveraging foreign investments to upgrade internal capabilities by acquiring them abroad (Child & Rodrigues, ; Deng, ) can be interpreted as efforts in support of accelerated growth of Chinese power. The involvement of Chinese MNEs in the One Belt One Road initiative (also known as Belt and Road Initiative), which is as much a geopolitical as an economic project (Ferdinand, ), may be a current, large-scale example of Chinese MNEs serving state interests. Of course, China is not unique in this respect. For instance, the activities of US MNEs can, and have been, viewed as projections of US hegemony (Gilpin, ; Kindleberger, ).

A second set of questions relates to political agency of MNEs. It is well-established in the management and IB literature that firms engage in political processes to help shape their environment (e.g., Boddewyn & Brewer, ; Oliver, ; Pfeffer & Salancik, ; Witt & Lewin, ). We also know that firms can and do use tailored non-market strategies, such as corporate social responsibility (CSR) and systematic engagement of local stakeholders, to create hospitable environments for their operations in host markets (e.g., Henisz, ; Henisz, Dorobantu, & Nartey, ; Rathert, ; Yang & Rivers, ). The question is whether and how we may see MNEs similarly devise and deploy non-market strategies to help shore up the political foundations of the economic openness on which they depend.

Liberalism and realism again suggest very different possibilities. Under liberalism, MNEs, especially large ones, may decide to dedicate more resources to sustaining and expanding economic interdependence. This may, for instance, involve an increase in direct political activities, such as lobbying policy-makers to counteract pressure from anti-globalization forces. It could also involve attempts to prevent parts of the population from turning negative on globalization. For instance, MNEs may use CSR activities such as retraining programs to help buffer against the adverse effects of globalization, possibly tailoring these programs to the specific institutional context of home and host countries (Ioannou & Serafeim, ; Jackson & Apostolakou, ; Matten & Moon, ; Miska, Witt, & Stahl, ; Rathert, ). Many major firms already pursue both political strategies and CSR, and it would be surprising if they did not put them to use to counteract de-globalization, individually or in coalition with other national or international actors.

Realism at first glance seems to rule out that MNE agency could be significant, as domestic politics, and thus the activities of actors such as firms, are irrelevant in the theory. If we open the black box of domestic policy-making, however, realism may leave space for MNE agency in the context of normal political involvement in shaping economic policies (see Witt & Lewin, ). To the extent that realism is correct and the survival of globalization depends on the strength of the hegemon, and to the extent firms consider the present form of globalization under the current international regime to be desirable, the question of how policies affect the power of the hegemon would become part of the equation. Especially if the alternative were de-globalization or a less favorable globalized environment under a new hegemon, weaker states and their firms might conclude that it is in their self-interest to permit a hegemon to accrue disproportional benefits.

For instance, in the current international context, European MNEs may consider what impact their economic activities in and with China have on the viability of the US-led international order. In simple terms, realists would argue that anything that strengthens China undermines the ability of the United States to maintain the international economic order it built. European MNEs might also ponder whether it may, in the longer run, be advantageous to give into recent US demands on trade. While the Europeans see these as unbalanced and unfair, they may conclude it to be in their interest to help shore up US power rather than to see continued de-globalization or a Chinese-led form of globalization. In other words, the calculus on what kind of political solutions MNEs choose to support may change.

Taken together, both liberalism and realism open up a wide range of questions related to the political context and agency of MNEs. For instance, how big is the destabilizing impact on globalization of which kinds of MNE activities? Can firms do anything to counteract this impact, or are the forces at work too big even for collective action by the world’s largest MNEs? Which kinds of political agency work better and why? And what are appropriate mechanisms for incorporating the destabilizing impact of MNE activity in various aspects of MNE strategy, such as location decisions?

Global Value Chains

A second area of implications pertains to likely adjustments in global value chains.5 While liberalism and realism suggest different pathways, common themes include questions about the future reach and specialization of value chains, possible changes in organizational forms, and the impact of political considerations on location decisions. Below, I use the model of the “Global Factory” (Buckley, ; Buckley & Ghauri, ) to illustrate how these issues may play out under the two theories.

In the Global Factory, MNEs essentially become coordinators of production networks in which they “’fine slice’ their activities and … locate each ‘stage’ of activity in its optimal location and … control the whole supply chain, even when not owning all of it” (Buckley, : 270). While this view explicitly recognizes the importance of politics in opening up markets (Buckley, ), it takes this openness for given. Jointly with technological advances, openness enables the functioning of the Global Factory.

While the technology needed for the Global Factory will probably continue to be available and improve, both approaches discussed in this paper suggest that economic openness is likely to recede. Some of the consequences of this will mirror the gains from internationalization and are independent of the question of which theory better accounts for de-globalization. For instance, in general, benefits from “fine slicing,” such as economic or institutional arbitrage (Hall & Soskice, ; Jackson & Deeg, ; Witt & Lewin, ), are likely to decline. Companies will have fewer opportunities to offshore production to countries with lower labor costs or to locate research and development activities in countries with technological strengths in specific areas. Just as globalization opened up these opportunities for MNEs, de-globalization is likely to diminish them and reduce their significance as source of competitive advantage.

The two theories disagree, however, on a range of precise implications for the Global Factory. In liberalism, a breakdown of international institutions would imply more uncertainty in international business, which translates into higher transaction costs of doing business internationally. Transaction costs would presumably also increase with a fragmentation of the international economic order, which would imply an even greater variety of rules and conditions under which MNEs operate. To the extent that the Coasian argument about the nature of the firm (Coase, ) is meaningful, this would suggest a return to higher levels of ownership integration in the MNEs of the future. Does this forebode a partial return to the vertically integrated MNE of the past? Or will the mix of more restrictive politics paired with more advanced technologies give rise to new organizational forms?

Either way, while under liberalism the MNE of the future may still be global in the sense of being active across the globe, it is likely to have smaller international reach if some countries opt out of economic openness. The ability of firms to “fine slice” would presumably be curtailed because of a lack of access and scale. Some benefits of specialization may be lost, and some specialized clusters dependent on supplying the Global Factory may decline (see Buckley, ).

Location decisions within the remaining available countries would probably become more complex. In addition to the usual parameters determining economic viability and risk as well as the transaction costs of potentially divergent rules of different bilateral and regional agreements, MNEs would need to become more systematic in considering the impact of their projects, both on the host country but especially also on the home country (Meyer, ). In this context, certain strategies, such as wholesale factory closures with attendant offshoring of production, will become more difficult to execute and are likely to give way to gentler alternatives, such as stepwise offshoring in which only jobs opened up through natural attrition, such as retirements, may be moved. Such patterns are already relatively more common in coordinated market economies (Hall & Soskice, ) such as Germany (Lewin & Volberda, ), which may consequently be at a relative advantage in terms of internationalization capabilities in a de-globalizing world.

Realism likewise expects smaller reach of MNEs. Unlike under liberalism, however, the Global Factory would probably give way to the Regional Factory (where “region” denotes the economic sphere of interest of the respective regional hegemon). For the probable near-future outcome of two spheres of influence, one led by the United States and one by China, it seems likely that at least the US sphere will continue to operate under rules similar to those today. Under these conditions, the strategy of “fine slicing” remains in principle viable, though on a smaller scale, with reduced levels of specialization and probably not across spheres of influence.

As for the Chinese sphere of influence, as mentioned earlier, it is not clear what the rules of the game for MNEs would be. They may remain fairly similar or deviate dramatically. The larger the differences, the greater the transaction costs of operating across spheres of influence would be (if such cross-sphere activities were condoned by the two hegemons, which in the Cold War they were not). In addition, operating in both spheres implies a risk of asset confiscation in case rivalry turns into open hostility, as happened during both World Wars (Jones, ). To handle these tensions, MNEs may try to devise new organizational forms or adapt existing forms, such as compartmentalized business groups (Dieleman & Boddewyn, ). For instance, Beiersdorf, a German firm with Jewish owners, in the 1930s and 1940s sought to reduce the risk of losing assets (ultimately unsuccessfully) to hostile home and host governments by using a “ring” structure to conceal the true ownership of its operations (Jones & Lubinski, ). Where such adaptation is impossible, MNEs currently active in both spheres may find themselves having choose one sphere while withdrawing from the other.

Hegemonic rivalry is further likely to manifest itself as pressure on MNEs to internalize the interests of the respective hegemon in their strategic decision-making, including location choices. Prior work has suggested that the diplomatic networks of home country governments are influential for location decisions (Li, Meyer, Zhang, & Ding, ). It would seem likely that the “home hegemon” might have similar impact. In a direct fashion, a hegemon may put political or regulatory pressure on firms within its sphere of influence, possibly through their own home governments, to avoid or favor certain locations. European firms, for instance, are strongly affected by sanctions the United States imposes on third countries. But even in the absence of direct pressure, the relationship between regional hegemons is likely to color the diplomatic ties between governments, which might affect the viability of international location options.

Interaction with National Contexts

The third set of implications from this paper involves a wide-ranging research agenda for comparative institutional and contextual research in IB. Liberalism suggests a concern with the ability of national contexts to sustain globalization, while realism asks how national contexts tie into economic and military power.

As discussed earlier, liberalism predicts a patchwork of openness in a de-globalizing world. For MNEs, this implies uncertainty over which economies will remain open. One possible factor in this may be national variance in the extent to which MNEs adopt strategies that undermine political support of globalization. For instance, we know from the variety of capitalism literature (Estevez-Abe, Iversen, & Soskice, ; Hall & Soskice, ) that advanced industrialized countries vary widely with respect to employment protection. As a result, globalization seems to affect workers more adversely in liberal market economies such as the United States, where low protection makes wholesale factory closures possible and thus facilitates large-scale offshoring. While such offshoring may result in lower consumer prices at the level of the economy as a whole (Feenstra et al., ), at the individual level of the affected worker, the overall impact seems to be adverse (Acemoglu et al., ; Autor et al., ). Conversely, in coordinated market economies (CMEs) such as Germany, employment protection is much stronger, which makes factory closures and large-scale offshoring harder (Lewin & Volberda, ; Milberg & Winkler, ). CMEs may forgo macroeconomic gains from offshoring, such as lower prices and resultant consumption, but higher levels of job security and a higher labor share of income in the economy (Milberg & Winkler, ) may dampen anti-globalization sentiment.

Much about these linkages between national context and MNE strategies affecting support for globalization remains conjecture and thus fruitful grounds for exploration. For instance, beyond employment protection, what other types of institutions may play a role in these processes? Plausible candidates include tariff and non-tariff barriers to trade and investment, but there may be others, such as a reliance of firms on specific, nationally embedded production processes that are hard to transfer to other institutional contexts (Zimmermann & Bollbach, ). Recent research on institutional patterns among the world’s major economies may provide a useful empirical basis for exploring these questions (Witt, Kabbach de Castro, Amaeshi, Mahroum, Bohle, & Saez, ).

A second and related aspect is the ability of national institutional contexts to provide a buffer against the adverse impact of globalization by embedding market forces (see Polanyi, ; Ruggie, ). What combinations of measures, such as unemployment protection and (re-)training schemes, produce sufficient political support of openness? The variety of capitalism literature has shown that multiple institutional configurations can produce similar economic outcomes (Hall & Soskice, ; Judge, Fainshmidt, & Brown III, ; Witt & Jackson, ). In the same spirit of equifinality, it may be possible that multiple ways of embedding the adverse impact of globalization may be feasible (e.g., Milberg & Winkler, ). Probing these variations will give IB an opportunity to extend insights from the welfare state literature (Castles, Leibfried, Lewis, Obinger, & Pierson, ) to explore the interplay of trade, MNEs, and welfare policies.

Realism raises the issue of how institutions and other factors, both at home and abroad, can be leveraged to maximize economic and military power. Prior IB research has linked institutional variations to economic performance (Judge et al., ), patterns of innovation (Schneider, Schulze-Bentrop, & Paunescu, ), and the ability to take advantage of innovation (Witt & Jackson, ). Similarly, IB research has a long tradition of looking at questions of national competitiveness, for instance, in the context of the double diamond model (e.g., Cho, Moon, & Kim, ; Moon, Rugman, & Verbeke, ; Rugman & D’Cruz, ).

At the same time, much remains to be explored about the linkages between context and hard power. It seems likely that these connections exist. For instance, in the US, Cold War defense spending ***funded*** the rise of Silicon Valley and other high-tech clusters in the United States (Lécuyer, ; O’Mara, ). Among the fruits of these efforts are the Internet, which grew out of a defense initiative for distributed computing (Castells, ), as well as the US microelectronics and aviation industries (Hooks, ). In all of these areas, US MNEs continue to be major global players. In effect, US defense spending assumed the role of industrial policy in other countries (Amsden, ; Gerschenkron, ; Johnson, ; Wade, ).

An important question for the future is how the institutional structures of countries, especially those of the United States and China, will help or hinder their efforts at maximizing power. For instance, the institutional structure of the US economy has co-evolved to support a large population of experiments, in the form of startups, that drives high-tech innovation in many parts of the economy (Hall & Soskice, ; Witt & Lewin, ). Leading universities attracting top global talent as well as opportunities to generate vast personal wealth are integral parts of this model. China’s approach has been different. While US technology incumbents regularly absorb startups, acquisitions by China’s three giants – Alibaba, Baidu, and Tencent – seem to reduce the number of independent startups and thus of experiments at a much larger scale (Economist, ). Chinese universities have improved markedly, but, rather than seeking to attract leading global talent, the emphasis seems to be on enticing Chinese nationals educated abroad to return to China.

How will these and other differences hinder or help either country gain technology leadership in crucial areas such as artificial intelligence? For instance, will the United States continue to be able to keep, rather than merely to train, top talent from China, which presently accounts for one-third of international students in the United States (Institute of International Education, )? How about other areas of variation in their institutional structures, such as sources and costs of corporate ***funding*** (market-driven in the United States, state-determined for targeted firms in China) (see Hall & Soskice, ; Redding & Witt, ; Witt & Redding, )? How about aspects such as data protection (weak in the United States but even weaker in China)? Given the central role realism ascribes to hard power for the future of (de-)globalization, elucidating these linkages and their local contingencies could be a promising avenue for future IB research.

Conclusion

The central argument of this perspective paper has been that international business under de-globalization would look qualitatively different from what we have seen in the past decades, and that coming to terms with this qualitative shift would require a much deeper integration of political forces in IB research. Just as in the last de-globalization in first half of the twentieth century, there is no lack of technology that could propel globalization forward. What we do seem to lack, at this point, is a political configuration that would support this.

To help IB research attain this deeper integration of politics, I have reviewed the key tenets of the two leading political science theories speaking to de-globalization, liberalism and realism. While the leading theory of international relations in political science is the latter, most discourse in the media and among IB scholars has been consistent with the former. These theories spell out different mechanisms for (de-)globalization, and they predict different outcomes of de-globalization processes, with attendant implications for the shape of the political economy and thus international business. Based on these differences, I have discussed potential implications for IB research along three dimensions: the political strategies and role of MNEs, global value chains, and interactions with the national context.

The questions this paper has raised are large. Indeed, one might wonder whether many of the questions posed in this paper may not be too large, or too “macro,” to be suitable to IB scholars, and whether they may best be left to political scientists.

Of the various possible counters to these concerns, I would like to emphasize two. First, IB has already successfully absorbed a number of macro-topics. For instance, cross-cultural and comparative institutional studies now routinely appear in major IB journals, including JIBS. We have not treated these areas as the exclusive remit of anthropologists, sociologists, and political scientists. The result has been a better understanding of phenomena directly relevant to MNEs, such as the dimensions and impact of liability of foreignness. It seems likely, or at least possible, that widening the view of IB to political factors and mechanisms underlying the shape of the international political economy may produce similar benefits for IB.

Second, studying the interplay of MNEs and the political context constitutes a major opportunity for IB to generate new insights that are as relevant as they are elusive to other disciplines. An oft-heard lament is that IB is a net importer of academic ideas from other disciplines.

Here is an opportunity for generating a positive ideas trade balance with political science. After an initial importation of the theories laid out in this paper, by examining firm-level data, IB scholars may be able to shed light on what has eluded political scientists: a clearer sense of which theory, liberalism or realism, offers a more useful account of actual developments. For instance, as this paper has discussed, the two theories predict different patterns in MNE investments or subsidiary survival under conditions of de-globalization. Since political scientists rarely work with firm-level data, IB scholars will be in a privileged position to identify such patterns. In doing so, IB scholars might also evolve an understanding whether there are contingencies under which one theory is more material than the other. Any meaningful contribution in this area would certainly be another feather in the cap of IB. We should at least reach for it.

Notes

“Liberalism” as a term has acquired many meanings; please refer to the text below for clarification what liberalism does and does not mean in the context of this paper.

An intriguing possibility is that technology may have reached a point where, unlike in the past, it may increasingly obviate the need for globalization rather than facilitate it. This would reinforce the de-globalizing effect of the regulatory tightening noted in the paper.

Other schools of thought exist, including constructivism (e.g., Adler, ; Ashley, ; Ruggie, , ), Marxist theory in various guises (e.g., Packenham, ; Wallerstein, ), and feminism (e.g., MacDonald, ; Pettman, ; Wagner, ).

For the purposes of this paper, “states” and “countries” are synonymous.

I retain the customary label “global” in this context. This is without prejudice to the ongoing debate in IB to what extent any firms and their operations have become truly “global,” rather than merely international (Verbeke et al., ).

**Acknowledgements**

I thank Klaus Meyer for his constructive editorial guidance and the three anonymous reviewers for their insightful feedback. I am further grateful for comments and input received from Vinold K. Aggarwal, Christina L. Davis, Geoffrey Jones, Marshall Meyer, Jonathan Story, and Douglas Webber. I also thank for their hospitality the US-Japan Program at Harvard University and the Wharton School, where parts of the work on this paper happened. An earlier version of this paper was presented AIB 2018.

**Notes**

Publisher's NoteSpringer Nature remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.Accepted by Klaus Meyer, Area Editor, 9 January 2019. This article has been with the author for three revisions.

**Load-Date:** May 2, 2023

**End of Document**



[***United encourages Boeing to speed up NMA development; E United Airlines chief executive Oscar Munoz wants Boeing to speed up the development of its proposed New Mid-market Airplane.***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5VKP-5561-JCF2-H3JX-00000-00&context=1516831)

Flight International

March 8, 2019

Copyright 2019 DVV Media International Ltd. All Rights Reserved



**Section:** FLIGHTGLOBAL.COM

**Length:** 67397 words

**Body**

United Airlines chief executive Oscar Munoz wants Boeing to speed up the development of its proposed New Mid-market Airplane.

"Dennis [Muilenburg, chief executive of Boeing] and I talk about this all the time – speed up the process, we're growing, we need aircraft and they make great aircraft," Munoz told reporters on the sidelines of the US Chamber of Commerce Aviation summit on 7 March. "Having it in a little bit shorter timeframe would be helpful."

Under the current timeline, Boeing plans to make a decision on launching the NMA programme in 2020 with an entry-into-service in 2025.

Delta Air Lines chief executive Ed Bastian also encouraged the Chicago-based airframer to move forward with the programme earlier this week. Speaking at an investor conference, he said the carrier is "very interested" in the NMA and hopeful that Boeing will launch it soon.

Both Delta and United are in search of a replacement for the majority of their Boeing 757 and 767 fleets. The former operates 204 757s and 767s, and the latter 131 aircraft, Cirium's Fleets Analyzer shows.

Chicago-based United is in search of a replacement for its long-haul 757-200s – models used on short-haul flights are slated for replacement by Boeing 737 Max 10s – as well as its Boeing 767 fleet over the next decade.

The airline is considering a variety of aircraft in addition to the NMA, including additional Boeing 787s as well as the Airbus A321LR and A330neo programme.

Under Boeing's current timeline, both United's 757 and 767 fleets will have an average age of more than 26 years by 2025, Fleets Analyzer data shows. Airlines consider the average useful life of an aircraft to be 25-30 years.

Munoz is mum on what United wants in the NMA, saying only that it will be a combination of fleet replacement and opening new markets. The airline has used the 787, Boeing's last cleansheet aircraft, to open numerous new markets, including nonstop flights to Singapore from the US mainland and service to the interior Chinese city of Chengdu.

"We want them to launch the right product," he says. "A lot of us have had a lot of input and conversation into what that might look like."

Boeing has said the widebody NMA will seat 200-270 passengers with a range of 4,000-5,000nm (7,400-9,300km).

Air Lease chief executive Steven Udvar-Hazy said on 6 March that the airframer is likely to offer two NMA models to meet the different carrier requirements.

"Some of the Asian airlines are less interested in range and more interested in a higher capacity version, delivering the most optimal economic performance," he said. "Ultimately, I think it's driving towards two different models. Boeing will have to address which comes first."

JOURNAL : Farmers Weekly

Unseasonably warm weather and a lack of significant rainfall of late means the likelihood of water restrictions is increasing, say experts.

In particular, farmers who abstract water for irrigation in key catchment areas are most likely to face restrictions this summer.

NFU national water specialist Paul Hammett said: “Some farmers may well run out of water to grow food. It’s not looking good.”

See also: Lack of rain prompts longer reservoir refill ***period***

Wet and windy weather is forecast over the coming days, which could still turn the situation around, said Mr Hammett.

But he added: “Summer drought measures are increasingly likely if dry weather persists – and time is running out to fill farm reservoirs.”

Warm winter

It follows one of the driest and warmest Februaries since records began in 1878.

While not as warm, January was also exceptionally dry.

The month ended with less than half the long-term average rainfall across most of England.

Most areas of the country were already drier than normal for the six months prior to January.

Farmers should submit any pre-approval requests for abstraction and water trading between catchments as soon as they can, said Mr Hammett.

The NFU has also requested that the Environment Agency gives permission for farmers to abstract extra water if it is available, he said.

Association of Drainage Authorities chairman and Lincolnshire grower Robert Cauldwell described the situation as serious.

“We need to start planning now for potential problems with water resources this summer,” he said.

“We cannot wait until we have a problem.”

Poor prospects

The Environment Agency has decided to extend the winter fill ***period*** until April, which Mr Cauldwell said was a useful first step to help farmers with storage facilities.

But he added: “Many farmers are summer abstractors only and are wondering where the water will come from.”

Published on Tuesday (26 February), the agency’s latest forecast suggests moderate to poor prospects for irrigation in key areas of East Anglia and the Midlands.

Other areas face moderate irrigation prospects with only the South East classed as good.

Environment Agency senior adviser Bob Hillier said: “We have been working with farmers to increase flexibility with abstraction where possible.

“If there is a lack of available water we are willing to review the situation – but it is important that we abide by the standards in place to protect the environment and other abstractors.”

Farmers wanting to abstract additional quantities of water or other forms of flexibility abstraction, including those who wish to re-fill winter storage reservoirs, should contact the Environment Agency sooner rather than later.

For more information email [*enquiries@environment-agency.gov.uk*](mailto:enquiries@environment-agency.gov.uk) or call 03708 506 506.

JOURNAL : Farmers Weekly

Rhynchosporium commune remains the most important disease of barley in the UK, particularly in wet and high humidity areas in the West and North of the UK.

However, in wet seasons it causes problems across the arable area. Yield can be decreased by up to 40% and grain quality significantly reduced.

What about its life cycle?

Rhynchosporium is polycyclic, so is capable of causing several infection cycles during the growing season.

See also: Analysis: What a ban on fungicide chlorothalonil would mean

It is a challenging disease due to its ability to spread in a number of ways. It first appears in winter barley during the autumn as infection foci caused by rain-splashed spores from infected trash, stubble and volunteers.

Research carried out at Scotland’s Rural College (SRUC) has shown that rhynchosporium is also seed-borne, with infected seed allowing the disease to develop inside fresh shoots and roots before expressing itself more evenly during January or February.

Visible symptoms are usually more significant at tillering, but wet summers can see infection splashed up the canopy and onto upper leaves and ears to infect grain.

In spring barley symptoms appear much later – typically after tillering – and in wet years spread to upper leaves.

Wind also plays a significant role in the spread of rhynchosporium. This route of infection is important where spring barley is planted adjacent to infected winter barley crops.

How can I identify the disease?

Rhynchosporium first appears as chlorotic, irregular or diamond-shaped lesions, typically around the base of leaves close to the stem. Left unchecked, it develops into blue-grey water-soaked lesions on leaves and leaf sheaths.

Later in the growing season, mature lesions become pale brown with a dark purple margin (see picture) and coalesce to form large areas of dead tissue and destroy whole leaves or tillers.

What are the risk factors?

As rhynchosporium is a trash-borne disease, tight rotations pose a significantly increased risk, as do min- or no-till establishment systems where crop residues remain on the soil surface.

In parts of the UK where multiple or continuous barley is grown, risk is at its highest.

SRUC’s Fiona Burnett says 2019 could be a high-risk year. Despite the recent winter being relatively dry, rhynchosporium will have favoured the predominantly mild conditions and dense crop stands experienced by much of the UK.

How can risk be managed?

Extending rotations minimises risk, so consider break crops. Where growing barley on barley, Prof Burnett suggests following winter crops with a spring reduce disease carryover.

Other cultural measures include minimising trash, controlling barley volunteers in stubbles and avoiding early drilling in spring barley crops. Using clean, healthy seed stocks is also important.

Certified seed should be cleaner as parent crops are usually well managed. Avoid using home-saved seed sourced from infected crops.

Varietal resistance to rhynchosporium has been improving in winter and spring varieties and can be used to manage the disease.

In the six-row category, eight of the nine varieties on the 2019-20 Recommended List have a score of 7, with top-yielding Belmont scoring 6. The majority of two-row varieties have a score of 6 or more.

Spring barley variety choice is market driven and previously dominant varieties were weak on rhynchosporium. However, varieties such as Laurette (6) are now taking over and offer more robust resistance.

Which fungicides are effective?

As with any pathogen, the development of resistance to fungicides is a concern. Rhynchosporium has been eroding the efficacy of the azole group for some time, with older actives such as propiconazole and tebuconazole now much less effective.

Top azole prothioconazole is holding up remarkably well, according to Prof Burnett (see "Fungicide activity against rhynchosporium – key options"), despite heavy use seeing it applied to more than  80% of barley crops each year.

Epoxiconazole is slightly behind on efficacy when used alone.

Strobilurins have seen a slight reduction in efficacy, but remain an effective active group for controlling rhynchosporium.

Along with SDHIs and multisites such as chlorothalonil, cyprodinil and spiroxamine, there are a broad selection of effective products that can be used in balanced mixes to control the disease, helping to slow the development of resistance.

Fungicide activity against rhynchosporium – key options

Group

Active

Example product

Activity rating

Azole

Prothioconazole

Proline

3

Epoxiconazole

Opus

2

SDHI

Isopyrazam

Zulu

3

Penthiopyrad

Vertisan

3

Fluxapyroxad

Imtrex

4

Strobilurins

Pyraclostrobin

Comet

2

Trifloxystrobin

Swift SC

2

Multisite

Chlorothalonil

Bravo

2

Others

Cyprodinil

Kayak

2

Spiroxamine

\*Only available in mixes such as Cello (prothioconazole + spiroxamine)

2

Strobilurin + azole

Fluoxastrobin + prothioconazole

Fandango

4

SDHI mixes

Bixafen + prothioconazole

Siltra

4

Boscalid + epoxiconazole

Tracker

3

Fluxapyroxad + epoxiconazole

Adexar

4

Fluxapyroxad + pyraclostrobin

Priaxor EC

4

Isopyrazam + cyprodinil

Bontima

3

Isopyrazam + epoxiconazole

Keystone

3

Benzovindiflupyr + prothioconazole

Elatus Era

4

Penthiopyrad + chlorothalonil

Treoris

3

How do I build a fungicide programme for rhynchosporium?

Fiona Burnett says it is important to focus on tackling rhynchosporium early. In winter barley, that is at growth stage 30/31 (first node detectable) and late tillering or GS30 in spring barley.

In winter barley crops an early clean-up spray at T0 – three weeks or so before the main T1 spray – can help to eradicate overwintered disease and improve disease management at T1.

This should be on a case-by-case basis and provides a chance to use alternative chemistry to that applied at main timings – for example, cyprodinil or spiroxamine.

Prothioconazole should be the foundation of T1 applications and other actives added in, depending on pressure and other disease targets present.

There is little to choose between strobilurins and SDHIs on rhynchosporium when used in combination with prothioconazole.

However, SDHIs are broader-spectrum and more appropriate where diseases such as mildew, rust and net blotch are also a concern.

For T2 at about GS45-49, it is important to walk crops and consider recent weather to assess rhynchosporium risk. Robust action should be taken where risk is high, or the disease was not stamped out early.

For resistance management, growers should consider using alternative actives to those used at T1.

If an SDHI-azole combination was used early, consider an azole-strobilurin at T2. Multisite chlorothalonil should also feature, which will protect against rhynchosporium and ramularia.

View from the field – Patrick Stephenson, Niab Tag/AICC

For Yorkshire-based independent agronomist Patrick Stephenson, it important to consider how rhynchosporium risk can be reduced across the rotation.

He advises where a problem develops in the crop, stamp it out as early as possible to avoid significant yield penalties.

“Post-harvest barley volunteers will hold inoculum nicely, so growers need to be aware of any potential green bridge problems and keep stubbles clean where possible.”

A thick, lush canopy coming through the winter will create an ideal microclimate for rhynchosporium development, so delaying nitrogen can help reduce this increased risk.

For control strategy, his focus is on a nine-week ***period*** between late tillering and awns emerging. To maintain protection throughout, a three-spray fungicide programme is typically required.

Mr Stephenson advises his growers to correlate fungicide applications with plant growth regulator (PGR) timings at late tillering to GS30 and GS33, and then follow up with a final spray as awns emerge from GS45-49.

“People tend to have the same mindset as wheat, but it’s better to place focus on early disease control timing in barley, rather than late,” he adds.

In a typical season, spend would be split 40-40-20 across the three sprays.

Mr Stephenson favours a prothioconazole base, with strobilurins such as pyraclastrobin and SDHIs bixafen, fluxapyroxad and benzovindiflupyr providing additional activity on rhynchosporium and other diseases.

“It often boils down to cost and pre-formulated mixes tend to offer the better value over mixing straights. Also, be aware of cut-off dates of some SDHI products for later sprays.”

For spring barley, it is simpler, with a 50-50 split of an azole-SDHI combination at two timings (GS30 and GS45) using about 40% less dose than in winter barley.

Mr Stephenson adds that chlorothalonil is an important part of winter and spring programmes, particularly at later timings, for ramularia protection.

JOURNAL : Farmers Weekly

Growing potatoes has its challenges, and three years ago, one Suffolk grower was seeking solutions to problems such as potato cyst nematodes (PCN) and controlling weeds without linuron, as well as trying to improve his nitrogen fertiliser and irrigation strategy.

In 2016 Elveden Farms became the second host farm for AHDB Potatoes, and for farms director Andrew Francis, there was an immediate temptation to try to fill the knowledge gaps quickly.

However, he had to accept that some fundamental science was needed before he could make step changes. “We operate in a high-risk sector,” he points out.

See also: Are 100t/ha potato crops possible?

“The financial impact of making a wrong decision means that we can be overly cautious. This initiative has allowed us to make changes in a controlled way and test out new thinking – it’s been like having a safety net.”

There are plans for learnings on irrigation, nitrogen and PCN control will be put into practice, he reveals.

“In 2019, we will be front loading our nitrogen more, as we’ve now got evidence that it isn’t leaching on our light sandy soils. We will also have more confidence about scheduling irrigation restarts.”

Rotation planning around PCN remains complex, but guidance on the tolerance of new varieties is helpful, he adds.

Bolder decision-making will be the result of his three year tenure as the AHDB Strategic Potato Farm East.

“It’s the right time to take bigger leaps as the team has upskilled. In addition to the successes, we’ve also learnt from the failures of the last three years.”

1. Herbicide trials

Herbicide work initially focused on residuals and the loss of linuron, before being widened to look at the susceptibility of newer varieties to different herbicide programmes.

It confirmed that options to replace linuron do exist, says independent agronomist Graham Tomalin of VCS Potatoes, but all come at a higher cost – often double that of previous treatments.

As a result, knowledge of the weed spectrum present proved essential for cost-effective control, so that actives could be targeted.

“We identified that metobromuron could fill the gap left by linuron’s departure, so investigated it in various combinations,” he says.

“We also took the opportunity to assess aclonifen, a new residual active ingredient, which may get approval for 2020.”

Aclonifen looks to be a useful addition when used in combination with other actives, bringing control of fat hen, mayweed, spring nettle, runch and charlock as well as grassweeds including blackgrass and annual meadow grass.

“It has to be applied pre-emergence of the weeds and in mixtures,” he stresses. “No phytotoxicity was observed in 2017 and 2018, across a total of three sites.”

Metribuzin was the most cost-effective active for many weeds, although growers must heed soil type restrictions and varietal susceptibilities.

“We looked at its post-emergence sensitivity on 26 varieties, as well as its impact on newer varieties. We graded the resulting scorch into four categories – tolerant, low, moderate and high sensitivity. It shouldn’t be used on varieties that show moderate and high sensitivity.”

Herbicide findings

Linuron replacements exist, but they come at a cost.

Know your weed spectrum and target actives accordingly.

Metribuzin is the most cost-effective, but be careful of soil types and variety susceptibility.

New pre-emergence active aclonifen is performing well – awaiting approval for 2020 use.

2. Nitrogen

A key finding from the farm trials was that there was no evidence that much nitrogen leached out of the rooting profile during the growth ***period*** on heavily irrigated sandy soils.

Researcher Marc Allison from Niab Cuf reveals that work measuring the movement of nitrogen when standard irrigation and over-watering practices were implemented showed that water moving out of the soil profile contained very small amounts of nitrogen – well below the legal limits.

“By the time the water has moved, the nitrogen has been stripped out by the growing crop,” he reports. “It’s good news; loss of water doesn’t mean loss of nitrate.”

Other results from three years showed that potato yields are not directly related to how much fertiliser is applied.

“With nitrogen, it’s not how much that is applied, it’s how much we get into the crop,” he explains. “As more nitrogen is applied, it doesn’t necessarily all go into the tubers – a proportion is in the canopy.”

Factors affecting the amount of nitrogen taken up by the crop are numerous, with compaction having a huge effect, he warns.

“In the best conditions, a potato crop takes up 6kg of N/ha/day. Compaction can reduce that to 2kg of N/ha/day.”

Placed or injected nitrogen tended to produce lower yields, he says.

“There was no benefit to the crop at all from putting it underground or using protected nitrogen. Uptake rates can be very rapid, so our advice is don’t do anything that can slow these up.”

Nitrogen findings

Use the Nutrient Management Guide (RB209) to calculate N requirement, not the soil mineral nitrogen (SMN) method.

Heavy use of irrigation does not increase nitrate leaching.

Placed/injected/protected N gave lower yields.

Compaction significantly reduces nitrogen uptake.

3. Potato cyst nematode

Trap cropping, new nematicides and varietal resistance/tolerance were the focus of work on potato cyst nematode work done at Elveden.

The trap crop demonstration compared three different solanum-based crops – sticky nightshade, huckleberry and Azo, all of which showed a useful decline in populations on a very split site with variable PCN numbers.

“There were difficulties with their establishment, emphasising the need to use herbicides,” says Mr Tomalin. “More work is needed on their performance, especially on different soil types.”

A nematicide demonstration featured newcomer Velum Prime (fluopyram) alongside existing products Nemathorin (fosthiazate) and Vydate (oxamyl), with all treatments improving yields compared with untreated.

 “We couldn’t pick them apart in terms of ground cover and all gave a yield improvement. Nemathorin had the slight edge in terms of yield and restricting multiplication, albeit across only two replicates.”

A tolerance and resistance trial comparing 12 varieties within a mixed Globodera pallida and G rostochiensis site looked at new varieties, both with and without nematicide treatment.

Resistance is the ability of a variety to affect the multiplication of PCN, while tolerance allows it to produce a reasonable yield when grown in the presence of PCN, Mr Tomalin explains.

“Knowing what species you are dealing with is important, as varieties can be resistant to one and not the other, or resistant to both. A resistant variety results in a bigger reduction in multiplication than a nematicide.”

Tolerance without resistance will have no effect on multiplication, so future yields will be reduced, he warns.

At Elveden, he was able to confirm partial G pallida resistance in eight newer varieties, including Alcander, Elland, Iodea, Lanorma, Marvel, Monte Carlo, Royal and Stet Clone.

“Of course, the risk of G rostochiensis increases where there’s only pallida resistance, as is the case with Elland.”

PCN findings

Trap crops useful in reducing PCN populations.

All three nematicides on the market improved yields.

Newcomer Velum Prime is used at low rates and has no harvest interval.

PCN speciation important for best results with tolerant/resistant varieties.

Storage and sprout suppression update

Potato growers must accept that storage practices will need to change as sprout suppressant choices change or disappear, advises Adrian Cunnington of AHDB’s Sutton Bridge crop storage research facility.

An impending EU decision on the future use of sprout suppressant CIPC (chlorpropham) means there’s a strong chance it will be lost, while changes to the maleic hydrazide label will restrict its future use in certain markets.

“It’s a dynamic situation,” he reports. “Given the potential impact on the industry, we are looking at alternatives, carrying out dormancy testing on 30 varieties and doing CIPC residue assessments in preparation for a ***transitional*** maximum residue limit (MRL).”

As no decision was made by 25 January, it has now entered the appeals process, he reveals.

“There is an existing alternative, maleic hydrazide, but the new formulation can’t be used on crops going for stockfeed. There should be enough stock of the old formulation for 2019, so from 2020 treated crops will need a non-livestock destination.”

Other existing alternatives include ethylene and spearmint oil, while dimethylnaphthalene and orange oil are awaiting UK approval.

A third option, the biochemical 3-decen-2-one, is awaiting Annex 1 listing by the European Chemicals Agency.

“We’ll be working with all of these and looking at combinations of products, in crops for both processing and fresh markets,” Mr Cunnington confirms. “To date, the dimethylnaphthalene results look encouraging.”

Otherwise, dormancy testing on 30 varieties will help growers to exploit those with the asset of natural dormancy, while CIPC residue assessments from pre-treated stores will help to provide data for a ***transitional*** MRL, if required.

That’s because the chemical can be detected in the fabric of the store 10-15 years after application.

“The message for growers is to concentrate on best practice,” he urges.

“The new products are not as good as CIPC, so being better with store control and management will be important.”

JOURNAL : Farmers Weekly

Northern Ireland’s farm leaders have warned that plans to further cut Renewable Heat Incentive (RHI) payments will decimate hundreds of farming businesses, particularly in the poultry sector.

The Department for the Economy (DfE) has published new proposals that would see tariffs reduced from April 2019, taking annual payments for a biomass boiler down by about £10,000 per boiler to £2,000.

It is estimated that farmers on equivalent schemes in Great Britain and the Republic of Ireland will continue to receive about £20,000 a year.

See also: RHI claimants suffering ‘unfair’ treatment

The Ulster Farmers’ Union said it was outraged by plans to slash the rates 24 months after the initial introduction of reduced RHI rates.

The DfE has suggested that a new set of tariffs should be introduced for all small and medium-sized biomass boilers, retaining the tiered payment structure that was introduced in 2017.

This would mean that RHI payments would be limited to 1.2p/kWh for the first 1,314 hours on medium-sized (100kW to 199kW) biomass boilers, reducing to zero thereafter.

‘Decimate hundreds’

UFU deputy president Victor Chestnutt said affected farmers were already in "crisis mode".

“If these further steep cuts come into effect many farmers, in particular poultry farmers, will be facing dramatic cashflow issues,” he said.

“The proposed cuts have the potential to decimate hundreds of Northern Ireland’s farming businesses.”

A payment of just £2,000 per boiler was completely unsustainable and did not account for loan repayments, maintenance or fuel.

“Farmers in Great Britain and the Republic of Ireland will be able to produce birds at a much lower cost, making them more competitive in the market place.”

Rate of return

The DfE said the proposed tariffs have been set to deliver a 12% rate of return and had been put forward as they were expected to be affordable within the budget allocated from HM Treasury.

It recognised that the target rate of return would not be possible for “a small number” of installations with low usage requirements or high capital costs and so these participants would be given the option to take a one-off cash payment under a voluntary buy-out scheme.

It added: “While the responses to the public consultation suggested that amendments to tariff levels could have negative financial consequences for the scheme participants, there was limited evidence provided that this had occurred to date or would not be due to other factors.”

The UFU is seeking urgent meetings with the NI Secretary of State and MPs at Westminster to discuss the issue further.

JOURNAL : Farmers Weekly

An Austrian farmer has been handed a massive fine after a hiker was trampled to death by suckler cows on his land.

A judge sitting at a court in Innsbrück ordered the farmer to pay 490,000 (£425,550) in compensation to the victim’s husband and son.

The court heard that a German tourist, 45, had been hiking in the Pinnistal valley area of the Austrian Alps in July 2014 when a herd of cows became agitated by her dog and attacked her.

See also: What farmers need to know about fencing and the law

The woman, from Rhineland-Palatinate, had fixed the dog leash to her hip. She was trampled to death after the herd of cows wanted to protect their calves, the court was told.

The farmer maintained that he had put up warning signs, but the judge still ruled that he had been negligent and fenced-off areas for the protection of the public were necessary.

Shortly after the ruling, the Tyrolean chamber of ***agriculture*** released a statement saying the hefty fine was a “massive threat to Alpine farming”.

'Surprising' verdict

The chamber’s president, Josef Hechenberger, described the death as “extremely tragic”, but said the verdict was “surprising and incomprehensible”.

The guilty verdict would certainly make some farmers think about not putting their livestock out to the pasture, said Mr Hechenberger. Alpine farmers earn, on average, about 20,000 (£17,260) a year.

“The farmers do not want to create the backdrop for the guests with their alpine dairy, and then bear the risk of being faced with claims for damages in the event of accidents,” he added.

Fencing laws face scrutiny

In the future, if farmers are obliged by law to put up fences it could threaten their viability and “in many places, mean the end of pastoral farming”.

Criminal proceedings against the farmer in relation to this incident had previously been dropped. But the farmer was found guilty in this instance after years of civil law litigation.

In the UK, fines of up to £450,000 can now be applied to farming companies with a turnover of up to £2m who are found to have breached the Health and Safety at Work Act 1974.

JOURNAL : Farmers Weekly

An expanding band of barley growers in southern England is producing low-nitrogen grain destined for the spirits market and earning themselves a useful price premium.

Having a secure domestic market for their grain rather than relying on exports, which may be liable for tariffs as Britain prepares to leave the European Union, could be a good move in these uncertain times.

In the second of our three-part series, David Jones visits two of these growers in Hampshire to find out how they are meeting the tough demands of the distilling industry.

See also: Warburtons wheat helps grower cope with Brexit uncertainty

Chris Allen, Home Farm

Jonathan Harley, Roundwood Estates

Market premium

Chris Allen is the only malting barley grower supplying the uber-trendy gin and vodka brand Bimber, which he hopes will shelter him from the cold winds of Brexit.

Low-nitrogen barley grown on his Hampshire downland farm fetches a distilling market premium and goes to produce English barley vodka selling at close to £35/bottle.

His spring-sown barleys are malted in Wiltshire and transported to the four-year old Bimber distillery in London which will help to insulate Mr Allen from the uncertain world of grain exports as Britain prepares to leave the European Union.

“The grain is being used in this country for distilling so we are not dependent on exports, and therefore we are helping to Brexit-proof our business,” he tells Farmers Weekly.

Home farm, Farleigh Wallop

Winter wheat varieties

Zyatt and Cordiale

Winter barley varieties

Maris Otter and Craft

Spring barley varieties

Concerto

Yields

He is farming in traditional malting barley country of light chalky soils, and in eight years of growing the old distillers’ favourite variety Concerto has always ducked under the maximum 1.65% grain nitrogen demanded.

Even in a difficult 2018 beset with a cold, wet spring and a summer heatwave, his 180ha of the variety turned in a yield of just over 6.5t/ha of sub-1.65% nitrogen barley sold to three big maltsters as well as feeding the Bimber stills.

Yields have varied from 6.3t/ha up to 7.5t/ha largely depended on the weather, so last year’s outcome was towards the bottom of this range – understandable due to the late spring and summer drought.

Hampshire-based grain merchant Robin Appel is instrumental in finding premium distilling markets for good malting barley like Mr Allen’s, not only across southern England but increasingly across Britain.

“We are looking to encourage farmers who can grow low-nitrogen barley while not jeopardising yields,” says Robin Appel's group director Jonathan Arnold.

Distilling price premiums vary according to season, but range between £5-£30/t above brewing malting barley varieties such as Propino and Planet.

Distilling demand

The almost insatiable demand of the Scottish whisky distillers is supporting these prices. as 55% of UK’s 1.9m tonne annual demand from the maltsters now head for the distilling stills, including the upmarket niche producers such as Bimber.

Mr Allen farms 1,200ha of mainly arable land at Home Farm, Farleigh Wallop, just south of Basingstoke, growing milling wheats, malting winter barleys, Concerto spring barley, and breakcrops of oilseed rape along with spring and winter beans.

Soil types vary from chalky banks to clay caps and only the lighter land is used to grow the 180ha of spring barley, while variable rate drilling is used to cope with these variable soils.

His annual crop of 1,000-1,200t can head off to big maltsters such as Boortmalt, Crisp and Muntons or to Robin Appel’s small maltings at Warminster for small niche distilling users.

Even though Concerto is starting to be outclassed by newer varieties on yield, Mr Allen is impressed by the variety’s reliability, with no splitting of the grain or necking, or brackling, of the barley heads.

“We find the variety is incredibly consistent. In a wet year it shows little pre-germination, and in dry year, no grain skinning,” he says.

Fertiliser strategy

As long as there is a good demand for the variety, Mr Allen says he will continue to grow the variety, although newer ones such as Laureate show promise.

His nitrogen fertiliser strategy is aimed at applying 110-120kg/ha of solid ammonium nitrate – one-third just after drilling and two-thirds soon after at the three-to-four-leaf stage – and this has consistently given him low-nitrogen grain.

He aims to drill in the first half of March, not too early as some of his land rises to 195m (640ft), and he sows the crop at variable rates so cutting seed rates in the fertile valley bottoms and pushing rates up on the chalky hillsides.

Last year he only made a start in mid-April due to the late spring. However, good drilling conditions, high levels of sunlight and a high water table on his chalky soils helped his spring crops to the impressive 6.5t/ha average yield.

“We were incredibly surprised by the good yield after drilling one month later than usual and then the summer heatwave,” he says.

Polish distiller

His grain impresses Polish distiller Dariusz Plazewski, who took to the farm’s barley when he set up his Park Royal craft micro distillery in north-west London in 2015, naming it Bimber – which is Polish for moonshine.

Mr Plazewski markets his spirit as English barley vodka, with his first aged whiskies due for launch in June 2019.

He also markets fruit-infused, oak-aged vodka and London Dry Gin made from wheat.

He likes Mr Allen’s barley for his vodkas and whiskies as it is sourced close to London and gives him good-quality grain in terms of low screening and big, bold barley, just what he needs for distilling.

Mr Arnold says the farm is one of about 30 across Hampshire, Wiltshire and Dorset, producing about 20,000t annually of top-quality distilling barley for his group, and he is on the lookout for more growers.

Low-nitrogen farm taps into distilling market

Jonathan Harley turned to growing the distilling spring barley variety Laureate in 2018, and was so impressed he is committing 90% of his spring area to the variety this year.

He believes that newer varieties, such as Laureate, are more vigorous and a lot quicker to develop than older ones, and also give him the opportunity to use less nitrogen fertiliser.

Growing for the domestic market on his Hampshire farm rather than hoping it will head for a boat at Southampton for export gives him more confidence as Britain prepares to leave the EU.

“All our barley is malted in this country, so there is more certainty for the crops we grow with Brexit around the corner,” he says.

Arable cropping

He manages 400ha of arable cropping at Roundwood Estates, Micheldever, just west of Basingstoke, growing winter wheat, oilseed rape and spring oats and barley on silty loam soils over underlying chalk.

He is growing 200ha of spring barley this year – 90% Laureate and the rest Diablo – as the Laureate last year on its first year on the farm outperformed other varieties Planet and Concerto.

His Laureate yielded 6.3t/ha over 100ha in 2018, which was half a tonne above Planet and Concerto last year using the same level of nitrogen fertiliser.

He usually applies about 120kg/ha of nitrogen, but last year, due to the dry weather, he cut back to 100kg/ha and managed to harvest a crop of 1.5-1.6% grain nitrogen and sold all the barley for distilling.

Drilling time

His aim is to drill in the second week of February with di ammonium phosphate (DAP) applied at drilling as his chalky soils tend to be low in available phosphate.

He looks to drill early as his crops can suffer in a dry April if the barley does not get its roots into the chalk.

He has moved to a narrow drill row width of 125mm (5in) with his tined Dale drill as he believes this prevents a lot of heavy heads being produced, which can easily snap off.

All nitrogen is liquid, with 60% applied as soon as the crop is through the ground and the rest two to three weeks later at the three-to-four-leaf stage.

Last year, due to the late drilling, 100kg/ha seemed enough, which was a little less than normal.

“This is a low-nitrogen farm and we are usually producing 1.4-1.5% grain nitrogen barley, which is all sold for distilling,” he says.

Fungicide-treated yields of spring barley from the AHDB Recommended List

Laureate

103%

Diablo

105%

Concerto

94%

Planet

103%

Propino

98%

JOURNAL : Farmers Weekly

I’m sure that most readers have either been to a few meetings or, ahem, are too mature to attend any more, so I will save my precious word count and not explain YFC.

I have a question for all you young farmers: are you really making the most out of YFC?

If I’m brutally honest, I used to think those who got involved with YFC at the county and national level, including competitions, were jobsworths.

See also: More columns from Ben Theaker

I know this is the attitude of some other members: “Why would I put effort into something and show an interest?” That’s what I used to think.

This sort of narrow mindedness possibly came from school, where you were deemed uncool if you were passionate about a certain subject or activity, meaning those who were seeking to fit in wouldn't take an interest in anything or get too involved.

Skilled up

Since being in YFC I have changed a lot. I would say everything from my social skills and confidence – thanks to public speaking – to general life skills have dramatically improved over the past six years.

Being a part of YFC has made me realise who I am and what I want out of life. I have come up with three life objectives and have an understanding that if these aren’t being achieved on a very regular basis then something is wrong, and change is in order.

They are:

Learn something new

Make new friends and meet new people

Have fun.

Those who are dead inside tell me that I am immature; I need to grow up; be more serious; blah blah blah. But I don’t care.

In my opinion, if you aren’t doing all three of these things on a regular basis then what’s the point? Pick any one of them and ask: “If I never did that ever again, would I be happy? Or would I just be treading water until I lose the will to live and my head goes under?”

Without wanting to sound preachy, I’ll bring this back to YFC.

If you’re a member of your club and all you do is sit in meetings, never go to events and criticise those who get involved, then you need to sort your life out, look in a mirror and realise that you’re not making any positive contribution to yourself or those around you.

Within a few months I have been to two NFYFC training weekends, which have been absolutely fantastic. The first was for all county chairs and vice-chairs, and the second was training for the East Midlands area.

Much more to gain

Both consisted of meeting new people in YFC other than those in your own county, swapping ideas, sharing problems and finding solutions.

We looked at what YFC is good at, what it’s bad at, and what we can do to improve something that we all love – as well as playing games, having fun and team bonding.

Weekends like these remind me of starting in YFC, thinking how good it was knowing everyone in my club. These circles keep expanding as you get to know more people, making new connections all across the country.

There is a lot to gain from YFC other than free ballpoint pens, hangovers and club T-shirts, such as training weekends, travel and so much more.

So why not ditch the attitude, get more involved and see what more the federation has to offer?

JOURNAL : Farmers Weekly

A bid to toughen the laws around livestock worrying in Scotland with tougher penalties for irresponsible dog owners is under way.

South Scotland SNP MSP Emma Harper launched an online consultation at the Scottish Parliament on Thursday (21 February) after months of dialogue with farmers, dog walkers and stakeholders.

The consultation has been launched ahead of a proposed Members Bill to tackle incidents of out-of-control dogs attacking sheep and other livestock.

See also: The law on shooting dogs – critical facts farmers must know

It is already a criminal offence to allow dogs to attack or cause serious injury to livestock under the Control of Dogs Act (Scotland).

But the proposed Bill aims to give police, courts and potentially other agencies more powers to properly tackle such offences.

The consultation on the Proposed Protection of Livestock (Scotland) Bill will be open for 12 weeks before being brought before Holyrood as a potential Bill.

Toughen laws

Launching the consultation, Ms Harper said: “The consequences of an off-lead dog in a field of livestock can be devastating and traumatic for both the farmer and their animals.

“My proposals seek to toughen the law and that more dog owners are deterred from letting their dog off a lead in the countryside by introducing a range of penalties.”

Livestock attacks continue to be a blight on Scottish ***agriculture***, and NFU Scotland launched a campaign earlier this month to influence a change in behaviours of irresponsible dog owners and encourage them to keep their dogs on a lead when walking on farmland.

Last year, Police Scotland had 338 incidents of attacks on livestock by dogs reported to them.

Out of 340 responses from a recent NFU Scotland survey, 72% said they had an issue with livestock worrying on their land, while 84% of responses felt the outdoor access code requiring “on a lead or under close control” didn’t provide sufficient protection to them or their livestock.

NFUS: Have your say

NFUS vice-president Martin Kennedy welcomed the launch of the consultation, and he urged as many farmers and crofters in Scotland as possible to complete it.

He said: “Last year, the union outlined ‘key asks’ that it would like to see within a Bill – in particular, higher fines, a ban on owning dogs and additional powers for the police – so we are delighted that some of these asks are included within the proposed Bill from Emma Harper MSP.

“Irresponsible dog owners need to realise the impact they are having on farmers and crofters and their livestock.

"It is not necessarily about the financial losses they face, but the trauma for livestock and their offspring, as well as the emotional impact on the farmer and their family.

“We would encourage as many farmers and crofters as possible to fill out this consultation within the 12-week window to provide a true reflection of the extent dog attacks on livestock continue to have on our industry.”

WARNING: GRAPHIC IMAGES OF INJURED ANIMAL BELOW

Case study: Sheep farmer fears ewes will abort lambs after horrific dog attack

East Dunbartonshire sheep farmer Ian Warren is appealing for information after a another horrific dog attack on sheep – the second attack on his farm in just a few months.

The latest incident happened overnight on Tuesday 12 February at fields near the motorway at Lenzie Road, in Lenzie.

Twenty sheep were injured, with some suffering bite marks to their faces and bodies and were struggling to walk.

Mr Warren said: “Did anyone see a dog[s] loose last night or early that morning on the Stepps to Lenzie Road?”

He posted a video on Facebook showing the in-lamb ewes likely coming down with stress-induced pneumonia.

Now Mr Warren fears some of the ewes will abort their lambs at the beginning of April.

“We need to stop this. Some of these were carrying lambs due in the next month what a horrific way to die,” he said.

The attack happened in a field just a couple of miles away from the location of the first attack in December.

In that incident, one sheep was killed and eight seriously injured at a field at Langmuirhead Road, Auchinloch.

The latest incident has caused outrage on the Stepps Community Facebook page.

Jac McDee posted: “Second time in four months. Disgraceful. What a horrible species we belong to.”

Ann Logan commented: “[I] hope whoever the dog belongs to recognises it was their dog and takes responsibility a) never to let it happen again, and b) all costs that you have incurred.”

JOURNAL : Farmers Weekly

As herd sizes increase and labour sourcing continues to create challenges, more farmers are turning to automated teat disinfection technologies to ease pressure in the parlour and promote efficiencies.

Although manual teat spraying has the potential to work well, a farm study carried out by The Dairy Group showed that not all farms were able to hit the target 80% of the teat barrel covered by disinfectant.

In fact, coverage varied from 18% to 80% on the 10 farms examined.

If consistency is an issue on farm, the first thing to do is to motivate and train staff to improve performance.

However, if that fails, an automated system may be the answer.

See also: Video - 15 steps to best-practice drying off protocol

Automation also has the potential to aid labour efficiencies.

For example, teat brushes can help reduce the number of passes per cow at milking, while automatic dipping and flushing systems can speed up milking and robots could eliminate a labour unit.

With a wide variety of system choices available, product selection will vary depending on a number of factors, including parlour type and whether you want a pre and/or post-disinfectant system.

We take a look at the options available and see how they compare on cost and ability:

This buyer’s guide reviews:

The Teat Scrubber, Future Cow

On platform Teat Sprayer, Dairymaster

Apollo, GEA

TSR, Delaval

SR2, Boumatic

Teatwand Exact, Northern Dairy Equipment

Moojet, Cotswold Milking Supplies

The Teat Scrubber

Who supplies it? Future Cow

What is it? Hand held teat brush system which stimulates, cleans, disinfects and dries in one pass. Operated by hand switch with light to illuminate teats.

Pre or post milking disinfection? Pre

How does it work? Teat is cleaned by three rotating antimicrobial brushes – two at the top wash barrel, one at the bottom washes teat end. Wet cycle can be followed by dry cycle.

Parlour type: Any

Can it be retrofitted? Yes

How long does it take? 6-10 seconds/cow for whole process.

Average disinfectant use per cow: 4.25ml/cow of base and activator (85ml total volume including water)

Can you use any disinfectants with it? Specific chlorine dioxide disinfectant must be used to receive full support.

Warranty: 12 months or 200,000 cows

Cost (excl VAT): Starts at £5,000. Replacement brushes £8 each (advise changing every 10,000 cows).

Key considerations for system type: Consider brush replacement costs. Dry pass recommended to help promote effective liner seal and avoid new mastitis infections.

Contact: futurecow.com Derek Davies, Tel: 07887 737089

On-platform Teat Sprayer

Who supplies it? Dairymaster

What is it? Individual bale, platform mounted leg spreaders with automatic disinfection nozzle.

Pre or post milking disinfection? Pre and/or post

How does it work? Two seconds after the automatic cup removers (ACRs) are activated, the sprayer automatically sprays the teats via two nozzles. Only one spray line so same disinfectant will have to be used when pre and post spraying.

Parlour type: Rotary

Can it be retrofitted? Yes

How long does it take? 0.5+ seconds/cow (can be varied)

Average disinfectant use: 15ml/cow

Can you use any disinfectants with it? Yes but must be suitable for spraying. Iodine not recommended

Warranty: 12 months on parts

Cost (excl VAT): From £200/unit

Key considerations for system type: Can separate pre and post disinfectants be applied? ACRs needed to post-spray on some systems. Pre-spray works best with platform sensor, and electronic ID needed. Position on platform is crucial for good coverage for individual herd.

Contact: dairymaster.com Chris Howarth, Tel: 01527 878505

Apollo

Who supplies it? GEA

What is it? Automatic post dip and cluster flush system using specialist milking clusters. Designed to disinfect teats and clean liners between cows

Pre or post milking disinfection? Post

How does it work? Post dip enters liner at the hood at the end of milking and is dragged down teat when cluster removed. Cluster then flushed with disinfectant and then water. Have to use Apollo clusters and liners.

Parlour type: Any

Can it be retrofitted? Yes

How long does it take? 2 seconds/spray, about 60 seconds for flushing.

Average disinfectant use per cow: 11-12ml/cow

Can you use any disinfectants with it? GEA chemical advised in first year to ensure warranty valid.

Warranty: 12 months

Cost (excl VAT): £1,600/point

Key considerations for system type: May have to use specific liners on some systems.

Contact: gea.com Tel: 024 7669 2333

TSR

Who supplies it? Delaval

What is it? Automated robot

Pre or post milking disinfection? Pre and/or post (post more popular)

How does it work? Robotic arm with camera identifies each teat so each can be automatically sprayed individually. Works across 1.5 bales and automatically washes arm between pre-programmed number of cows.  Can be positioned on entry or exit from parlour.

Parlour type: Rotary

Can it be retrofitted? Yes. Non-Delaval rotaries may need additional upgrades.

How long does it take? >400 cows per hour (fastest - 9 seconds/bale)

Average disinfectant use per cow: 8-10ml/cow

Can you use any disinfectants with it? Can use any chemical but extra costs may be incurred if blockages occur due to non approved chemical .

Warranty: 12 months standard. Extended options available

Cost (excl VAT): Price will vary depending on farm. Claims ROI of around 3-4 years based on 6 hour milkings/day

Key considerations for system type: Will need two robots to do pre and post. Can take up a lot of space.

Contact: delaval.com Tel: 029 2077 5800

SR2

Who supplies it? Boumatic

What is it? Automated robot

Pre or post milking disinfection? Pre and/or post (post more popular)

How does it work? 3D camera identifies if cluster is attached and identifies teats. Spray arm has 2 jets - 1 sprays left teats, one sprays right teats. Height and depth of arm varies depending on cow. Works across 1.5 bales.

Parlour type: External rotaries

Can it be retrofitted? Yes

How long does it take? Can work up to 4 seconds/bale

Average disinfectant use per cow: 15ml/cow

Can you use any disinfectants with it? Have to sign up to initial three-year chemical contract

Warranty: 18 months

Cost (excl VAT): £70,000

Key considerations for system type: Will need two robots to do pre and post. Can take up a lot of space.

Contact: boumatic.com Tel: Pete Wooldridge: 07595 718592

Teatwand Exact

Who supplies it? Northern Dairy Equipment

What is it? Wand sprayer

Pre or post milking disinfection? Pre and/or post

How does it work? Fixed point automatic "wand" or arm goes in and out of bale at one specific point on rotary. Speed of rotary determines speed of arm. Dual nozzles spray forward and backwards as wand goes in and out.

Parlour type: External rotaries

Can it be retrofitted? Yes

How long does it take? 2-3 seconds/cow (can be adjusted)

Average disinfectant use per cow: 20ml/cow/milking

Can you use any disinfectants with it? Yes

Warranty: 12 months

Cost (excl VAT): £15,500

Key considerations for system type: Can be hit-and-miss if cow is not in right position. Platform leg spreaders recommended for accuracy of spraying.

Contact: dairy-equipment.co.uk Tel: 01772 739403

Moojet

Who supplies it? Cotswold Milking Systems

What is it? Walkover sprayer

Pre or post milking disinfection? Pre or post (most use for post)

How does it work? Sprayer located in race on entry and/or exit to parlour. Light beam locates cow and automatically sprays when cow walks over nozzles.

Parlour type: Any

Can it be retrofitted? Yes

How long does it take? Works at cow exit speed

Average disinfectant use per cow: 30ml/cow

Can you use any disinfectants with it? Yes

Warranty: About 12 months

Cost (excl VAT): £2,500-£3,000 installed

Key considerations for system type: Low accuracy. Uses a lot of spray. Risk of nozzle getting blocked by slurry. Position is key to avoid cow flow jams.

Contact: cotswold-dairy.co.uk Steve Gibson Tel: 07725 241938

This is a guide only. The information was provided by manufacturers and was accurate at the time of printing. Other products are available. Inclusion in this list does not imply recommendation.

Questions to ask before buying

Mr Ohnstad suggests looking at the following when choosing a product:

Why you are installing them? If it is to improve mastitis and somatic cell counts, address other areas such as environment and dry cow management first. Don’t expect an automated system alone to produce improvements in udder health.

All technologies are a significant investment. Understand the ongoing running costs in terms of labour and maintenance.

Work out return on investment on all systems in terms of labour. Be realistic: if you’re putting in a robot in to save a labour unit for post spraying, are you actually saving a person? That same person could be needed for selecting out cows and washing soiled milking units.

Ask manufacturers for evidence of efficacy and coverage.

JOURNAL : Farmers Weekly

Farmers are warned to check contract terms for their potential liability to tariffs should the UK leave the EU without a deal on 29 March.

Many contracts contain a clause which, despite a price having been agreed, pass back to the buyer or seller any taxes, tariffs or levies imposed subsequent to the contract date.

This is likely to be more of a short-term issue for imported inputs, as little if any export trade is being done in advance of tariff rates being announced.

The main advice for farmers is to make sure they have copies of and understand all relevant buyer or supplier terms and conditions, even where they have been doing business with the same buyer or supplier on a long-term basis.

Terms of trade

This includes not only the contract for a specific sale or purchase, but also the general terms of trade issued by businesses. In the case of grain merchants, for example, these are issued separately, usually annually and override standard industry terms.

The tariff falls to be paid by the importer, but contracts may provide for someone else to cover the risk or share it, said Julie Robinson, a partner at Roythornes solicitors. “Just make sure it doesn’t fall to you without you realising it.”

The importance of good relationships with suppliers and buyers is also stressed by advisers.

Many suppliers are informing their customers or members of these obligations, but it is widely thought that some farmers will not be aware of their potential liability for tariffs on feed, feed ingredients, fertiliser, seed or agrochemicals.

At the Oxfordshire-based Orion Farming Group, a buying co-op which has more than 300 farmer members, feed and livestock manager Joe Cobb said the group had been making members aware of any impending tariff or other issues that would have a direct effect on their cashflow since these clauses began appearing in contracts from early December 2018.

They are now being included in all shipper and importer forward contracts, in the following form: “All tariffs/taxes/levies imposed on goods sold, for delivery post March 2019, will be for the buyer’s account”.

Similar clauses were contained in straights and compound feed contracts, said Mr Cobb.

Paul Rooke, head of crop marketing at the ***Agricultural*** Industries Confederation (AIC), which represents the trade, said the current situation presented a short-term risk on imported inputs in this ***period*** when there is uncertainty over the UK’s terms of trade, as the tariff rates that would be imposed under a no-deal exit are not known.

Tariff risk restricts exports

On cereal exports, it was more the case that business was simply not being done for shipments that would arrive after 29 March because no-one wanted to take the risk of high tariffs.

On some products, such as agrochemicals, where the likely tariff rate was relatively low, the issue would be more logistical, including regulatory hurdles, than cost, say traders.

How to cut no-deal risk

As well as understanding the terms of contracts, other measures to reduce the business risk of a no-deal exit include:

Develop relationships with end-users to cut currency, price, tariff and market risk. Many farmers may have a good relationship with a dealer or merchant, but have no clear idea of the end user of a crop.

Work with local users of the farm’s produce, helping processors to mitigate their supply chain risk, and to allow new and niche products and markets to be identified. Direct supply contracts could be developed that adequately share the growing risk, with the ultimate aim of growing nothing that is not pre-sold under contract.

Make maximum use of organic fertilisers – for conditioning to improve soil organic matter, the efficacy of ag-chem applications and drought tolerance. As well as saving on expensive P and K nutrients, this will cut the currency, price and tariff risk of imported manufactured nutrients. Organic fertilisers are harder to handle, but specialist contractors will ensure maximum nutrient availability. Farms without a livestock enterprise on the farm could consider a partnership with a local livestock producer, energy plant or utility provider.

Source: Alex Bragg of Savills’ food and farming team

JOURNAL : Farmers Weekly

Consumer groups are strongly opposed to any tariffs being put on food coming into the UK in the event of a no-deal Brexit, saying it would push up prices and send the wrong signals to other potential trading partners.

The comments follow pledges made at last week’s NFU conference by Defra secretary Michael Gove to introduce tariffs on some food imports, in order to provide protection from cheap imports.

See also: No-deal Brexit means higher costs and trade disruption, says government

A formal announcement was said to be “imminent”, although a week later there has been no sign of it. The delays have been widely interpreted as evidence of a continuing spat within cabinet between those who want cheap food for consumers, and those who want to support farmers.

A report issued by government on Tuesday (26 February) into the effects of a no-deal Brexit gave no further details of possible import tariffs.

But reports in the Financial Times and on the Politico website this week, suggest a deal may have been struck in cabinet, which could see a tiered system of import tariffs.

Products such as beef and lamb might attract a high tariff, while those already trading at or close to world prices would have lower tariffs. Food we don’t produce at all, like citrus fruit, would be tariff-free.

This has drawn stinging criticism from consumer group Consumer Choice Centre.

“Imposing tariffs on meat imports will not only put another burden on British consumers, but will also increase the costs of Brexit and send a signal to the rest of the world that post-Brexit Britain will pursue protectionism ahead of consumer interests,” said spokeswoman Maria Chaplia.

Abolishing tariffs would help lower the price of meat by more than 3%, and encourage the meat industry to compete with the rest of the world, she added.

But NFU combinable crops chairman Tom Bradshaw insisted that tariff protection is essential in the event of a no-deal Brexit, even in the cereals sector, to offer some protection against sub-standard imports.

"Let’s be clear, tariffs on grain have very little impact on food prices," he said. "If British grain exports are going to face EU tariffs, it’s not unreasonable for our government to reciprocate and put in place levels of protection for our own growers.”

JOURNAL : Farmers Weekly

An abundance of foliar diseases is being reported in winter barley crops by agronomists in the West and North.

David Martindale points to brown rust, which thanks to a unseasonably warm February has become well established.

T0 fungicides will, therefore, be required in some cases.

Over in the East, Ben Pledger considers the first sugar beet season without neonicotinoid seed treatments and the threat of virus yellows.

He is looking to delay beet drilling to ensure crops get off to a rapid start and get through the vulnerable early stages as quickly as possible to help avoid virus yellows.

West: Neil Potts

Matford Arable (Devon)

Well what a difference a year can make.

At the time of writing, the same week last year brought us the Beast From The East and this year we have been experiencing record high temperatures for February, with many sites across the region hitting temperatures in excess of 20C.

Some early-drilled crops of rye and barley are already at growth stage 30/31.

This in itself is going to make management difficult as it is clearly too early to be thinking about T1 fungicides and there is every chance that winter could still provide a bit of a sting in the tail.

Winter rape crops generally have better green area indices than experienced in recent seasons and consequently will probably require less nitrogen to build a canopy.

Phoma is evident in many crops, even where well-timed fungicides were applied in the autumn and will need to be addressed shortly.

With larger than usual canopies already, this could well prove to be the season to have a robust plant growth regulator programme in place.

Winter barley crops have an abundance of foliar diseases in them at the moment, with the variety and site determining which ones in each crop.

Cassia is as usual carrying a lot of rynchosporium, but historically this cleans up pretty well in this variety even though its resistance is low.

Over recent seasons, Cassia has been increasingly suffering from ramularia, so applications of chlorothalonil in the programme may well be a good idea.

California has had a lot of mildew in it over winter and in certain sites brown rust has been evident too.

The predominant disease in the hybrids has been mildew, but levels of this were checked by some hard frosts in February.

Wheat disease

Winter wheat crops are currently falling into two camps, with earlier drilled crops already carrying a lot of septoria and later crops being altogether cleaner.

At present, varietal resistance to septoria seems to be having little effect on stopping infection, but this is not unusual at this stage as the varietal resistance to the disease often does not kick in until the crop starts moving into the reproductive stage of growth.

With high levels of septoria in crops and mild weather I don’t think there will be a lot of debate this year around the need for a T0.

The debate will be around choice of actives and dose.

With many crops having been planted relatively early and having put on a lot of vegetative growth, the potential for lodging has to be considered high this season, especially if spring conditions continue to favour early and rapid growth.

Planting of spring cereals has started with the warm, dry weather and this is at least six to seven weeks earlier than last year.

So long as crops emerge well this, hopefully, will mean the potential from these crops will be much higher than last year, when drought and a short growing season limited yields.

North: David Martindale

Arable Alliance (Yorkshire)

Fantastic weather during most of February has allowed good progress to be made with spray and fertiliser applications, as well as spring drilling.

So far it looks like the good autumn drilling conditions have continued into the spring, with the largest area drilled during February for many years.

Winter cereals look well after a kind winter, with oilseed rape the most variable crop.

Cabbage stem flea beetle larvae are present in almost all crops so it is a case of “how many?” rather than “are there any?”.

For most crops, the plants that are badly damaged will be partly compensated for by healthier ones, which will be able to branch out and use the space.

There are some crops though where the damage is so severe that the loss of potential yield could be quite significant.

Variable OSR

Pigeons have also caused some considerable damage in the past month so overall oilseed rape crop canopies are hugely variable.

Excessively large canopies are few and far between so most oilseed rape crops have received some early nitrogen fertiliser.

Light leaf spot has remained at low levels, which has been helped by having a large area of varieties with good genetic resistance to this disease.

Mayweeds and thistles are being controlled with clopyralid where required.

Quite often this is confined to the headlands, but be aware of the narrow window of application, the cut-off being before flower buds are visible above the crop canopy.

In winter wheat, herbicides for grassweed control have or are being applied.

With such a good autumn to apply autumn residual herbicides, most blackgrass herbicides plans were completed before Christmas.

So contact acting herbicides are now mainly being applied to control bromes and ryegrass.

Yellow rust has begun to appear across a wide range of varieties.

Infection levels are highest in the traditional hotspots nearer the coast.

With the T0 fungicide timing usually starting at the end of the month, most crops will wait until this time.

So far damage from wheat bulb fly larvae seems particularly low, with only occasional deadhearts evident.

Winter barley crops look well, and despite some cosmetic yellowing of older leaves, they have not suffered as much as usual due to the winter being so dry.

Disease levels are high though, with brown rust well established due to February being so warm.

Mildew and net blotch levels are also high in susceptible varieties so some crops are carrying excessive levels of disease for the time of year. T0 fungicides will, therefore, be required in some cases.

Most winter cereals and oilseed rape crops have received their first dose of nitrogen fertiliser.

The only exceptions are forward crops of oilseed rape and winter wheat where the first nitrogen dose has been delayed.

Nitrogen has also been applied to the seed-beds of spring cereals.

East: Ben Pledger

Farmacy (Bedfordshire/Hertfordshire)

Last week’s warm weather saw spring cereals drilled into kind seed-beds.

For those choosing to grow spring cereals for blackgrass control, hopefully, the temptation to drill was resisted.

Grassweeds are emerging well at the moment, and another fortnight of patience could see another flush taken out pre-drilling.

I hope I won’t be eating my words in the middle of the month if we end up getting a lot of wet weather going forward!

The ability to produce fine seed-beds in the past couple of weeks has left some growers thinking about whether or not to start drilling sugar beet.

Even though daytime temperatures were pushing 20C, there were still frosts at night, managing to keep soil temperatures down around 6-7C.

Sugar beet

With the loss of neonicotinoid seed treatments for sugar beet, aphids and virus yellows won’t be far from the front of my mind this spring.

I think growers need to go into this season with their eyes wide open, and expect to see some damage from virus yellows.

My aim will to be to get crops drilled later, into warmer seed-beds to give them every possible chance of getting up and away and grown through the early, vulnerable stages as quickly as possible.

We won’t be able to rely on the one application of flonicamid we are allowed to protect crops for the duration of this ***period***.

Making sure adequate nutrition is present, and also minimising crop stress from herbicide applications will keep plants growing at a favourable rate.

With the prospect of drilling later, especially as we still have relatively dry soils at the moment, the conservation of seed-bed moisture is critical, and pre-drilling cultivations should be timed to reduce losses in this area.

South: Tod Hunniset

AICC (Sussex)

This is my first Crop Watch after what seems to have been a very relaxed winter.

We got the rain, but a long enough dry spell after Christmas enabled most people to catch up with any outstanding recommendations.

I can tell an easy winter when I see fully maintained (sometimes re-painted) cultivation equipment sitting outside farm workshops in February.

The main topic of conversation over the winter has been the future of oilseed rape husbandry.

High incidence of flea beetle larval damage and high numbers of larvae have led to all sorts of speculation about how the crop is going to perform.

There are questions about whether a seed treatment would have done anything about ladybird-sized flea beetles coming in to a 4in tall, one-month old crop anyway.

The truth is we simply don’t know.

Never before can I remember going to conferences full of erudition where more shoulders have been shrugged and terms such as “unchartered territory” and “steep learning curve” have been more abundant.

No cold spell

What we didn’t get, though, was the promised cold spell.

Apart from an episode of Hampshire Commuter Belt world-stopping snow that lasted about half a day, the weather has been generally mild.

Crops – especially winter wheat in fertile sites – has continued to grow over winter and in some cases is looking frighteningly lush.

Not necessarily forward – only just moving – but still with a lot of healthy-looking biomass.

It’s been quite a challenge persuading itchy-bummed operators that just because the weather has been perfect there isn’t necessarily the need to rush out and put on nitrogen fertiliser.

Many spring crops have already been drilled, into near perfect conditions, mostly spring barley, but a few beans too.

If the weather does change, the old adage “it’s not when it goes in, it’s how it goes in” will be well and truly tested.

JOURNAL : Farmers Weekly

Unseasonal conditions have seen good progress with cultivations, spring drilling and fertiliser applications, even in some parts of Scotland. Crops are generally coming out of the winter looking good, especially oilseed rape in non-flea beetle areas.

However, there is some concern with oilseed rape in the West, with an eruption of light leaf spot in the past few days along with signs of a worsening clubroot problem.

In cereals, the effectiveness of autumn pre- and post-emergence herbicides is looking mixed, with big variations in weed control. Two of our agronomists have highlighted umbelliferae weeds (which include wild carrot) that have survived in some crops and will need dealing with this spring.

North: Mary Munro

AICC/Strutt and Parker (Perthshire)

What a difference a year makes, much of Scotland has had a mild and dry winter. February daytime temperatures have frequently been above 10C and crops have come through the winter looking very well indeed.

Slug activity this winter has been minimal, which is a joy.

A sharp frost in January knocked back the disease levels, but my suspicion is that they could flare up quickly this year. At this stage last year, we were experiencing the Beast from the East and it would be rash to assume that winter is behind us.

This means we have to plan to deal with what’s in front of us, and have a contingency for more “normal” weather featuring precipitation.

Good conditions in East Lothian have allowed many growers to get the first dose of nitrogen on to oilseed rape and barley, and make a start sowing spring beans.

Further north the soils are wetter, and this is not the time to make massive wheel marks as you have to live with them till harvest.

To my mind the rape crops are the most pleasing at this point. Free of slugs and floods, they have retained good plant numbers and leaf area.

Pesky pigeons

Pigeons are a perennial problem in February and March, but temperatures are lifting and the crops are beginning to move. A spray for light leaf spot will be the next action.

Wheats are generally gap-free and tillering. The good tilths and dry winter have enabled excellent root development.

There is the usual low-level septoria in most crops, but with less Leeds in the ground the amount of mildew is greatly reduced.

Last year it was not a difficult decision to omit T0 – this year I am aiming to get it on for all but the most exceptional cases.

The loss of products is becoming a challenge and my faithful Cherokee (chlorothalonil + cyproconazole + propiconazole) is the first casualty this season, so a suitable alternative has to be found that can clean up without costing too much.

The new fungicides coming on stream will be hugely important, and we will have to use them with care to ensure they remain effective for as long as possible.  Ditching dirty varieties seems an obvious starting point.

West: Antony Wade

Hillhampton Technical Services (Herefordshire/Shropshire)

Oilseed rape crops are starting to show signs of stem extension, so those crops that require a spring weed tidy up are a priority for treatment.

Bifenox will be used to try to finish off the remaining charlock, those requiring clopyralid will be done by the time this is printed, to try to meet the 'before buds visible' stage.

From other reports in other areas, flea beetle larvae are frequent in crops, but we are lucky and generally not seeing high levels.

Of more concern is the discovery of further clubroot-infected patches in fields not seen previously, continuing the recent increasing occurrence of this disease.

Until recently I wasn’t finding light leaf spot symptoms, but this has erupted in the past seven to 10 days, with confirmed infections in Alibaba, Phoenix and Aquila. Phoma re-infection is also present, so fungicide recommendations based on prothioconazole are being made.

I still have crops with green area indices of 1.5-2, but I am holding back my Caryx (mepiquat + metconazole) until I’m more convinced that we will not get a colder spell of weather as we are only just into March.

Early drilled wheat crops have tillered out well, I have September drilled crops with eight to 10 tillers, with more than adequate numbers to compensate for some swollen tillers from gout fly larvae.

The results of the YEN entries indicate that we need high biomass with high ear numbers, so we will be trying to retain the majority of these tillers.

Little and often

The early start to spring may mean a change to a little and often approach to nitrogen applications and plant growth regulator strategies to assist tiller retention while minimising lodging risk.

The autumn mildew that was prevalent in some of these crops has browned off and looks inactive even after just the few frosts we have had, but will soon liven up with milder temperatures.

Septoria is becoming evident on lower leaves. It is particularly noticeable on varieties such as Grafton and Siskin, but even on more resistant varieties such as Graham.

Winter barleys have tillered equally well, but leaf area has just started to yellow slightly so will be first to receive fertiliser and where required manganese to ensure we do not lose any of those tillers that are critical to maximise yield.

 I have fewer hybrid barley crops this season, but those I do have seem to be holding better leaf area than the two-row crops.

All crops have carried a significant mildew burden over winter so T0 applications will ensure this is controlled, along with an early growth regulator.

East: Marion Self

AICC/Prime ***Agriculture*** (Suffolk)

Spring has arrived early, with relatively warm temperatures and drying field conditions.  It’s difficult to sit still when there is the opportunity to start chipping away at the spring workload.

Growers have started by applying the first nitrogen dressings on oilseed rape, winter barley and late or thinner wheat crops.

Forward, first wheat crops can wait a while longer, especially as available soil nitrogen is likely to be high following the dry, mild winter.

September-drilled wheats and barley (in particular the hybrid varieties) are forward and frothy. Symptomatic manganese deficiencies have been corrected and crop health is improving ahead of treatments for grassweed control.

Field walking has revealed big variations in the success of autumn pre- and post-emergence herbicide treatments. Low, scattered blackgrass populations, sometimes with heavy patches of big plants, are common although later-drilled crops are cleaner.

Heavy autumn treatments have left very low broad-leaved weed populations except in some circumstances for groundsel and umbelliferae species (fools parsley, wild carrot etc).

As normal, winter cereals are carrying plenty of disease inoculum, which until recent days has been kept in check by cool temperatures and frosts.  As temperatures rise monitor new growth for fresh pustules of mildew and rusts.

T0 strategy

On wheat, planned T0s will include a dose of an azole with chlorothalonil to start rust and septoria protection.

Keeping the bottom of the canopy clean and well-protected is important, particularly now the eradicant activity of azoles is weak.  At this time some crops may need an additional mildewicide.

Barley varieties (including the hybrids) are carrying moderate infections of mildew and brown rust. On barley growers will consider a T0 fungicide with the first plant growth regulator (PGR) application (growth stage 30).

Yield responses to this timing are not guaranteed, but applications can be very useful in delaying the timing of T1 and T2.  Without a T0 the time between T1 and T2 can become uncomfortably stretched or the programme requires an additional late spray or ends too early.

Oilseed rape crops are looking well and beginning to grow.  Rapeseed sprays based on clopyralid for thistle and mayweed control can be applied from 1 March. Check that forward crops are within the safe growth stage for application (before green buds are raised above the canopy).

Where applied, AstroKerb (propyzamide+ aminopyralid) has already checked these targets and this workload is much reduced.  Rapeseeds will receive a light leaf spot/PGR application at green bud.

South: Richard Harding

Procam (Sussex)

A glorious end to the week here on the Downs has seen significant field work taking place. Despite opportunistic areas of spring barley being drilled in early January, cultivations and drilling has now started in earnest.

Early nitrogen is being applied to more backward or late-drilled wheat crops. Sulphur/nitrogen blends are also being applied to oilseed rape crops, which have generally come through the winter unscathed.

The first real pigeon grazing has taken place in the past few weeks. Oilseed rape crops established with a mix of companions appears to be an effective way of deterring the pigeons for longer than straight OSR.

Here it is the linseed element of the companion, which was chosen for this purpose.

Cabbage stem flea beetle are at very variable levels in crops within the local area. Only temperatures below 3C may slow egg and larval development so recent mild weather is not helping.

There is some evidence from ADAS trials that pyrethroids can be effective into February, but it isn’t clear if resistance to pyrethroids in adult cabbage stem flea beetle is conferred to the larvae.

Treatment will be considered where thresholds are five larvae per plant or 50% of petioles with leaf scarring.

Phoma re-infection is now easy to spot in some OSR crops, but the focus now will be on light leaf spot. There is no threshold for the disease prior to stem extension, so a mix of tebuconazole and prothioconazole will be applied at the first signs of the disease.

Weed survivors

Generally, autumn residual herbicides have performed well, but there are fields where control has “fallen short”. Depending on whether resistance is confirmed, now is the time to make decisions on whether to treat these areas of grassweeds or remove them.

Depending on the soil type and herbicides applied, there are several options available for establishing a spring crop.

As is often quoted, even relatively low populations of 10 blackgrass/sq m can produce on average 10 tillers per plant (often more) and 100 seeds per head, resulting in 10,000 seeds/sq m seed return. With seed production being higher in thinner crops.

Unpalatable though it might be, glyphosate may give better long-term control where herbicide resistance to mesosulfuron + iodosulfuron has been confirmed.

Although much focus is on grassweeds, some troublesome broad-leaved weed populations will require attention. Some umbellifers have not succumbed fully to the autumn residuals.

Combinations of sulfonylurea herbicides with florasulam or Arylex/florasulam options will be considered with the more favourable conditions we now have, although weed size is already “challenging” in some situations.

JOURNAL : Farmers Weekly

UK cheesemaker Dairy Crest has this morning (22 February) agreed to a £975m takeover by Canadian Dairy giant Saputo.

The acquisition sent Dairy Crest share values soaring by 13% during Friday morning trading, to 625p.

See also: 7 staff management tips from a dairy farmer

The price of £6.20 a share offered by Saputo was a good deal for the company, according to Dairy Crest chief executive Mark Allen.

“We think it reflects value for all our stakeholders, our shareholders, our employees, our farmers, our suppliers, our customers and our pensioners.

[*https://twitter.com/dairycrest/status/1098846308385910784*](https://twitter.com/dairycrest/status/1098846308385910784)

Mr Allen added that Saputo was a great fit to take over Dairy Crest, being a top 10 global cheese company in terms of scale and also being the number one cheese manufacturer in Canada.

[*https://infogram.com/uk-dairy-owners-1h7k23p7npzg4xr?live*](https://infogram.com/uk-dairy-owners-1h7k23p7npzg4xr?live)

“From a Dairy Crest point of view, it has got a strong financial position that will help us accelerate our growth ambitions.”

Mr Allen reassured Dairy Crest producers that not much would change at all following the acquisition and the takeover would be good news for all stakeholders – including Dairy Crest’s 330 direct farmer-suppliers producing around 500m litres of milk a year.

The offer is now subject to shareholder approval, but the board of the milk buyer behind brands Cathedral City and Clover and Country Life butters unanimously recommended approval.

Chairman and chief executive of the Canadian dairy firm Lino Saputo said that under Saputo ownership, Dairy Crest will be able to accelerate its long-term growth and business development potential.

What is Saputo?

Saputo is a global giant in the dairy industry with a huge presence in North and South America, as well as in Australasia.

The milk processor is the largest cheese manufacturer in Canada, the biggest dairy processor in Australia and the second largest in Argentina. The milk buyer also has a substantial presence in the US.

Saputo owns more than 25 dairy brands in its Canada business alone, highlighting the processor’s track record on adding value to dairy products through branding.

Credit due to chief executive

Dairy Crest chief executive Mark Allen has played a blinder, according to independent market analyst Chris Walkland.

“Mark [Allen] deserves a lot of credit. He’s worked up the UK’s most attractive cheese brand, Cathedral City into what it is today and has sold it for a very strong price,” said Mr Walkand.

He added that the takeover was no surprise as Cathedral City is the best dairy brand in the UK and it was only natural a company added it to its portfolio – he was just surprised that turned out to be Saputo.

“I was surprised other buyers did not come in for them sooner,” Mr Walkland said.

“I did think Muller might be interested to add a cheese brand to its portfolio, which it currently doesn’t have. But its recent announcements mean it probably wasn’t in a position to do more.”

Mr Walkland added that he did not think there would be many Dairy Crest farmers left who still had shares in the business and so would be profiting from the leap in share price.

“The economics of the industry will have meant many farmers have already sold their shares in the business.

“It’s sad in a way because Dairy Crest was once owned solely by farmers,” he added.

JOURNAL : Farmers Weekly

Dairy farmers who are frustrated with how milk is marketed in the UK have set up a new group to promote the health benefits of drinking the white stuff.

The Mission 4 Milk campaign launched on Friday (22 February) and it aims to communicate the health benefits of milk to people of all ages, arming them with valuable information before choosing to cut dairy out of their diets.

[*https://www.youtube.com/watch?v=ddhhdfV1ips*](https://www.youtube.com/watch?v=ddhhdfV1ips)

Dairy farmer and marketing consultant Andy Venables, who heads up the video, says more must be done to spread the message about the benefits of drinking milk in a balanced diet.

See also: Branded milk could offer brighter future for dairy industry

He said: “We’ve set up this campaign because we’re so frustrated with how poorly milk has been marketed for years.

“Milk is such a great, nutritious product, full of calcium, protein, B vitamins and iodine. Great for teenagers, kids, adults and the elderly. Yet very few people are aware of the health benefits of milk.”

Milk packaging and branding has changed very little over the past 20 years, while new brands releasing plant-based alternatives, such as soy and almond, clearly display the nutritional benefits of their products on their cartons, along with attractive branding.

For this reason, many people are unaware that cow’s milk offers more nutritional value than many of its dairy-free counterparts and are choosing to leave their pint of cow’s milk on the shelf, Mr Venables said.

As part of the campaign, the #Milk4Mission team is urging people to take part in the #MilkPintChallenge, which involves downing a pint of milk, or simply posting a selfie pic on Twitter, Facebook or Instagram, holding a glass or pint of traditional cow’s milk and share it to @Mission4Milk.

Supporters are urged to nominate friends and work colleagues to do the same.

[*https://twitter.com/leach\_becki/status/1098893409010544640*](https://twitter.com/leach_becki/status/1098893409010544640)

At the British Cattle Breeders Conference in January Mr Venables spoke of his frustration over how milk is currently marketed in the UK.

The dairy farmer, who milks 300 cows on his family farm in Cheshire, likened the way milk is currently being marketed to Brexit – a “complete mess”.

Februdairy campaign

The launch of the Mission 4 Milk campaign comes in the final week of Februdairy, a month-long social media campaign to promote all things dairy.

The future of British milk is uncertain as the popularity of cow’s milk has been declining in favour of plant-based alternatives such as soy and almond milk.

According to Jamie Oliver’s Channel 4 documentary, sales of plant-based alternatives to milk have doubled in the last five years, meanwhile consumption of dairy in the UK has fallen by 20% over the past 30 years.

JOURNAL : Farmers Weekly

Defra minister George Eustice has resigned from government following Theresa May's decision to allow a vote that could delay Brexit.

His departure – just weeks before the UK is due to leave the European Union – has prompted calls for a replacement as soon as possible.

In a letter on Thursday (28 February), Mr Eustice said he decided to resign following the decision to “allow the postponement of our exit from the EU”.

See also: Defra minister Eustice answers your questions on ***agriculture***

He added: “Since parliament is now in direct control of events, I want to be free to participate in the 'critical debate' that will take place in the weeks ahead.”

Mr Eustice, who has served as a minister since October 2013, said it had been an honour to work alongside so many talented individuals at Defra over the past five years.

He said he had particularly welcomed the chance to craft two new Bills on farming and fisheries – the first for half a century – as the UK prepared to leave the EU.

Mr Eustice said he would vote for Mrs May's withdrawal agreement when it returns to the House, saying he had stuck with the prime minister during some “rather undignified retreats".

'Terribly undermined'

“Although I campaigned to leave, I have always supported compromise to achieve a reconciliation in our country,” he said.

But Mr Eustice also suggested that a no-deal Brexit might be necessary – saying Mrs May had been “terribly undermined” by MPs “who refuse to respect the referendum result”.

He added: “If the position of parliament is now that we will refuse to leave without an agreement then we are somewhat stuck.

“This is uncomfortable for everyone, but we cannot negotiate a successful Brexit unless we are prepared to walk through the door.”

Industry reaction

Farm leaders said Mr Eustice's departure was a big loss at an important time for the sector.

An NFU spokesman said: “With ***agriculture*** one of the most affected sectors by Brexit and the ***Agriculture*** Bill currently going through parliament, it is imperative the Defra ministerial team is returned to full strength as soon as possible.

"The NFU will be seeking a meeting with the new farming minister once they are appointed as a matter of priority.”

Country Land and Business Association president Tim Breitmeyer said: “He has held the position since 2015, and has maintained a strong voice on behalf of the farming industry during that time.

“His farming background and first hand knowledge and experience have been invaluable in the many areas of his brief.

“The farming community has lost a key ally at this critical time for the industry, which faces significant uncertainty and change.”

'Critical time'

Farmers Union of Wales president Glyn Roberts said: “Here was a minister who understood farming, not just on paper but true, real-life farming.

“His resignation is a serious loss to all involved in ***agriculture*** at such a critical time.”

Soil Association head of food policy Rob Percival said Mr Eustice had helped re-frame ***agricultural*** policy, angling it towards a broader vision.

"He brought soil firmly onto the policy agenda, giving priority to environmental and animal welfare outcomes alongside food production."

Coming weeks before the UK is due to leave the EU, the resignation was undoubtedly of concern for farmers, added Mr Percival.

"The government must now move quickly to appoint a new minister who can act as an effective advocate for the sector throughout the Brexit process."

JOURNAL : Farmers Weekly

A distraught pig producer claims the irresponsible actions of animal rights activists claimed the lives of two piglets.

Police are investigating after more than 50 animal rights activists raided a pig farm in Lincolnshire and staged a sit-in protest.

The protestors from Meat The Victims UK stormed a farrowing house at Sandilands Farm in Newark Road, Laughterton at around 11am on Saturday (2 March).

See also: How to deal with animal activists and difficult neighbours

Footage has appeared on social media showing the activists wearing white suits and masks sitting inside one of the pig pens. Up to 100 more activists stayed outside brandishing placards and posters.

[*https://twitter.com/julesinthe/status/1101882202726502400*](https://twitter.com/julesinthe/status/1101882202726502400)

The group said they wanted to “expose factory farming” and they remained on the site for more than eight hours.

Farmer Sylvia Hook, a joint owner of Sandilands Farm, said the activists’ actions were responsible for the death of two piglets. She also accused the group of causing damage to the hut.

“They have already done a lot of damage. They have caused the death of at least two piglets, just for the fact that we have nice, quiet, well run and calm farrowing rooms for our pigs,” Ms Hook told the Lincolnshire Echo.

“They came in mob-handed, about 50 of them all piled into a farrowing house. Immediately the sows are jumping up and down. It’s caused the death of two young piglets through being squashed and two other piglets that I have had to take to try and get them back up and running again.”

Farmer: 'It's crazy'

Fighting back tears, Mrs Hook added: “It’s just ridiculous. They call themselves animal rights activists and they are the ones that have caused the deaths here today. It’s crazy.”

Mrs Hook, who runs her farm with her husband Mick, defended the animal welfare standards on her farm and said the activists accused her of being a “murderer” because she produces pigs that are going to be eaten.

“Probably 90% of the British public eat pork. Our welfare standards are as good as absolutely anywhere. The pigs are our priority.

“Our farrowing house lady is absolutely distraught. She has lost piglets today that we would never lose – and all they turn round to me and say is: ‘Well, you would have murdered them anyway in a few weeks’ time.’

“It’s crazy. They have got no love of animals. They don’t understand.”

An activist from Meat The Victims UK dismissed claims that their actions had led to the death of two pigs as “baseless”.

Police investigation

A Lincolnshire Police spokesman said: “Officers were called to Sandilands Farm, Newark Road, Laughterton, following a call at 11.58am on 2 March about a protest at the site.

“All protesters left the site by 7pm and no arrests were made.

“We are working with partner agencies to investigate the circumstances of the incident, and to establish if any offences were committed.”

[*https://twitter.com/lincspolice/status/1101846262834442240*](https://twitter.com/lincspolice/status/1101846262834442240)

JOURNAL : Farmers Weekly

An online grocery retailer has had an ad campaign featuring everyday farm staples banned after falling foul of Transport for London’s (TfL) ban on junk food advertising.

Farmdrop, which runs a fresh food doorstep delivery service, had an advert featuring bacon, butter, eggs and jam on a kitchen table rejected by TfL’s sales agent, Exterion.

See also: 4 food trends that will affect farming

A later cropped version of the photo featuring a fraction of the pack of butter and eggs alongside bananas, wholemeal bread, onions and a fruit bowl was also deemed non-compliant.

Spot the difference: The offending pictures

The original advertisement was deemed non-compliant by TfL for featuring HFSS food.

An amended version was also rejected for the same reasons, despite most of the butter and egg being cropped out.

This final version was accepted after the original jam, bacon, eggs and butter were all cropped out.

The retailer said it had applied for an exception, but it would not be granted in time for its current advertising campaign.

The ban, brainchild of London mayor Sadiq Khan, prevents the advertising of any food with a high fat, sugar and salt (HFSS) content on London trains and buses.

TfL scores foods based on the government’s nutrient profiling model.

The measure has been criticised for being a rudimentary tool that prohibits the advertisement of products such as butter, cheese and raisins, but permits foods widely regarded as junk food including chicken nuggets, fish fingers and diet coke.

Hypocrisy

Farmdrop said the ban on junk food advertising was a step in the right direction, but its implementation had been handled clumsily.

“Naturally, we were pretty shocked that a picture of some fresh groceries with a healthy mix of fruits and vegetables, dairy, eggs and cupboard staples would flout TfL’s new junk food rules,” said a company spokesperson.

The online retailer added that while the government’s nutrient profiling model had blocked its advert, it had allowed McDonald's to run a Happy Meal advert because 80% of the mains and 100% of the sides are non-HFSS.

(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'));

“But swapping out sugar for a sweetener or fruit for chips doesn’t detract from the fact that this is still a fast food company promoting meals with fried foods to kids,” added the spokesperson.

The response

A TfL representative said that its advertising policy requires brands to demonstrate that any food or drink products featured in advertisements running on the TfL network are not high in fat, sugar and salt, unless they have been granted an exception.

"In this case, Farmdrop chose not to apply for an exception and our advertising agent worked with them to amend the advertisement," they said.

TfL insisted it had not stated that eggs did not comply with the policy.

JOURNAL : Farmers Weekly

An increasing number of dog attacks on livestock are happening because of pets escaping from gardens and attacking animals in farmers’ fields, according to NFU Mutual.

The rural insurer released its latest claims figures for livestock worrying on Monday (25 February).

Although more people appear to be putting their dog on the lead when farm animals are nearby, it thinks a significant proportion of attacks are caused by owners who let pets roam from homes adjoining countryside.

See also: The law on shooting dogs – critical facts farmers must know

Either the owners don’t know or don’t care that their pets are attacking farm animals, NFU Mutual said.

“While it's encouraging news that more people are putting their dog on the lead while out in the countryside, dog attacks are still at a very high level,” said Rebecca Davison, a spokeswoman for the rural insurance specialist.

“We are increasingly receiving reports of local dogs escaping from homes and attacking sheep, either because their owners do not know or do not care that their dogs are roaming wild and causing havoc.

“Thousands of sheep are being killed and horribly mutilated by dogs and we will be redoubling our efforts to raise awareness of the issue, and helping police to bring owners of dogs that attack livestock to justice.”

Cost of attacks in Wales up 113%

The cost of claims in 2018 to the ***agricultural*** industry exceeded £1.2m in 2018, a fall in every part of the UK except Wales, where attacks increased by an alarming 113%.

Overall, the cost of claims in the UK fell by 17% last year, but the number of attacks remain at historically high levels. The cost of livestock-worrying claims rose 40% between 2015 and 2018.

NFU Mutual’s research revealed that more than 87% of dog owners exercise their pets in the countryside, with more than 60% letting them roam off the lead.

More owners (95% compared with 90% in 2017) are now putting their dogs on leads if they see a sign warning that livestock is in a field. However, the number of dog owners who admitted their pet had chased livestock in the past was 6%.

Typically, the lambing season between January and April sees a spike in attacks on livestock, a time when more owners exercise their pets into the countryside during the half-term school holidays and Easter.

Please keep your dog on a lead. Sheep worrying is a crime. pic.twitter.com/8BtzdUn412

Cumbria Police (@Cumbriapolice) 24 February 2019

The majority of dog owners say they would support measures to crack down on livestock worrying, with 75% supporting heavy fines and 66% supporting a ban on dogs in livestock fields during the lambing season.

Earlier this month, North Wales Police called for a review of the legislation around the 1953 Dogs (Protection of Livestock) Act in a bid to reduce the number of dog attacks on livestock in Wales.

Current interpretation of the 1953 Act means that police cannot seize a dog and keep it if the owner is known – even if the same dog is responsible for multiple attacks.

A court has no power to ban an offender from getting another dog following a conviction.

Six tips for farmers to reduce the risk of dog attacks on sheep or cattle

Check stock regularly in case any have been attacked

When possible, keep sheep in fields away from footpaths

Put up signs warning dog owners to keep their pets under control on your land

Maintain fences, walls and hedges to make it more difficult for dogs to get into grazing fields

Report any attacks to the police immediately

Ask neighbours to alert you if they see attacks or loose dogs near your livestock.

Source: NFU Mutual

JOURNAL : Farmers Weekly

Farm leaders continue to seek guarantees that producers won't be undermined by a flood of sub-standard food imports after the UK leaves the European Union.

The warning comes despite a pledge by Defra secretary Michael Gove to give a written undertaking to maintain British food standards after Brexit. International trade secretary Liam Fox has offered similar guarantees in the past.

But the NFU said it remained unclear whether British standards would also apply to shipments of food coming into the country  – fuelling concerns that a no-deal Brexit could see farmers exposed to imports produced using methods that are illegal in the UK.

See also: Gove reaffirms pledge to protect British food standards

Chief among those concerns are imports of chlorine-washed chicken and hormone-treated beef. Both production methods are illegal in the UK but widely used in the US, which is seeking access to the British market after Brexit.

Speaking at the Lincolnshire Farming Conference on Tuesday (26 February), NFU chief Brexit and international trade adviser Gail Soutar said the union was still trying to pin down the government on what it actually meant by British food standards – and who they would apply to.

Ms Soutar said: “It has been reassuring that the government has – a number of times – tried to be clear by saying that they will not lower our food standards in future trade deals – whether that is with the US or with others around the world.”

'Multitude of standards'

But she added: “We are really trying to pin the government down here. What do they mean by food standards? As British farmers, you face multiple mandatory costs – whether that is animal welfare, environmental legislation, minimum wage levels or other labour requirements.

"You face a multitude of standards that are legislative standards the government requires of you. All we are saying is that imports should be produced on a level playing field – to the standards to which British farmers are required to adhere.”

The issue went well beyond food standards, Ms Soutar told 300 delegates at the Lincolnshire conference. “Of course, the government is going to continue to ensure that our food is safe on our plate. What we are talking about here are standards in the broader sense.”

The NFU has described the issue as “absolutely critical”. Mr Gove promised last month to put his pledge to maintain British food standards in writing and sent the letter by “first-class post” to NFU president Minette Batters.

No-deal Brexit ‘still a real threat’ to farmers

A no-deal Brexit looks increasingly unlikely – after Theresa May announced that leaving the EU could be delayed if MPs vote down her withdrawal deal.

In a vote expected on 12 March, the prime minister will present parliament with a choice between her deal and a no-deal Brexit – or delaying Brexit beyond the Article 50 withdrawal date of 29 March. MPs have already indicated they will reject a no-deal Brexit.

NFU president Minette Batters said the announcement meant a no-deal Brexit looked increasingly unlikely – but the union remains concerned that the possibility has only been delayed rather than ruled out altogether.

The prime minister's statement that there may be a vote on extending Article 50 lessened the chances of leaving with no deal, said Ms Batters But she warned: “Any extension of Article 50 does not take ‘no deal’ off the table completely, it would simply delay the exit date.

Mrs May herself had said any such extension would not be lengthy, Ms Batters added. “Therefore, there would continue to be no certainty for British farmers as to what our trading relationship would be with the EU after this date.

“I maintain it is unacceptable for British businesses, including farmers, to be in this position. It is vital that, if there is to be an extension, that time is spent productively by parliament in delivering a deal which will work for Britain.

“Simply delaying Article 50 and the associated uncertainty is not going to help British farmers and food producers – and wider British business – by itself.”

JOURNAL : Farmers Weekly

What a difference a month makes! The sun is out, the ground is drying and today I have been spreading fertiliser a week earlier than last year.

My wife and I recently completed an Iagsa (The institute of ***Agricultural*** Secretaries and Administration) farm financial training course, learning about monthly accounting and VAT.

It was excellent and I would highly recommend it. I think my wife was a little disappointed I was the only male attendee and bookwork is still seen as a ‘woman’s job’.

Having my mum as the farmer in the family we certainly don’t have these stereotypes at Lower Wood or I’d be in for an ear-bashing.

See also: Milk margins squeezed by high feed rate and cost

Back on the farm the cows continue to perform well, with milk hovering around 32.5-33 litres and fertility proving strong as well. So, all in all we should be sitting back and appreciating the fruits of our labour.

Well, that is apart from the elephant in the room – another milk price drop from Muller for March. This has been compounded further by the fact that Arla has held its price, creating a gap.

This all comes in a winter where I would say our costs are at least 2p/litre ahead of the previous year.

I do not want my column to be a farming winge-athon, but it is frustrating. We have worked tirelessly at Lower Wood to make improvements and in doing so have taken risks.

I have always thought that good business should be built around strong relationships and we have set about attempting to build and consolidate these, with one major area of focus being our milk buyer.

I have been fortunate enough to be a part of their Muller Next Generation benchmarking group and I have well and truly immersed myself in the Muller brand.

I understand that as primary producers we are unfortunately price-takers. However, if we are looking to build a sustainable future for both processor and supplier we must work together to ensure a sustainable return to all parties.

Otherwise, how can we afford to invest and improve the product we take great pride in producing?

Read more about Shropshire farmer Henry Wilson

JOURNAL : Farmers Weekly

Now then, I’m pleased to report that we’ve had a very productive month.

We have finished and sold a lot of cattle recently, and I might be wrong, but it seems as though we have eventually got through the glut – it’s just a gut feeling, and early turnout might help the supply side as cattle leave sheds for grass.

Prices have held steady and we are hoping there will be an uplift soon.

We seem to be having an early spring, as there are already some cattle out at grass.

See also: How beef finishers have improved health and cattle weight gain

The Vaderstad seed drill is reshod and ready to direct drill spring barley. Can you believe this time last year we were battling with the Beast from the East, with frozen pipes and snow-filled sheds?

Before Christmas I was kindly invited to talk at the Ulster Farmer’s Union Healthy Beef conference, held at the College of ***Agriculture*** Food and Rural Enterprise (CAFRE) in Northern Ireland, on my specialist subject of custom feeding.

After a 20-minute talk it was question time, and I felt like I was in a scene from Uncle Buck when John Candy gets quizzed by Macaulay Culkin, and he asks: “What’s your record for the number of consecutive questions asked?” At least I earned my tea.

We’ve recently had the return visit to Osgodby Grange and round two commenced. The afternoon went very quickly as the enthusiasm and the immense amount of interest makes showing visitors round the farm very easy and enjoyable.

Round three and we went over to York for some well-presented talks by SAC beef specialist Jimmy Hislop, and then on to refreshments.

As you can imagine, I felt it only right to support the Northern Irish whiskey industry. There wasn’t a lot of point going to bed that morning when I got home.

I don’t know whether the Russians are having a laugh with us or satellites have dropped out of orbit, but at great expense we have had to reboot and put new software on all the machines that have GPS, including the basic EGNOS systems.

It’s amazing how quickly you forget how to use that black round thing with three spokes on it in the front of the cab.

Doug Dear is a Farmer Focus writer from Yorkshire. Read his biography.

JOURNAL : Farmers Weekly

After a very depressing few months I feel we have turned a corner.

Thanks to the tireless work of FCN (Farm Crisis Network) the arable operation got its full BPS payment, which was most welcome and certainly has lowered stress levels considerably.

The arable operation also got 75% of its middle-tier payments.

Scanning is down 15% to 155% from 170%. We are putting it down to ewe condition after the drought and the fact that a third of all our ewes are shearlings.

Ewe lambs did much better at 120% (too good really – there are a lot of twins) so in total we will be lambing 2,153 ewes which is slightly above our target of 2,000.

With the warm, mild February weather we have started to move sheep off stubbles on to the lambing paddocks.

See also: How to cut concentrate costs by rotational grazing sheep

It’s a few weeks earlier than usual but grass is averaging 8kg DM/ha growth so we are trying to keep stocking levels low.

After such a rough winter I really feel trying to cut down on the amount of electric fencing we are doing is needed.

On the arable side, as fast as we are emptying the grain stores we seem to be refilling them with seed and fertiliser.

We have had the cultivator going to mix in some AD waste that we have spread.

The machinery gremlins have been busy causing havoc. At one stage Jo’s car needed an alternator, both work trucks needed new clutches and the big tractor needed a new oil pump, as well as the usual problems of trailer lights.

Laurence has been “de-livestocking” the Massey ready for arable duties, which includes cleaning, greasing, changing oils and filters, and trying to get rid of the smell of silage in the cab.

We have also bought a complete set of dual wheels for when it has the seedbed tine harrow or rolls on it (if anyone has a set of 16.9 R28 tyres please get in touch).

This is all a far cry from last year when we had to ratchet-strap silage bales to the front of the tractor for ballast – progress is real.

See Rob and Jo Hodgkins’ biography

JOURNAL : Farmers Weekly

We’re well into calving now. Over 30% came in the first two and a half weeks.

As cows in milk increases so does our workload and so does the pressure.

It may seem obvious that the first third would be easier than the last. However, it is easy to be lulled into a comfort zone, when in fact our focus now is to streamline our processes and do everything on time and to a high standard.

The same applies to staff energy levels, so making sure people are keeping well rested is vital and we avoid any burnouts.

See also: Farm health and safety: Farm and work vehicles

The team has taken on the challenge really well and is ready to get busier.

Routines have been forged in the first week or so, allowing people to get straight into the day without hesitation and with conviction.

In the parlour we are managing cows through the post-calving ***period***, dealing with any potential metritis immediately and getting cows into the milking herd with good cell counts.

Calved cows are straight onto grass day and night and our target is to have 30% of the farm grazed by the end of March.

Good winter growth and the recent dry spell has led to high grass covers, high dry matter content in the grass, and excellent grazing conditions.

This has afforded us the recent luxury of grazing a dry cow group on the platform to ensure we are grazing sufficient area per day and is helping to stretch-out our winter feed stocks.

We have recently completed a full health and safety audit on the farms. The teams have all completed an induction to UTV (utility vehicle) and load-all training.

Having tried to tackle H&S in-house, it’s clear that an external audit is the only way of guaranteeing it gets completed and done properly.

It’s a topic that carries a stigma and I confess I can’t comprehend some bits, but it’s critical that as an industry we strive to create a working environment that gets everyone home safely every day, and truth be told, we’re currently the worst industry at doing that.

Johnjo Roberts is a Farmer Focus writer on Anglesey. Read his biography.

JOURNAL : Farmers Weekly

We have started spring drilling some beans into the remains of a cover crop grazed by sheep, about a month earlier than last year.

This is obviously good news and let’s hope the favourable weather continues to enable the crop to get up and away.

I gather pea and bean weevils are now resistant to pyrethroids, but I wouldn’t have sprayed for them anyway as I am extremely concerned about the predicted insect Armageddon and am determined to double my efforts to be part of the solution rather than the problem.

See also: How a Dorset farmer grows cost-effective cover crops

Not spraying has, counter-intuitively perhaps, had some good results here and a prime example is with beans and bruchid.

Flea beetle

For the past two years the majority of my beans going to my local co-operative store have been in the minority of those that have actually made it under the 5% infestation level, and we haven’t sprayed any insecticide.

However, this is on the back of not using any foliar insecticides for many years and, crucially perhaps, providing beneficial habitats including using countryside stewardship features, direct drilling and cover crops.

I have far too few answers about what is happening but the bruchid situation seems to indicate something is going right.

In addition, my agronomist has found hardly any cabbage stem flea beetle larvae in the direct-drilled oilseed rape but masses in the ploughed plots of our conservation ***agriculture*** trials.

I fully accept many growers don’t like, or have the situation for, direct drilling, but there seems to be plenty of research to show residue on the surface helps insects, so any technique that does that may help.

The way we have been growing crops has provided millions with abundant food for decades, but now the sprays aren’t working, our customers are against them and the environment is under pressure, so I can only see we will have to approach things very differently as soon as possible.

Andy Barr farms 700ha in Kent, including. 400ha of combinable crops that includes milling wheat and malting barley. He also grazes 800 Romney ewes and 40 Sussex cattle and the farm uses conservation ***agriculture*** methods.

JOURNAL : Farmers Weekly

I am very pleased to report that since my last column not only did the Rural Payments Agency find the missing 175ha from our 2016 BPS claim, they also managed to pay our 2018 claim as well.

Very many thanks to the good folks at the RPA and the NFU BPS supremo for helping. Unfortunately now that the 2018 statement has arrived the whole process will have to start again.

This time it’s not quite so bad, only 27ha missing, still, another email that I could do without having to compile.

See also: Analysis: What a ban on fungicide chlorothalonil would mean

I can only assume that, as with the 2016 claim, some of the data was away being looked at elsewhere when the check was being completed.

There does seem to be a little glitch in the system that appears to remove fields when it shouldn’t, no doubt instigated by some software designer who works in a world of virtual reality.

Has spring sprung?

A vital question I have been pondering recently is have we had spring or are we, as last year, going to be very disappointed very soon?

Given the fantastic seed-beds that have been made over the last few weeks, should we get on and sow the sugar beet and crack on with other planting?

In my experience you must seize every opportunity while it’s there, he who hesitates is lost and all that.

That leads me into the recent gathering with a few of our northern neighbours, where we all decided to take the initiative and form the Breckland Farmers Wildlife Network.

As a group of like-minded farmers, we will work together to enhance the biodiversity of our beautiful Breckland surroundings, proactively managing our local environment to form links and corridors between us all, helping to join up and further support wildlife.

This will be done while continuing to farm in a sustainable and profitable way. It is envisaged that we will have a positive impact at landscape scale within the Brecks National Character area.

Andrew Blenkiron manages the 4,400ha Euston Estate, south of Thetford. Enterprises include combinable and root crops, plus sugar beet. The estate supports let land, sheep, outdoor pigs, poultry, suckler cows, horses and stewardship.

JOURNAL : Farmers Weekly

Our annual bull sale is two weeks away and we have been extremely busy getting ready for it.

All of the bulls have been semen-checked, individual videos have been made, the catalogue is at the printers, and customers are calling.

We are calving 400-head now and, while most years we are OK, the endless winter of 2019 finally caught up with us.

Instead of trying to prepare for bull sale day (March 15) we have been running ourselves ragged just trying to keep animals alive.

See also: Efficient ranching: Smaller cows build big returns in USA

Cattle really do spend winter outside here. We don’t even have buildings capable of holding even 5% of our herd.

No one has hay because of the summer drought and now we are consuming it about twice as fast as normal.

We had 10 heifers start calving at once on a day where we received 30mm of rain in 1C weather with a 50kph wind. We managed to keep half of them alive and still feel completely defeated by it.

Even -10C or -20C would have felt warmer, as things would have been dry.

We have a neighbour who had an old Watusi cow he kept as a pet because of its impressive horns. It just laid down and died that day.

We have another set of neighbours who were caught out particularly badly and who have lost nearly 200 calves this winter.

The distraction though has set us back, and maybe more importantly, has shaken our customers.

I have always said that buying a bull is one of the most optimistic actions that a livestock producer does – a complete bet on the future.

People are too cold and tired to even think about next year’s calf crop at the moment.

Ironically, market prices are still decent. People who sold weaned calves did above average in a year when things were supposed to be down and anyone who retained ownership in a feedyard saw $1.26/lb (209p/kg) – that is exceptionally good.

Hopefully, we get two good weeks of good March weather, a little Brome and Fescue growth and it might help people forget about this awful weather. And maybe we’ll sell our bulls at a good price.

Daniel Mushrush is a Farmer Focus writer from Kansas. Read his biography.

JOURNAL : Farmers Weekly

In my opinion the weather in the past 10 months has been near to perfect for farming here at Lower Hope, and this is continuing as we head out of February into March.

This is such a contrast from this time last year as we approach the anniversary of the Beast from the East.

In the end there was no need to panic applying nitrogen to our winter barley as per my last article, however hindsight is a wonderful thing and it does look better for it.

See also: How a mixed farm is waging a costly battle against ryegrass

Lambing is currently our main focus and is going very well. Ewes and lambs are able to go straight out, which is putting less pressure on labour, resources, forage stocks and concentrate usage.

Red shepherdess

This is all great news for cost control as we continue to enter into uncertain times, particularly affecting the sheep industry.

We have been very lucky to have recruited Hannah Jackson (@redshepherdess) to our lambing team this year.

She has certainly brightened the place up, and done a brilliant job for us. It has been inspiring to hear her story and gain a real insight into how social media can be used to get our positive farming story out there to the general public.

For example, one of Hannah’s short video clips of lambs running around the shed got more than 1,000 likes and hundreds of comments.

The ewes and lambs are strip-grazing the rye and vetch cover crops, which is working very well. The new RAPPA winder is a brilliant piece of equipment and makes the job so much more efficient.

The soil looks to be in good heart after grazing and of course everything is still intact underground.

These cover crops seem to fitting in very well to our farming system as first, they answer our Ecological Focus Area and Countryside Stewardship Scheme obligations, and second, they are providing clean grazing and take the pressure off our grassland at a difficult time of year.

This is on top of providing soil-health benefits, nitrogen fixation, nutrient catchment and water infiltration for the arable enterprise.

Elsewhere, all winter crops are looking well with some early drilled wheat having up to six tillers.

Jack Hopkins is the assistant farm manager on a 730ha esatate in North Herefordshire on predominantly silty clay loam soils. Cropping includes wheat, barley, oilseed rape, spring oats and peas, plus grassland which supports a flock of 1,100 ewes and 25 pedigree Hereford cattle.

JOURNAL : Farmers Weekly

I have recently attended a number of meetings at our new Monitor Farm here in Northern Ireland.

These meetings have been well worthwhile and attended by a small group of like-minded farmers willing to openly discuss figures and farming practices.

I am just getting used to the new AHDB Farmbench programme, but so far I am finding it relatively straightforward and so hope to gain some useful information from it over the next couple of years.

See also: How a Dorset farmer grows cost-effective cover crops

At our first meeting it was interesting to see a range of yields, prices and input costs.

At first sight, I could see that there are a couple of areas where I need to improve, but also a couple where I am doing OK, so maybe shouldn’t be so hard on myself!

I can see, however, that as we study and discuss these figures in more detail and start to make decisions as a result, there are likely to be benefits for all of us.

Depreciation

Our most recent meeting covered a review of machinery costs. This is a big overhead cost on most farms, so we were encouraged to drill down into those costs in more detail.

I have some decisions to make in this area, as although I purchased a new seed drill this year, the last new tractor I bought was just over eight years ago.

Even with regular maintenance, wear and tear and depreciation carries on and there comes a point when you feel you have to renew.

The scary part is that the same tractor today costs at least £30,000 more – a huge increase of 42%.

My subsidy has remained the same, grain prices have bounced up and down and farm profitability has only improved marginally, mainly the fault of ever-increasing input costs.

Attention to detail is critical and so I hope to use some of the more detailed figures to help me make future purchasing decisions.

However, I suspect I won’t be announcing the purchase of a shiny new tractor anytime soon.

Meanwhile, my next focus is to apply some increasingly expensive fertiliser to winter crops to kick start the new growing year – and hope grain prices stay at their current level.

Robert Moore farms on the Molenan Estate in Northern Ireland, where his family have farmed for more than 200 years. He switched to arable farming in the 1990s, away from beef and sheep. He still has a small suckler herd on non-suitable arable land.

JOURNAL : Farmers Weekly

Last month in my column I reflected on a serious accident we had here at Valetta and how fortunate we were that the outcome was positive.

I was quite deliberate in not discussing the details, because actually the specifics of the mishap were irrelevant and distracting.

What occurred was the result of a simple oversight by two highly experienced staff members and it was not a task that one would necessarily rank as a priority risk point or a classical farmyard hazard.

See also: Analysis: What a ban on fungicide chlorothalonil would mean

It is that very point that I am grappling with, how do we manage the multitude of very diverse hazards and risks that we and our staff encounter on a daily basis?

Assessing risk

I have been working with Worksafe, our safety regulator and Federated Farmers to explore the merits of a Health & Safety Programme called 'Take 5', which broadly consists of stepping back at the start of a task and assessing risk with the five steps:

STOP – think about the potential dangers associated with the job.

LOOK – identify any hazards.

ASSESS – the risk. Consider any possible threat of damage or injury.

MANAGE – controls. Implement suitable control measures to reduce risk. Ensure other persons who are affected by the same matter are informed about the hazard.

SAFELY – complete the task.

But as we have been working through this process, another incident elsewhere has caused me to realise that just as important as managing risk is building and maintaining the capability to respond to accident.

I am so grateful that Jayne has always been so insistent that we attend first aid training and keep our first responder certificates up to date; and I now realise how vitally important it is to get extra people around you fast to provide help while awaiting emergency services.

We are now talking with our neighbours to set up a 'Text Alert' network to muster help quickly in time of emergency.

Both of these events have rocked me personally. My message is simple, please actively manage risk as a team and ensure you, your family and your staff have current first aid training.

David Clark runs a 463ha fully irrigated mixed farm with his wife Jayne at Valetta, on New Zealand’s South Island. He grows 400ha of cereals, pulses, forage and vegetable seed crops, runs 1,000 Romney ewes and finishes 8,000 lambs annually.

JOURNAL : Farmers Weekly

A farmer in Cumbria has lost up to £15,000 worth of sheep following a suspected dog attack on his farm.

The farmer, who has not been named, found about 70 sheep dead after the attack by an unknown loose dog or dogs.

The incident happened on 11 February on farmland near Orton Road, Dalston.

See also: The law on shooting dogs – critical facts farmers must know

Cumbria Police believe the deaths were caused by sheep worrying. It is estimated that the incident has cost the farm between £10,500 and £15,000.

An officer explained that while worrying is traditionally thought of as a dog biting or attacking livestock, it also includes:

Chasing livestock in such a way as may be reasonably expected to cause injury or suffering; in the case of ewes, this includes abortion or loss or reduction in the number of offspring she has.

Not having a dog on a lead or under close control when close by, or in a field or enclosure with livestock.

PC Helen Branthwaite, Cumbria’s wildlife crime co-ordinator, said: “We urge people to take steps to keep their dogs under control near livestock, using a lead in areas near livestock and keeping a distance and only letting dogs off their lead in areas without livestock.”

As more people are exploring the Lake District this week during half term, they are being asked to ensure that pet dogs are kept under control as the lambing season gets under way.

Although there may not be lambs in the fields just yet, many ewes are preparing for their arrival and people are being asked to pick up after their pets and to ensure that they are kept under control at all times.

For the second year in a row the national park is providing lambing signs to local landowners as a visual reminder to dog owners to keep their dogs under close control.

Dog owners are also being asked to be aware of is the damage dog fouling can cause to sheep and cattle and, as always, they are being reminded to pick up after their pets.

Lancashire dog attack

Meanwhile in Lancashire, sheep farmers Caroline and Kevin Cochran have been left devastated after 25 of their sheep were killed or injured in a horrific dog attack in a field at Higher Wenshead Farm, in Tockholes Road, Darwen.

Police are seeking the owners of two Hungarian vizlas seen in the area at the time of the attack.

The incident has cost the Cochrans an estimated £3,000 in lost stock and vets bills. The couple have set up a GoFundMe page as they were not insured for their losses.

JOURNAL : Farmers Weekly

Growers and livestock producers are being warned to stay vigilant as telephone scams continue to target the farming community.

NFU Scotland said one of its members on Orkney had fallen for an elaborate telephone scam that saw his bank account stripped of a five-figure sum.

See also: Phone scam warning for Welsh farmers

While wishing to remain anonymous, it said the farmer or crofter in question wanted to share their story in the hope that others will not fall for similar scams.

Orkney secretary Kenny Slater based in Kirkwall said: “We have had two members call this week advising us that they have been subject to scam phone calls.

“The most serious was from a member who was scammed out of a five-figure sum of money.”

Caller manipulated

The call on Monday (4 March) purported to come from the member’s bank, said Mr Slater.

“The most worrying aspect of this incident was that the scammer had manipulated the caller ID displayed on the receiving phone to make it look like the call was coming from the bank.

“The scammer called seeking confirmation from our member that a large payment being made electronically to HMRC was genuine.”

Mr Slater added: “It obviously wasn't a genuine payment and the fraudster then offered to help stop the payment going through.

Advice from Police Scotland is:

Don’t give out any personal information unless you are the one who made the call and you are certain of the identity of the person you are speaking to.

Don’t give out your credit card or bank card details to strangers on the telephone.

NEVER tell somebody your bank PIN, even if they claim to be the bank or police. If the caller is genuine, they will never ask for this information.

Don’t give out information which may infer that you live alone, are older or vulnerable.

Never send money to anyone who claims to have a prize for you.

If it sounds too good to be true, it probably is.

Mr Slater said: “The scammer went on to use the information he had gleaned during the call to move significant ***funds*** out of our member’s account.”

The message from NFU Scotland was clear, said Mr Slater: farmers should remain vigilant and not give out bank details over the phone or online.

Terrible experience

“Although he doesn't want to be identified, the member is keen to share his terrible experience; making others aware of the types of calls being made.”

Farmers busy with calving, lambing and spring work could easily be caught out by alarming calls from people claiming to represent their bank, said Mr Slater.

“Experience tells us that if this is happening in one region of the country, it is only a matter of time before other areas are targeted,”

Banks would never phone or email you and ask for online password information or any password using an online banking token or card and reader, said Mr Slater.

Watch the video of farmer Edward Wilmot warning other farmers to beware of a fraud scam he almost lost £20,000 to.

JOURNAL : Farmers Weekly

A farmer has been ordered to pay £11,390 after he admitted allowing livestock to rot on his land.

The carcasses of dead sheep, lamb and calf remains were found rotting and decaying at The Mews, in Alstonefield, near Ashbourne, Derbyshire.

Some of the remains were found dumped on land at Elton Moor, in Matlock, last February, but not cleared until May.

See also: 3 steps to avoid sheep cross-compliance blunders

Farmer Richard Hobday, 55, who is also a butcher, was told by trading standards officers from Derbyshire County Council to clear the dead animals, but he ignored the warnings.

Mr Hobday pleaded guilty to a number of animal welfare breaches and he was sentenced at Northern Derbyshire Magistrates Court in Chesterfield on Monday (18 February).

The law states that carcasses should be collected without undue delay under conditions that prevent risks to public and animal health.

WARNING: GRAPHIC IMAGES OF DEAD ANIMALS BELOW

Mr Hobday also pleaded guilty at the same hearing in January to a charge of failing to keep an up-to-date register for his sheep contrary to regulations in place to ensure that sheep, and ultimately food, is traceable.

In mitigation, the court heard that Mr Hobday had been facing financially challenging times.

Warnings ignored

However, District Judge Taaffe told the hearing that facing financial challenge was no excuse to ignore regulations in force to protect public safety.

The judge fined Mr Hobday £1,000 for each of his nine charges, ordered him to pay £2,290 prosecution costs and a £100 victim surcharge.

Speaking after sentencing, councillor Carol Hart, the council’s Cabinet member for health and communities, said: “We welcome this fine as it sends out a clear message to others that behaviour such as this will not be tolerated in Derbyshire, and we also welcome the recognition from the sentencing judge of the valuable work undertaken by Trading Standards officers.

“Leaving these dead animals for four months in a field posed a threat to public health and the health of other animals due to the potential transmission of disease.

"It would also have been distressing for anyone coming across such a scene."

JOURNAL : Farmers Weekly

A Leicestershire farmer has been banned from keeping sheep for five years and ordered to pay nearly £5,000 after several of his flock drowned in a disused golfing lake.

Terance Crane, 57, pleaded guilty to seven charges, relating to animal by-product offences, not providing a suitable environment for animals, non-awareness of the code of practice, and failure to act, causing sheep to fall into a golfing lake and drown.

The offences all relate to Kingstand Farm, Hinckley Road, Leicester East Forest, part of which covers the former Kingstand Golf Course.

See also: Video: How farmers are uniting to eradicate sheep scab

The sheep entered a water feature on the course but were unable to escape, because they could not get a grip on the ***smooth*** PVC liner.

Eight carcasses were discovered after Leicestershire Police contacted Leicestershire County Council’s Trading Standards team to raise concerns about animal welfare standards at the farm.

Council officers also found the remains of a cow with a severed head on the land.

Court case

Adam Clemens, prosecuting, told Leicester Magistrates’ Court that Mr Crane is an experienced farmer who said he did not know the sheep were missing.

“They [trading standards officers] found what can be described as mouldy and decomposing fruit with which animals were fed,” said Mr Clemens.

“The sad fact is these animals would have exhausted themselves in trying to escape before they drowned.”

Justin Jarmola, representing Mr Crane, said his client and his family had been hit by a series of traumatic events in the lead-up to the offences, including his own serious ill health as a result of a stroke, his mother’s death and the breakdown of his marriage.

He was sentenced in court on Friday (22 February) and was fined £440, and ordered to pay costs of £4,500 and a £44 victim surcharge fee.

Magistrates disqualified Mr Crane from owning sheep for five years.

JOURNAL : Farmers Weekly

A Lincolnshire farmer has lost thousands of pounds and two years of production after Natural England refused to let him start cultivating land again at the end of an environmental stewardship scheme.

Rob Applewhite, who farms with his brother Ed, said he also faces having to pay thousands of pounds for surveys to prove that land can be cultivated again after placing 185ha (450 acres) into a 10-year Higher Level Stewardship agreement at Washingborough, south of Lincoln.

See also: Natural England contender favours TB vaccine over cull

“It’s soul-destroying,” said Mr Applewhite, who entered the scheme in 2007. “We thought the scheme would give our land a 10-year break, but now we can’t get it back into production.”

Mr Applewhite said he knew when entering the scheme that an area where a scheduled ancient monument was located (10ha) would never be cultivated again.

But what he didn’t know was that legislation would change shortly before the scheme ended in October 2017.

Any decisions seem to be made by people sitting behind a desk using Google Maps

The brothers said the archaeological maps were amended without their knowledge and without anyone entering the farmland – effectively banning them from cultivating all but 60ha after the agreement expired.

No communication

“No-one has been out to see me,” said Mr Applewhite. “Any decisions seem to be made by people sitting behind a desk using Google Maps.

“What makes the situation even more frustrating is that a neighbouring farmer who entered the same scheme when we did has been let fully out by Natural England and has been farming his land again for two years.”

The scheme saw arable land encouraged to revert to wet grassland. The aim was to maintain and create habitats for breeding and wading birds while protecting any archaeological features.

But Mr Applewhite said it failed to meet the indicators of success for raising water levels.

Appeal

Mr Applewhite is currently appealing against Natural England’s decision. He said he has been asked to pay for more surveys – even in parcels of fields that have no archaeological features showing either on the updated or original maps.

Mr Applewhite said he would welcome a visit to the farm from Defra secretary Michael Gove or Natural England chairman Tony Juniper. “All we want to do is cultivate the top 9in of land, which is what was happening before.”

James Goodson, partner with farm business consultants Fisher German, said it appeared the Applewhites had fallen victim to recent environmental impact assessment legislation – introduced just seven months before the HLS agreement ended.

Mr Goodson said: “This has obviously severely affected my clients’ livelihood, their ability to earn money from the multiple land parcels in question and has caused a great deal of stress and anxiety to their families.”

A Natural England spokesman said: “We have a statutory responsibility to ensure that land of such important environmental significance is appropriately protected.

“In the fields that contain historic environment features, ploughing and returning them to arable production could damage or destroy them and therefore the activities proposed were likely to have a significant effect on the environment.”

JOURNAL : Farmers Weekly

Farmers and other ***agricultural*** professionals are being invited to discuss the findings of last month’s controversial EAT-Lancet diet, and so help shape future UK farm policy.

The debate, hosted by the Food, Farming and Countryside Commission (FFCC), will involve about 40 UK producers and industry figures, putting forward the sector’s case for how UK food production and consumption policy until 2030 should look.

See also: Meat eaters or vegetarians: Who has the better arguments?

Who is the FFCC?

The Food, Farming and Countryside Commission is part of the Royal Society of Arts, Manufactures and Commerce. It comprises a group of influential figures looking to deliver long-term, sustainable changes to how the UK thinks about where food comes from and how farming and rural communities are supported beyond Brexit.

The commission is chaired by Sir Ian Cheshire, Barclays chairman and the government’s non-executive director, and will release its final recommendations in June 2019.

The EAT-Lancet report, which was launched in January, outlined a plant-dominated diet, designed to deliver both a healthy population and planet.

But the diet was widely criticised by many scientists, nutritionists and farmers for being nutritionally deficient, unfairly attacking livestock production, especially red meat and for shoehorning a global diet into a UK perspective.

As such, the FFCC has asked the team behind EAT-Lancet’s model to rerun its analysis, but this time with farmers in the driving seat.

How can you get involved?

The commission wants farmers, livestock scientists, food processors and consumer advocates who have strong feelings about the EAT-Lancet report, as well as the future direction of UK food policy, to attend the round-table talks.

The discussions will be held in late March or early April and will involve a whole day discussion and a half day to analyse the results. Dates will be confirmed in the next few days.

Interested individuals must fill out a short online form.

The FFCC is also looking to promote 20 UK farmers who have already brought health into their planning and who would be willing to be interviewed and featured as part of the final commission report. Interested parties can also sign up on the same form.

“The farmers and others involved will agree their own set of UK food and consumption targets for 2030,” said professor Tom MacMillan, FFCC research director.

The targets will be shaped by factors such as trade, farm incomes and consumer trends, based on what farmers feel are realistic and desirable, he added.

Once the group has drawn its conclusions, the same team that modelled the EAT-Lancet diet will run the focus group’s recommendations through its modelling tool to see what effect it would have on public health, wildlife and climate change.

The original group of 40 will then reconvene to discuss the findings and establish what to do moving forward.

“The point isn’t to come up with new dietary guidelines, but to test the consequences of approaching these issues in ways that farmers are confident with, addressing the realities they are grappling with day to day," said Prof MacMillan.

What did the Eat Lancet diet recommend?

The “planetary health diet” claims it could prevent the premature death of 11.6 million people each year.

Global consumption of red meat and sugar needs to decrease by 50% to achieve a sustainable, healthy diet.

To eat red meat no more than once a week and reduce pork and beef consumption by 90%.

The report suggests a typical daily diet should include just 7g of beef or lamb, 7g of pork, 29g of poultry, 250g of dairy and 13g of eggs

“We're certainly not expecting everyone to agree. But we do hope to move on from this being a debate that sometimes pitches farmers against public health, to one where farmers and health advocates start to shape a truly practical agenda together,” he said.

The professor added that there was a real interest throughout government to listen to the farming community and look seriously at the commission’s results when they come out in June.

JOURNAL : Farmers Weekly

One of the highlights of the farming year, lambing season is a challenging but joy-filled time for Britain’s farmers.

As lambing 2019 gathers pace, our amazing readers have been sharing their heart-warming moments with us.

Away from the lambing shed, you've been sending in some super-cute snaps of your little farmers too.

The weather has taken a turn for the chilly, so we're also sharing reader photos of frosty farm scenes.

See also: Check out more lambing 2019 photos and videos from our readers

Highland cows are made for chilly weather. A fantastic frosty morning snap of two Highland cows on the farm in Kent, by Emma Walsh

"A new tractor costs how much?!" We love Clare Gammin's photo of eight-week-old little farmer George reading up on the latest farming news and advice with dad Matt.

Nothing says spring is around the corner like newborn lambs. One of Richard Heady's rouge ewes got caught by the ram and lambed early – the rest of the flock are due in mid-March. You can share your own shots of lambing with us on our dedicated "Lambing 2019" gallery.

William Awan took this snowy snap of an Exmoor Horn lamb.

A wonderful photo of five-year-old little farmer Dolly, who loves helping out in the lambing shed. "This picture oozes compassion and love," says Georgie Mitchell, who took this snap. "Everything a childhood on the farm should be."

Lambing season is under way for Paul Holmes near Carlisle – he captured the moment of a ewe bonding with her newborns.

Nicole Farmer shared this photo of cheeky triplets.

How we all feel after a long day of lambing. Jodie Marriner shared this great shot of a very cosy resident.

The look of love – or maybe just looking for the milk bottle. Shelley Lockett sent this one in from Cornwall.

A wonderful shot of sheepdog Tully bringing his sheep home in the snow, by Jess Faulkner.

A great picture of two lambs fast asleep on their mother's back, by Lois Honeywell in the Scottish Borders.

JOURNAL : Farmers Weekly

Undeterred by Brexit uncertainty, the UK’s largest British farmer-owned dairy co-operative has held its milk price for April.

First Milk also confirmed the value of its new 13th payment, which will drop in 2020.

See also: Top tips on dealing with tight cashflow as dairy margins tighten

The co-op’s 800 members will still receive 27.5p/litre for standard liquid litres of 4% butterfat and 3.3% protein. Manufacturing litres of 4.2% butterfat and 3.4% protein will be worth 28.43p/litre.

In addition to the second consecutive price hold, First Milk has confirmed its new 13th payment, first announced in July last year.

[*https://infogram.com/first-milk-1hnq41l9ylop23z?live*](https://infogram.com/first-milk-1hnq41l9ylop23z?live)

The bonus will be paid to producers who are "fully invested" in the company and who hit their capital targets.

Payments, worth 0.25p/litre, will be accrued month-on-month and will be paid out in April 2020.

To a 1m litre/year dairy farmer, the 13th payment would be worth £2,500.

Despite the payment not being made for 13 months, First Milk vice-chairman Jim Baird said the milk buyer had been able to deliver additional returns in an uncertain market.

“This additional member premium payment rewards our members for their loyalty, and we remain focused on continuing to develop our business to deliver long-term prosperity for our members,” added Mr Baird.

NFU Scotland’s milk committee chairman, John Smith, said it was a positive sign that First Milk is now on a better track and has a more positive outlook, following the company asking producers to prop it up financially just a few years ago.

"A number of First Milk member meetings are taking place shortly and I would encourage First Milk suppliers to attend to hear first-hand from the company about its plans for the future," added Mr Smith.

GDT revival

The Global Dairy Trade, an indicator of world market sentiment, enjoyed another strong result, driven by the continued positive performance of whole milk powder (WMP) and cheddar.

[*https://infogram.com/gdt-march-1h984w170o7z2p3?live*](https://infogram.com/gdt-march-1h984w170o7z2p3?live)

Since the start of December 2018, the GDT index has seen seven value increases following 13 consecutive falls dating back to May 2018.

The recent resurgence has seen the index’s value increase by 24% in the past three months.

JOURNAL : Farmers Weekly

A 400-acre farm has been added to Cambridgeshire County Council’s portfolio of tender opportunities this year.

In January the authority announced that five county farms of between 92 and 379 acres, based in Wicken, Whittlesey, March and Friday Bridge, are up for letting from October.

Bedford’s Barn Farm and Crowtree Farm, a holding with a four-bedroom detached house and five sets of farm buildings, has been added to Cambridgeshire’s offering.

See also: 4 farmers tell us how they secured county council tenancies

Based in Farcet, the land has a mixture of loamy and sandy soils, with some areas of fen peat soils.

The farm is available to view on 14 March and prospective tenants will need to provide a business plan as part of their application, due by 5 April.

Interviews will take place on 11 April.

See also: Five farm tenancies open for tender in Cambridgeshire

The successful applicant will be offered a five-year farm business tenancy, starting from 11 October 2019.

Kate Barlow, principal surveyor at Cambridgeshire County Council, said: “Last year we received a lot of interest in the four holdings that were available and the standard of applicants was very high.

“We anticipate that interest will remain high this year despite current uncertainties in the ***agricultural*** sector and Brexit.”

Full details about the farm and the application process can be found on Cambridgeshire County Council’s website.

JOURNAL : Farmers Weekly

Hobbies are important. As you get older, and the ones that featured gum shields and broken noses or bits of willow and sweaty keeper’s inners become nothing but memories, it’s important to pursue and cultivate new ones.

Recently I came across something that allowed me to indulge in four of my favourite pastimes – internet shopping, AGA envy, farm history and impersonating a James Bond villain – all at once.

Like thousands of farmers, we pulled out of Entry Level Stewardship (ELS) and opted not to enter the modern equivalent – the bewildering paperwork and conditions put paid to it.

See also: Read more of Charlie Flindt’s columns

But, over the years, the hedges have got away, and numerous passes with the hedgecutting flail left a hideous mess.

On eBay I found the perfect solution: a saw blade attachment. The briefest bit of Internet haggling knocked a bit off a very reasonable asking price.

The hard part was persuading my bank to enact the CHAPS transfer (we’re very old fashioned): did I know the seller? Had I seen the goods? Was I being pressured to pay? No, no and thrice, no – but well done to NatWest for being on a very stubborn fraud watch.

A couple of days later, I was sitting in the seller’s huge farmhouse kitchen in the wilds of north Oxfordshire, admiring a spanking new (compared with our ’59 model, anyway) AGA, and having earnest conversations about the merits of different fuels.

Manic laugh

I was also drinking lots of tea and demolishing a huge heap of cake, but that’s not a hobby, it’s a lifestyle choice – not to mention a vital piece of any farmer-to-farmer business. I burped my way back down the A34 with my new toy.

Back in mid-Hampshire, it was time to fit it to the arm of the hedgetrimmer. As usual, nothing was straightforward, but once I’d sourced a couple of 1in BSPP swivel female/¾in male couplings, I was connected up and ready to go.

As the blades almost silently whirred into life, I felt the urge to laugh manically and hold the world to ransom. A minor chord with a rising fifth popped into my head.

But Cain the cat, who had – until the engine started – been watching me from the tractor wheel-arch, refused to be my evil sidekick, and asking Hazel if she fancied being Pussy McSnogfest resulted in a smack round the back of the head that still throbs.

It took some time to get the hang of the new saw blade, but once I’d got the best combination of speed and revs, it was a hoot.

And the stuff that reappeared, after many years buried deep in the hedges – corner posts and gateposts, from the days when livestock roamed all the fields. Made from Hinton estate oak, I’ll bet, so they’ll still be useful when those days return.

Favourite pastime

Then there were the piles of flints, collected by the roller-man, ready for use in gateways. And the remnants of pigeon hides, with numerous faded cartridges – too many for me to be accused of such littering. My empties after a day’s pigeon shooting will fit on the fingers on one hand.

Soon, the farm’s wayward hedges were turned into beautifully trimmed bush, although the long lines of thick cuttings reminded me of Granny Flindt’s wise words: “It’s not the murder; it’s the disposal of the corpse.”

I was quite sad when the dry weather, and the approach of March, meant it was time to grease it up, oil it up, and hitch on to something else.

That was fun, I thought. I can add hedgecutting to my list of favourite hobbies – and I never thought I’d say that.

JOURNAL : Farmers Weekly

There’s no truth in the rumour that I’m entering Farmers Weekly’s competition to find the nation’s fittest farmer – although I can see how that rumour started: I’ve started trundling down to a gym on the outskirts of Southampton twice a week.

The truth is rather simpler. NFU membership entitles me to cheaper private medical insurance, and using it for the new hip at the local private hospital means I get a free six-week health MoT/fitness course at the hospital’s tiny gym.

I had to put up with a lot of stick at home, though – and deservedly so. For years I’ve teased my two boys about their gym work.

See also: Read more of Charlie Flindt’s columns

Four or five times a week they set off, with all the kit (wrist supports, back belts, carefully formulated energy drinks), and the results are mighty chunky.

“In my day,” I say, sounding like a character from a sitcom, “gyms didn’t have wi-fi, or music videos, or full-length mirrors, or yummy mummies in shiny Lycra.

Gym fashion faux pas

"They were dusty, smelly, with PoW-camp horses and sick buckets in the corner. And ashtrays in the changing rooms.”

“Yes, Dad, we know,” the boys say, with much eye-rolling. Their revenge started when my footwear arrived. I’ve had to abandon laces because of the hip and so ordered some trainers with easy-to-use Velcro fasteners.

“Grandad trainers!” shrieked the boys as one, and howled with laughter for 10 minutes. If they weren’t such hulks, I’d have smacked them.

Ignoring their insults, I dug out some shorts and an old rugby shirt (both a bit tight) and set off for my "MoT". BMI? Not good. Blood pressure? Bit high. Glucose and heart rate measurements all fine, though.

The lovely physio doing the MoT started compiling a programme. What sort of heavy stuff do I do on the farm on a daily basis?

I had to stop and think for a moment. We don’t throw hay bales, or lift endless hundredweight bags. In fact, neighbour Robert’s wise words apply more than ever these days: “If we can’t do it from a cab, we normally don’t do it.”

The countryside is no longer one vast free open-air gym. So the little regime she came up with probably differs little from a non-farmer’s.

Sick bucket and ashtray

The exercise bike beckons for a warm up, and it’s nice not to have to dodge the potholes and high-speed Audis, and mend punctures left by the blooming anti-social hedgetrimmers.

Then it’s on to the treadmill, when I have a long brisk "walk". I don’t have to stop every 20 paces and throw a slobbery tennis ball for a Malinois that thinks it’s a collie, or pick up old cartridges cases, or YL42s, or avoid stepping on yet another hare.

I lift dumb-bells for a bit – facing away from the wall mirrors to avoid the frankly hideous view – and then get on the cross-trainer, where the twisting action isn’t unlike shovelling the harvest crop away from the awkward barn uprights when loading lorries but without the dust masks and itching, and the chance of beans or peas acting as lethal loose ball-bearings on the floor.

It’s becoming fun. I usually have the place to myself, and although no weight has been lost, my belt’s a bit looser now.

The test will come when the freebie runs out, and I have to pay to continue. Who knows? Another couple of weeks, and I might be hooked.

I might have to buy trainers with laces, and some proper Lycra. I bet I’ll still instinctively look for the sick bucket, though – and the ashtray.

JOURNAL : Farmers Weekly

Four men have been arrested in connection with the theft of six vintage tractors worth more than £100,000.

Detectives and officers from Staffordshire Police swooped on three addresses in Walsall, Warwickshire and Leicestershire on 28 February.

The operation follows the theft of four Massey Ferguson tractors, a John Deere and a distinctive red Porsche tractor from a farm in Yoxall, east Staffordshire, between 18 and 20 January. All six tractors have since been recovered by police.

See also: Video – farmers’ top tips to fight rural crime

Following a search at a farm near Stapleton, in Leicestershire, two types of plant equipment, believed to have been stolen from Coven in 2017, and an Ifor Williams trailer believed to have been stolen from Nottinghamshire in 2013, were seized.

Officers from Leicestershire Police also assisted their colleagues in Staffordshire to carry out the arrests.

A 36-year-old man from Leicester was arrested on suspicion of burglary. A second man from Leicester, 32, was arrested on suspicion of handling stolen goods.

A 22-year-old man from Walsall and a 44-year-old man from Warwickshire were arrested on suspicion of conspiracy to commit burglary.

All four men have been released under investigation while police enquiries continue.

JOURNAL : Farmers Weekly

Freeing up the land market and making sure holdings are available to the right people is crucial for improving the sector’s productivity, according to Jeremy Moody, secretary and adviser at the Central Association of ***Agricultural*** Valuers.

He points to the The Irish government’s 2014 Agri-Taxation Review as an example. It found that farming productivity increased by 12% when land was in the hands of the proficient.

Another innovation set by Ireland, was to offer relief from income tax to people who let land for a longer time ***period***.

See also: Farmland sale and leaseback deals an option for retirement

From a “near standing start”, this policy has brought nearly 4% (between 300 and 400,000 acres let by 3,500 farmers) of farmland into the rented sector.

A change in attitude, away from one where landowners are encouraged to keep total hold of their asset in order to receive area payments, could achieve so much, said Mr Moody.

“It’s good business management to get the best people in the best places, but this can be hard to acknowledge when you fear losing your identity and your occupation”.

Help for new entrants

Unlocking smaller holdings will also help new entrants of all ages and young farmers get a foothold in the industry.

“We need to consider who will run the best businesses and make best use of innovation,” said Mr Moody. “We’re seeing a fundamental change across the sector technologically, which cumulatively is as big a shift as the move from horse to tractor.”

Young farmers need to be given the opportunity to succeed, or they will seek opportunities elsewhere, he warned.

“The ‘who’ will manage the 'how'. It’s amazing what people can achieve if they really want to farm. Good farmers will find ways to use even bad land to get good margins.”

Key attributes of new entrants

Technically competent

Proficient

Innovative

Determined

Resilience

Business management

Marketing

Social

Adaptable

Access to farmland

Farmers need to seize opportunities in order to improve both business and lifestyle, Mr Moody insisted.

New housing policies, such as Class Q permitted development rights for converting farm buildings to dwellings and the revised National Planning Policy Framework, acknowledging the importance of workers taking majority control of the farming business, could encourage landowners to open land to others instead of “hunkering down”.

Easing intra-family succession is also key to granting access to farmland at an earlier age.

More change is on the way. As well as the current market uncertainty of Brexit, Defra is due to release a tenancy reform consultation in the next few weeks.

Income tax relief

Susan Twining, CLA chief land use policy adviser, agrees that freeing up the land market is a crucial part of enabling sustainable productivity growth.

“The game changer would be income tax relief on let land. It has had a positive effect in Ireland, and while they have started from a different place (they had no tenancy market compared with about one-third of farms in the UK), there are still likely to be benefits in the UK.

“It is important to point out that this is about changing the land manager (the occupier) not necessarily ownership,” she said.

If the aim is to increase productivity, it makes sense to enable existing businesses to expand through greater flexibility in the land market, she said, and the additional support of training programmes for new entrants will help them gain access to land.

TFA view

Lynette Steel, TFA farm policy adviser says the sector needs clear commitment to legislation from government, and the Treasury to look seriously at taxation changes to boost farm tenancies, particularly in terms of length of agreements.

These changes have been proposed by the TFA and the Tenancy Reform Industry Group.

“At least one-third of the ***agricultural*** area of England and Wales is farmed by those who rent their land,” she says.

“Therefore it is imperative for a progressive ***agricultural*** industry that there is a progressive tenanted sector, which can be fostered by sensible reforms of its legal and fiscal environments.”

JOURNAL : Farmers Weekly

Many farmers and landowners are reluctant to commit to Countryside Stewardship (CS) this year because they fear it may restrict their access to rewards for the public good that future support will prioritise.

Stewardship opened for 2019 applications this week, while the new Environmental Land Management Scheme (Elms) will not open to all until 2025.

Savills’ estate and farming team advises on the management of more than 400,000ha of UK farmland. Research among the team suggests that CS uptake may be held back by uncertainty over the future environmental payments landscape.

Two-thirds of the firm’s farm and land advisers staff judged that clients who were currently not in schemes were waiting to see what the new Elms involves rather than applying to CS now.

See also: Countryside Stewardship - tips for 2019 scheme

The remaining third said clients were minded to apply to current schemes in order to offset the loss of direct payments from 2021 onwards.

Farms and estates already in environmental stewardship schemes were minded to take advantage of opportunities to renew or extend their agreements, said more than four in five advisers.

“The current scheme’s complexity and design, and the income foregone/costs incurred-based payments not providing any profit, were identified as major barriers to participation,” said Emily Norton, head of rural research at Savills.

A high proportion (72%) of advisers cited concern that environmental enhancements made now may undermine the case to be paid for delivering public goods in future as a reason for not applying, despite reassurances from Defra that farmers making environmental improvements now would not be penalised under the new scheme.

“Disappointment with the current scheme is also weighing heavily on participation rates, and this reassurance does not appear to be having the desired effect,” said Ms Norton.

“Some clients are, however, already taking proactive action, keeping environmental records and considering what public goods their farm or estate may be able to provide, in order to maximise opportunities under a future scheme.

“Government needs to do more to confirm the transition arrangements to the future scheme as soon as possible, as well as addressing current operational issues, in order to maximise uptake in the current scheme.”

JOURNAL : Farmers Weekly

Cattle farmers with fallen stock over 48 months of age are going to have to pay for the taking of samples for BSE testing from 1 April, as government passes the cost back to industry.

Until now, the taxpayer has met the full cost of sampling under the transmissible spongiform encephalopathy (TSE) surveillance regime.

See also: Visit our Know How centre for cattle health advice

But, following a consultation last year, the sampling element – currently set at about £7.50 per dead animal – will now be charged back to the farmer.

 “This measure will result in a small cost to farmers,” said a statement from Defra’s TSE policy team. “We estimate that an average holding of 100-149 animals would have two fallen bovines aged over 48 months requiring sampling per year.

“Based on current charges, the average cost per farm would therefore be around £15.”

The statement adds that the cost of transporting samples to a laboratory and testing it will still be met by government.

The change affects farmers in England, Scotland and Wales.

NFU Scotland acknowledged that the additional charges were comparatively low, but complained that the industry already meets the cost of collecting fallen animals, put at between £85 and £200 for each beast.

“As an industry, we already pay the significant cost of carcass collection for BSE testing, yet we now have to pay the additional cost of sampling for a disease that is not infectious,” said animal health policy manager Penny Johnstone.

“BSE is a food-safety issue and the cost of sampling and testing should be covered by government.”

NFUS is calling for a review of these costs “as there are cheaper and more environmentally friendly options for fallen stock disposal than transport and rendering”.

JOURNAL : Farmers Weekly

About 240 million more eggs were sold in the UK last year compared with 2017.

This represents a 4% annual increase, helped by consumers looking for healthier options and the rise of flexitarianism.

Sales value rose by roughly the same degree, with the extra £36m in sales taking the total value to about £1.035bn.

Sales have remained strong in the new year, with the latest volume and value figures (for week ending 27 January) also up by about 5% and 4%, respectively.

See also: Advice on cleaning free range poultry sheds

A change in advice from the Food Standards Agency so that vulnerable groups can now enjoy soft-boiled eggs, as long as they are Lion mark-branded, had also helped, said the British Egg Industry Council.

The sales increase for 2018 follows more than 10 years of growth in egg consumption, with consumers looking for protein-based meat alternatives, such as eggs, more frequently.

“For more than 10 years I’ve been able to report on growing egg sales and I’m delighted to report this once again,” said Andrew Joret, chairman of the British Egg Industry Council.

“Despite broader consumer consumption trends changing every year, eggs remain very much at the centre of modern lifestyles and a shopping basket essential for the young and old.

“For sales to grow by more than half a pack of eggs for every person in the UK within a year is fantastic news and I’d like to think we can secure the full pack by the end of this year. ”

Lion standards

More than 90% of UK eggs are produced to British Lion standards, with more than 150 billion British Lion eggs produced since the launch of the British Lion Code of Practice in 1998.

UK egg market

UK annual production: 11,139 million eggs

Imports: 1,904 million eggs

Exports: 185 million eggs

Total UK consumption:- 13,158 million (+2%)

UK self-sufficiency: 87%

Annual individual consumption rate: 199 eggs

Sales by type of egg

Laying cage: 35%

Free range: 63% (inc estimated 1.5% organic)

Barn: 2%

JOURNAL : Farmers Weekly

Great British average hogget SQQs (standard quality quotation) have remained below the 200p/kg mark so far this year despite a 13% drop in supply on the year.

The country’s marts have sold 93,011 fewer hoggets this year compared with 2018 and deadweight throughputs have also down slightly.

Auctioneers say that, despite lamb numbers being low, buyers are cautious after having their ‘fingers burnt’ last year when lambs made £150 to £180 a head (330p/kg liveweight).

Melton Mowbray

A ‘disappointing’ trade has been witnessed for store lambs at Melton Mowbray, which auctioneer Tom Greenhow describes as ‘understandable’ given the current market uncertainty.

See also: Advice for finishing leftover prime lambs

In contrast to the national trend, Melton’s hogg numbers were up on the year, from 937 to 1,786, with the SQQ 185.71p/kg last week (26 February).

Mr Greenhow said lighter lambs were in short supply but that there were lots of heavy, well-fed hoggets around.

“Some people are sending lambs a little bit earlier, but for a lot of finishers it’s business as usual,” he told Farmers Weekly. “Plenty of finishers with thousands of hoggs to sell still haven’t started drawing yet and are waiting for April as normal.

“One thing I’ve noticed is that abattoirs blew money last year and they would rather kill fewer sheep than give £140 and £160 a lamb like last year.”

Talgarth

Lighter lambs (32-39kg) are also trading well in south Wales, where the Asian and export buyers are supporting prices of 198p/kg, making them almost match the heaviest lambs on a headage basis.

This is according to auctioneer Matthew Nicholls of Sunderlands, who sells at Talgarth and Hereford.

He noted that some lambs were £15 a head back on the year on Friday (1 March) despite there only being 539 through the ring, compared to 1,000-head or more in a normal year.

Last week’s sale (1 March) brought an SQQ of 192p/kg, with lambs up to 220p/kg for 41kg sorts and £98.50 a head for 47kg lambs.

“Markets in this area are struggling for numbers,” Mr Nicholls said. “This will be down to last year’s long winter but it could some vendors be holding back in the hope that trade lifts – it’s currently nowhere near last year.”

He said stronger Beltex and Texel lambs were supplying the domestic market and local butchers, but trade was heavily reliant on export demand.

JOURNAL : Farmers Weekly

A Welsh upland farm has slashed the number of prolapses at lambing by 75% since introducing a self-feed silage system for pregnant ewes.

John Parry put the system in place at Goitre Farm, near Kerry, Newtown, after seeing it in operation on another farm.

Mr Parry claims it has reaped multiple benefits including reducing labour requirements and takes just 15 minutes to move barriers to give ewes access to feed.

See also:Video: Roofless sheep unit helps Anglesey farmer preserve spring grass

Farm facts

130ha owned and 60ha rented

Flock of Welsh Mule ewes

12ha of maize and winter wheat grown

Six-week lambing ***period***

Lambing end of February

Lambs sold on contract to Tesco via Kepak

First-cross British Blue suckler herd with male calves fattened as bull beef and heifers finished at 21-22 months

One full-time member of staff and additional labour at lambing time

How the set-up works

Mr Parry had a large lambing shed that lent itself to modification so he set about making feed barriers to run along two sides of an 80 x 40ft silage clamp positioned in the centre on one side of the building.

John Parry

The L-shaped barriers have vertical metal rods, set 6in apart to allow ewes to comfortably move their heads in and out.

These rods are covered with alkathene pipe to prevent the metal from catching on their wool fleeces; these have the added benefit of rotating to further protect against rubbing.

Around 140t of silage is ensiled, with the clamp height set at 4ft to prevent the silage being pulled out at the base and risk the face collapsing.

“Sheep can’t eat higher than this,’’ Mr Parry points out.

The silage is covered with a double layer of plastic wrap topped with netting and tyres to prevent vermin accessing it. The clamp must also comply with silage slurry and ***agricultural*** fuel oil (SSAFO) storage regulations.

Once opened and ewes start eating the barriers are pushed forward 2-3in, mostly once a day but occasionally twice.

Feeding

Ewes are housed 10 weeks before lambing, with triplet-, twin- and single-bearing ewes run as one group of 500 for the first six to seven weeks.

At 10 days before lambing, the shed is divided in two to allow the triplets and singles to be removed from the self-feed system.

This enables preferential feeding of the triplets and for intakes to be restricted in the singles.

For these groups, silage is removed from the top of the pit with a shear grab and fed in troughs in a yard alongside a 19% protein blend.

The blend includes high levels of soya and maize, balanced with oats, wheatfeed, beet pulp and yeast. Ewes carrying triplets are fed 0.68kg a head a day at the point of lambing, twins 0.56kg and singles 0.45kg.

“Ideally we would feed rolls on the floor but we can’t get the specification we need in roll form,’’ Mr Parry explains.

Benefits

He describes the flock’s performance on the self-feed system as “faultless’’.

“We have seen a huge drop in the number of ewes with prolapse because they don’t gorge on the silage, it is always in front of them.

“It is no different to foraging, they have to work to pull the silage out of the face, and there is no waste.’’

Mr Parry says labour savings are significant compared with providing fodder in a feed passage, and he should know as he has a second shed housing 400 ewes with a conventional feeding system in place.

Making pit silage instead of big-bale silage is another cost saving, he adds.

He is considering adapting the second shed too but cost has been a factor in moving forward with this plan as the shed would need to be extended. Instead, these lambing ewes move into the self-feed shed as the earlier lambers are turned out.

“As soon as we have the room we transfer them to that shed,” explains Mr Parry.

Overcoming challenges

His biggest challenge is towards the end of lambing when only a few twins are eating from the face but, if needed, the silage is removed and fed to the beef herd.

“The face has to be big enough to have adequate feeding space for 500 in the first six or seven weeks but not too big that the silage will go off when only the twins are feeding,’’ he says.

“They are slower eating the silage, even slower if the silage is too dry. In those situations, the face can go off.’’

Mr Parry aims for a dry matter of 25-28%, harvesting silage for the sheep in one cut at the beginning of June when the grass is still young and of good quality. At the end of that month a second crop is cut for his herd of 65 suckler cattle.

He places great emphasis on producing the highest-quality silage – the 2018 sheep silage analysed at 28.2% DM, 13.2% crude protein, 11.2 ME, a pH of 4.2 and 69.4 D value.

Mr Parry says that ideally he would have designed the shed around the feeding system and not the feeding system around the shed.

“For ease of management I would have had the shed big enough to have two silage pits instead of one because this would allow us to keep singles and triplets separate for longer but still on the self-feed system.’’

Advice for other farmers considering switching to self-feed silage

The shed must be right for the system – the width of the clamp face must match the ewe numbers needed to keep the face fresh

Another consideration when adapting to self-feed is pen size. Mr Parry lambs the twins in a group of 150 because they all need access to the face. Although it might not work for everyone he says it couldn’t work on a smaller system with smaller pens. It works at Goitre because at lambing time there is someone in the shed 24 hours a day.

Make sure gateways are wide to avoid ewes squashing each other when running through gates at once, which they can tend to do.

JOURNAL : Farmers Weekly

Keeping realistic yield targets and focusing on good clamp management has allowed a Wiltshire estate farm to integrate maize successfully into a mixed farming system.

Maize plays a critical role in feeding the high-output dairy herd and the 499kW AD unit at Sharcott Pennings Farm, Stowell Farms, Marlborough.

Farms manager Gavin Davies harvested 190ha of maize last autumn, aiming for 15-16t DM/ha yield.

Mr Davies says he is looking to lift production to 45t/ha but stresses the team can’t focus on yield, with drilling and harvest dates needing to suit the requirements of the cereal and livestock operations.

Until last year’s drought, average freshweight yields were 42.9t/ha as an average for 2013-17, although this dropped to 41.9t/ha freshweight last year.

“If we chase yield too much, it can often compromise the following crop by putting harvest back,” Mr Davies explains.

“We aim for an average yield of good-quality maize harvested in good time. We budget to ensure we grow enough hectares of maize.”

See also: How to minimise maize losses as feed supplies tighten

This approach also benefits the sheep and cows, as an autumn-drilled ryegrass/Westerwold ley overwinters the ewes and then provides a high-quality first-cut silage for the cows before maize is spring-drilled in April/May.

"We are very focused on maximising the total production of the farm, which might mean sacrificing a bit of maize yield for a 15-20t/ha yield of decent first-cut of silage."

Production requirements

Maize requirements

Dairy cows and youngstock: 4,750t

AD feedstock: 4,500t

Aim for a 2,000-3,000t buffer

May require 50-60ha more by 2020 due to herd expansion

AD unit requirements

Commissioned September 2012

Using 22,000t cow slurry/year

Using 6,500t/year of maize/rye

500-750t/year of water TMR and slightly spoiled silage

Variety selection

The team aims for 32-35% dry matter and 45t/ha freshweight yields from dual-purpose varieties for both digestibility, energy and fuel potential for the AD unit.

Historically, bespoke cow and AD varieties were grown, but the farm now uses three types of maize varieties:

Maturity group seven: for earlier drillings such as MAS 17E

Maturity group nine: conventional drill timing such as ambition

Maturity group 10: Later drillings such as KWS Rubiera

Each year sees a couple of experimental ‘look-see’ varieties tried out on the farm. Varieties are chosen to suit a variety of drill dates (April to May) that can manage for harvest completion in October to allow winter cereal to be drilled.

Maize is grown on greensand soil on the lower lying and lighter areas of the farm.

Establishment

Compaction is dealt with around gateways, headlands and muckheaps through use of subsoil equipment, which has been made easier during the drier weather.

Farmyard manure is incorporated using an inversion plough system, although some non-inversion work is done with a one-pass shallow disc cultivator, typically on contract-grown maize in cereal stubbles.

Crops are precision drilled with no starter fertiliser and no plastic is required. Maize is drilled from mid-April to late May depending on conditions and timing of the silage cut.

Pre-emergent herbicide is used on about 25-30% of the cropping area, depending on weed history and field moisture.

Liquid nitrogen is used to top up requirements following a pre-drill digestate application, which, along with the slurry, supplies a lot of the phosphate and potassium required. Soil indices are monitored in a three-year soil-testing programme.

One or two post-emergent herbicides are typically used, as well as a fungicide (pyraclostrobin) and trace element application. The soil is ‘manganese hungry’ and copper is also monitored.

Stowell Farms numbers

Farming 1,150ha in total

560ha of arable contracted out to neighbouring farmers

105ha of maize grown and a further 85ha grown on contract

590ha in permanent or rotational grass

38ha of catch cropped stubble turnips and 56ha of catch cropped silage ground

1,250 mule ewes with Texel, Charollais and Meatlinc terminal sires

499kW AD plant

14 full-time staff

Herd facts

530 Holstein-Friesians milked

Year-round calving milking three times a day

Rolling yield of 11,350kg currently producing 37 litres a cow/day

3.8% fat and 3.3% protein

SCC 130,000 cell/ml

380-day calving interval

Milk sold to Watson’s Dairies

Vaccinating against Leptospirosis, BVD, IBR and testing for Johne’s.

Harvest

Dry matter levels are assessed visually and with an air fryer. The air fryer is a common kitchen appliance for low-fat cooking and retails for about £30.

Plants are sampled and then chopped with a standard garden waste shredder. Up to three fields are typically assessed over a four-day ***period***.

Drying times vary according to variety or maize and the year, but Maize Growing Association recommendations are for 90 minutes of frying time with the crop weighed every 15 minutes.

Mr Davies says that the air fryer is a useful tool that helps the team harvest maize at 32-35% DM. The 2018 harvest had a significant amount of maize at 30-31%DM.

Maize is chopped to 15mm, which seems to suit both the cows and the AD unit. Cow clamps are filled first with the best maize with the best cobs and highest cob-to-plant ratio.

Shorter chop length aids clamping and reduces storage losses, says Mr Davies. Grass silage is chopped at 25-35mm to balance the cow ration.

A critical part of the process is to have plenty of staff around for the clamping stage, ensuring good compaction and a steady flow into the clamp, he stresses.

“I’m not interested in the crop being harvested quickly, it’s about spreading loads in the clamp well,” says Mr Davies, who ideally sees harvest completed by mid-to-late October.

“I’d rather pay staff £12/hour in tractors than have maize spoil in the clamp. We don’t cut corners at this stage, we often have 10 to 12 people sheeting the clamp.

"Good sheeting and protection with tidy clamp management following on helps avoid losses. It takes effort to grow so make best use of it.”

No special rollers are used, just a clamping tractor with a buck rake and then a rolling tractor with additional weights.

Clamp management

Regular weekly clamp inspections are done throughout the year to check for sheet slippage and rodent and bird damage.

Any loose or slightly spoiled silage is put into the AD unit and rotten silage is composted completely. A clean clamp face is maintained at all times.

“We don’t treat the AD unit as a bin. If it’s not good stuff at all then it won’t have as much methane potential, so it won’t do the business much good.”

The top few centimetres of every maize cow clamp is removed and fed into the AD unit. A similar approach is taken on the grass silage, with sometimes up to 45-60cm removed and composted, although slightly less is being taken this year due to feed availability.

JOURNAL : Farmers Weekly

Piers Cowling manages 1,170ha of variable soils in a renowned blackgrass hot spot, and six years ago he realised that radical changes were necessary if he was to continue growing winter wheat.

He recalls that at the height of the blackgrass problem, in one particular field, following an early oilseed rape harvest, he created a stale seed-bed.

“It was like a grass ley. We had a bit of spare time before wheat harvest and did some plant counts that revealed there were 1,200 blackgrass plants/sq m,” Mr Cowling says.

See also: Spring barley performs strongly in blackgrass battle

It was sprayed off and there was another flush three weeks later, again with about 1,200 plants/sq m.

“We drilled late and it ended up being the highest yielding field the following summer at 11.5t/ha. It shows how blackgrass was affecting our wheat yields.”

Buoyed with this success from delayed drilling, he devised a strategy to tackle the weed with his Agrii agronomist Iain Richards.

Farm facts

1,170ha of arable cropping

Crops include first wheat (feed), second wheat (milling), oilseed rape, spring beans and spring barley

Highly variable soils, from heavy silt clay loams in the valley bottom to thin soils over chalk (Icknield Series)

Six years on and Mr Richards says his is one the cleanest farms in the area, heading towards the third wheat harvest with negligible seed return.

For Mr Cowling, it’s all about maximising wheat margins, which includes growing second wheat, and every element of his approach aims to achieve this.

In seven out of eight years, late-drilled wheat outperforms spring cropping which is why he is keen to stick with second wheat.

And his approach is proving successful, with a five-year average wheat yield of 9.2t/ha. This is on a par with the yields he was previously seeing when drilling 4-6 weeks earlier, before there was a blackgrass problem.

Delayed wheat drilling

Looking closer at his strategy, his main weapon is delayed drilling. To maximise weed kill, he aims for at least seven weeks between cultivating oilseed rape stubble and drilling, allowing hopefully two stale seed-beds.

All wheat is now drilled from the end of October, and in the four years he has done this he has never had to cut back his winter wheat area because he could not get it drilled.

“There has always been a window to drill before Christmas,” he says.

He puts this down to having the right drill and better soil health. “The key is to buy the highest capacity drill that is possible with your budget to get the ground covered.”

He has a 8m Horsch Pronto disc drill which can cover 80ha a day, so it takes about a week to drill the whole wheat area.

The Pronto is also flexible, as it can be used conventionally as a cultivator drill, or it can effectively be used as a direct drill by lifting the front discs out of the soil. This reduces soil movement to avoid stimulating further blackgrass germination.

Another factor helping with late drilling is improving the workability of soils through a combination of cover crops and controlled-traffic farming.

His next weapon is a robust pre- and peri-emergence herbicide programme, investing £100-110/ha.

Maximising efficacy is important, which is why he aims to produce a high quality seed-bed and only drills when conditions are good.

This is vital to promote rapid and even crop emergence and allow the peri-em follow-up to be applied before any blackgrass germinates.

Blackgrass strategy aims to maximise wheat gross margins

Crop

First wheat (feed)

Second wheat (milling)

Oilseed rape

Spring barley (malting)

Spring beans (feed)

Yield (t/ha)

9.9

8.4

3.6

5.9

3.3

Income (£/ha)

1,706

1,510

1,185

1,031

720

Variable costs (£/ha)

612

647

613

345

374

Gross margin (£/ha)

1,094

863

572

685

346

Note: Harvest 2018 AHDB Farmbench figures

Cover cropping

Another key change at  Sparsholt Manor Farms has been the expansion of the spring cropping area, mainly to diversify the rotation, spread the workload and enable cover cropping.

“The purpose of cover crops is to increase organic matter levels, as we don’t have access to muck and I am not keen on using compost.” All straw is chopped and incorporated.

“We have been growing cover crops for five or six years and the soil is more workable, essential with the greater reliance on late drilling.”

He has two different mixes, depending on which spring crop will follow. “I don’t like having cereals in front of spring barley,” he explains.

Before barley: Buckwheat, vetch and phacelia

Before beans: Black oats, vetch and phacelia

In the past two years Mr Cowling has seen a 0.5t/ha yield lift in spring barley after the cover crop.

He has been able to quantify the benefit as he has 40ha of spring barley following overwintered stubbles, as part of the farm's higher-level stewardship scheme.

In conclusion, he says the farm has turned a corner and believes he has a sustainable system.

“If we hadn’t done anything, we would not be able to grow wheat now. Instead, our wheat yields are comparable with what we were achieving before we had blackgrass and drilling in September.”

Spring crop success

The key to successful spring cropping in a blackgrass situation is to carry out the primary cultivations in the previous summer when establishing the cover crop.

After wheat comes off, Piers Cowling cultivates with a Horsch Terrano MT disc/tine combination cultivator running 20cm deep with a Duo drill to establish the cover crop.

 “We are going relatively deep,” he says.

In the following spring, he sprays off the cover at the earliest opportunity in January, aiming for six to eight weeks pre-drilling.

“We rely on pre-emergence herbicides for spring barley and want to avoid having green trash when applying them.”

Agrii agronomist Iain Richards adds: “If you spray early and you get a blackgrass flush, there is still time to go back before drilling and get rid of the blackgrass.”

Mr Cowling generally drills a little later, in mid-March, as spring barley needs to go in and keep going and the higher altitude (820ft) means it takes a little longer for the soil to warm.

Spring barley pointers

Primary cultivations in the previous year

Early destruction of cover crop

Move as little soil as possible at drilling

Patience – those who mauled in a crop last year saw poorer yields than those who waited another 1-2 weeks

Spring barley

This season Planet has replaced Propino barley and he aims for a seed rate of 400 seeds/sq m, which he will increase if drilling gets delayed.

Mr Richards highlights that some growers got caught out last spring. They were delayed by a month and did not have any extra seed to increase rates.

“They did not tiller as much, hence yields were lower,” he says.

Mr Richards is not in favour of using pendimethalin on the spring barley, as you can get crop damage if seed is not drilled at adequate depth, "especially as you don’t want to go too deep with later drilling to tackle any blackgrass and delay crop emergence”.

Instead, he bases his pre-emergence programme on flufenacet, as it gives a better safety margin for shallower drilling.

With nutrition, Mr Cowling applies 40-50kg/ha of N as liquid just after drilling and he aims for a total of 140-150kg/ha.

Mr Richards advises going with an early plant growth regulator to encourage rooting and tillering, along with some phosphite and trace elements. Some of his soils are very alkaline, so manganese can be an issue.

This approach is resulting in spring barley yields of 6.5-7t/ha, although the challenging conditions last season resulted in a still respectable 5.9t/ha.

Mr Cowling takes a similar approach with spring beans and over the two years he has grown the crop, he is averaging 4t/ha.

He drills at 80 seeds/sq m and his pre-emergence herbicide programme is based on Nirvana (imazamox + pendimethalin) plus Centium (clomazone).

“We are looking not to spend too much and will usually apply one to two insecticides for Bruchid beetle plus a fungicide for chocolate spot.”

JOURNAL : Farmers Weekly

Although brown rust may not command the same attention as other barley diseases, it remains a potential seasonal threat to yield and could become more prevalent if the UK climate becomes warmer in future.

It is caused by a different pathogen (Puccinia hordei) to the one associated with brown rust in wheat and there is no cross-infection between the two crops.

Indeed, while wheat brown rust tends to be geographically limited to southern England (typically south of the M4), barley brown rust can be more widespread if weather and variety susceptibility are conducive to disease build-up, says Adas cereal disease specialist Jonathan Blake.

See also: Malting barley on heavy land pays off for Cambs grower

“It can affect winter and spring barley, but generally is more of an issue in autumn-sown crops when weather is mild during autumn and winter.

“Risk may be slightly higher in warmer parts of the South and East, but is more linked to the density of barley growing in specific areas.”

As with any foliar disease, severe early infections that are left unchecked will reduce the plant’s green leaf area, limiting photosynthesis, tillering capacity, tiller retention and growth, Mr Blake says.

Barley yield is heavily dependent on final shoot number and grain number, both of which are determined quite early in the season (pre-growth stage 31), so anything that restricts crop growth over winter and early spring will affect yield, he says.

Brown rust at a glance

Foliar disease of winter and spring barley

Bigger issue in early-sown winter crops

Risk increased by mild winters and warm, humid conditions in spring/summer

Good range of chemical controls make it relatively easy to control

Growing varieties with high resistance and destroying barley volunteers mitigates risk.

Lifecycle and spread

Brown rust can only grow and survive on green living plants so it overwinters in crops and on volunteers.

Cold weather will slow disease development, but won’t kill the pathogen, so the threat can soon increase again when temperatures rise, says plant pathologist Bill Clark of Niab Tag.

“During mild seasons you can often find brown rust in winter barley crops during the autumn and by January/February, ready to take off in the spring.”

The disease needs higher temperatures (15C to 22C) and high humidity to develop fully, spreading by wind-blown spores (uredospores). These spores need surface moisture on the leaf to germinate and form the characteristic brown pustules – symptoms usually occur within five to six days in optimum conditions.

The fastest spread occurs at higher temperatures later in the season.

Risk factors

Weather is the primary driver of brown rust risk. Disease will develop within autumn-sown crops and volunteers over mild winters, increasing the pressure by spring.

The high temperatures and high humidity associated with brown rust epidemics typically occur during spring into summer (especially April to June), when cool nights and dew provide enough moisture for disease build-up, and dry, windy days disperse spores.

The density of barley cropping within the local area can be a big risk factor for brown rust, especially as spores spread on the wind, says Mr Blake.

High levels of barley volunteers can also provide a “green bridge” for the disease to overwinter and potentially infect crops in the surrounding area, he adds.

Growing varieties with low resistance to brown rust is another risk factor, although Mr Clark says many barleys on the current Recommended List have relatively good ratings (6s and 7s).

“But even if you’re growing a variety rated 5 or 6, be aware you can still see brown rust develop quickly if conditions are right.”

Many different races of barley brown rust occur naturally in the environment, so reliance on a single variety with resistance to a particular strain of the pathogen, can eventually select for other types, he notes.

Chemical controls

Brown rust in winter and spring barley is relatively easy to control by chemical means given a good range of effective chemistry currently available.

As with any barley disease though, early control and a protectant strategy is best to prevent the disease getting established and reducing yield potential, says Mr Blake.

If disease pressure is very high in autumn-sown crops, he says there may sometimes be a case for treatment before winter, but generally the first key fungicide timing is around growth stage 29-30 to remove any disease that built up over winter.

Growth stage 31-32 is the next key fungicide timing for winter and spring crops, as this protects the lower leaves through to flag leaf emergence.

Most azoles and SDHI mixtures used at the main barley fungicide timings offer good activity on brown rust, so it rarely warrants any extra specific treatment,, says Mr Clark.

Strobilurins, notably pyraclostrobin, also have good efficacy, so can provide a useful alternative, notes Mr Blake.

Reducing risk culturally

Growing a range of varieties with good resistance can mitigate brown rust risk, but is not always possible where end-users require a specific variety.

Controlling barley volunteers to remove any “green bridge” for disease to overwinter will also help reduce risk.

Identification

Brown rust is relatively easy to identify in barley, characterised by small orange to brown spore pustules about 0.5-1mm in diameter on the leaf surface.

These pustules may develop a yellow halo as leaves begin to senesce around the infection site.

Early-sown winter barley can show rust symptoms in the autumn and winter if conditions are conducive.

Jonathan Blake advises growers to check the earliest formed leaves at the base of the plant for signs of infection.

Brown rust pustules are more randomly scattered than yellow rust, which is less common in barley and tends to form more of a striped pattern.

Late development of the disease may see brown rust spread from leaves to the stem and ear. Dark brown/black spots (teliospores) can sometimes also be seen towards the end of the season.

JOURNAL : Farmers Weekly

Managing an early spring turnout successfully could be hugely beneficial in years where farmers need to stretch out winter feed stocks.

If soils are particularly compacted from the previous year's weather conditions, special steps should be taken to ensure a productive growing season.

Independent beef and sheep consultant Dr Liz Genever and independent soil and grassland consultant Jonathan Holmes at Lordington Park Agronomy discuss five areas livestock farms can look at in order to gear up for spring turnout.

See also: Guide to fertiliser terminology and spreading equipment

1. Assess soil health: Dr Liz Genever

Invest in soil testing. If your meadow/silage ground hasn’t been tested for three years then it’s time to do it. Pasture ground should be tested every five years. This can cost as little as £3-£4/ha or £10/field.

Are soils between 6-6.5pH and at the right indexes (2 for phosphate and potash)?

Evaluate compaction (see box) but ensure there is enough moisture, or dryness may be mistaken for compaction. If your soils are score 4 or 5, then action is required.

How to assess compaction yourself

Dig 30cm deep with a spade, cutting three times into the sward and push back the sward on its fourth edge to score its compaction.

Score 1: Crumbly: 6mm, rounded soil particles

Sweet earthy smell, lots of well distributed roots, small rounded aggregates

Score 2: Intact: 10mm, rounded particles

Earthy smell, porous, good root distribution, some larger aggregates

Score 3: Firm: 10mm, but some angular soil particles

No strong smell, moderate root distribution, larger soil lumps and angular lumps

Score 4: Compact: >5cm particles, effort needed to break down aggregates

Some red/orange mottling may indicate poor drainage, roots clustered, worm channels visible, may smell sulphuric (eggy)

Score 5: Very compact: >10cm

Some red/orange mottling may indicate poor drainage, roots near surface or down pores/cracks, worm channels

Source: AHDB Healthy Grassland Soils

2. Be flexible with your early turnout: Dr Liz Genever

Be prepared to slow rotations down and buffer feed to avoid overgrazing and damage if dry or cold conditions slow grass growth.

If soil moisture remains in deficit be wary of overgrazing and reducing leaf area available to capture sunlight energy. Leave a residual of 1,500kg DM/ha for cattle and 1,200kg DM/ha for sheep.

Cattle

Turn youngstock and lighter animals out first i.e. weaned calves as they are easy to bring back in, then growing cattle, then cows with spring-born calves as calving progresses.

Cow/calf pairs might be best turned out when calves are three to four weeks old and can cope with the increase in milk yield that may result from turnout

Autumn-calving herds will be best kept with calves on good quality grass. Weaning early could mean body condition becomes hard to manage on cows through the summer

Have you gateways and tracks to allow you to manage on/off grazing like a dairy farm?

If wet, ensure cattle are kept moving and rehouse if necessary – you may have saved a week or two’s silage.

Sheep

Consider supplementing good quality straw with concentrate or sugar beet/fodder beet at pasture if conserved forage stocks are low.

3. Support soil fertility: Dr Liz Genever

Fertiliser at 30-40kg N/ha in urea or ammonium nitrate form could help growth as long as soil temperatures are high enough and it is being applied to responsive grasses (e.g. sown species, with some leaf area to fix sunlight)

Soil temperature must be above 5C for five days at 10cm deep for soil biology to make nitrogen available to grass and at 8C for clover to grow.

Early turnout requires early fertiliser. Monitor soil temperatures via Agrii monitoring stations on the AHDB weather hub or buy a soil thermometer for about £5 to assess condition yourself.

4. Manage compaction: Jonathan Holmes

Surface slitting, chain harrowing or tining grassland can help aerate soil and allow soil microbes to access nitrogen from the air. This removes thatch and can help surface compaction.

Sward lifters may have a role to play but it’s best to wait until the autumn and use with careful consideration because subsoiling disrupts soil biology and can lead to short-term productivity losses.

Heavy soils, especially with a high magnesium content, could benefit from calcium.

Look into spreading gypsum or calcium prills. This works by attaching negatively charged soil particles to positively charge sodium particles, creating granular soil with more air pockets.

Gypsum is cheaper but slow to enter the soil. Some farmland could benefit from 80kg of calcium prills/ha.

Remember, a healthy soil needs to be roughly 25% air, 25% water, 45% silt/sand/clay and 5% organic matter.

5. Repair failed ryegrass swards: Jonathan Holmes

Consider patching up grassland sooner rather than later and risk soil moisture dropping further if you’re a dry farm.

Overseeding is best done in April or September if soil moisture allows, or once grazing has reduced competition from established grasses.

Marginal fields could benefit from more varied grassland varieties. Lots of ryegrass monocultures droughted off last year.

Ryegrass has a rooting depth of only 50-75mm. Consider a variety of heading dates and rooting depths such as Timothy and Cocksfoot, which can reach down 100cm and head at different times of year. Chicory varieties have 30-50cm of typical rooting depth.

JOURNAL : Farmers Weekly

Over a modern laying hen's lifetime it will produce many multiples of its bodyweight in eggs, and as genetic selection improves, so too does the length of the bird's productive laying cycle.

But the trade-off of this genetic marvel, is that managing that potential becomes more complex.

Under ideal conditions, Hy-Line commercial hens can produce a 28.4kg egg mass output to 100 weeks, according to nutritionist at the firm Marcus Kenny.

“I know we don’t keep birds up to 100 weeks in the UK, but that is what they are genetically capable of,” he says.

Feed conversion

“It can produce more than 14 times its weight in egg mass over its lifetime. That’s a tremendous output. "Not only can it produce that egg mass, it can do so very efficiently, with a feed conversion ratio to 60 weeks of 1:1.87-1.9.”

That means for every 1.53kg of feed consumed by a bird, a dozen eggs are produced.

Reaching potential

But getting close to that ideal performance requires the best management alongside razor-sharp attention to nutrition, and that begins with getting birds off to a good start in the rearing ***period***.

The best measure of this is hitting bodyweight targets for birds at three, six and 12 weeks.

“Achieving this is critical in terms of achieving the physiological development required to attain the quality of layer required at the onset of lay,” says Mr Kenny.

New figures confirm the importance of hitting individual weight targets.

A piece of research done by Hy-Line that took a sample of flocks and recorded bodyweight at 18 weeks found that those in the heaviest quartile of birds laid 318 eggs by 70 weeks, compared with 281 eggs for the lowest quartile (see below).

[*https://infogram.com/poultry-update-body-weight-and-egg-production-of-top-and-bottom-producers-1hzj4o5vm7x32pw?live*](https://infogram.com/poultry-update-body-weight-and-egg-production-of-top-and-bottom-producers-1hzj4o5vm7x32pw?live)

Stressors

Missing this target is usually down to some form of bird stress disrupting feed intake, according to Mr Kenny.

“Achieving that 18-week bodyweight doesn’t necessarily come that easily.

Egg size

Nutrition must be adapted to a changing egg size market.

For instance, to achieve a larger egg size it is important to provide birds with the nutrients required to support larger eggs – especially at the beginning of lay.

The key is to ensure that the birds’ intake of key nutrients, in particular energy, sulphur amino acids and linoleic acid, meets its needs for higher egg size.

A nutritionist should formulate a diet to account for the birds feed intake, as not achieving the daily nutrient requirement level may well result in egg weight targets not being achieved.

“We can often see depressions in growth in the early stages that can be quite significant – and then they persist right the way through to 18 weeks of age.

Switching from Starter to Starter Two or Grower diets, change in feed form, bird vaccination, heat stress or ventilation issues are all typical causes of stress in pullets, which can then cause depression in feed intake by up to 25%, he says.

“The feeding programme should be managed based on physiological development, not age, and should be adaptable to achieve bodyweight objectives at all stages of rear, regardless of the stresses imposed on the flock,” explains Mr Kenny.

Putting a higher-spec diet in place either when birds show signs of stress, or pre-emptively when, for example, vaccination teams are scheduled to arrive can mitigate the risk.

“If we miss any part of that rearing ***period***, it’s very likely that the bird will have some system that is compromised.”

Entering production

Assuming a good rearing weight is achieved, the next stage is meeting birds’ needs as they enter production.

Again, the potential is great: depending on lighting regime, an egg mass of more than 1kg would be expected per bird by 23 weeks, 2kg by 25 weeks and more than 4.5kg of egg mass by 35 weeks.

The bird, therefore, may have not reached its physiological maturity but its output is way over twice its bodyweight.

Furthermore, it has to grow from about 1.5kg to its mature weight of 1.9kg by 32 weeks.

“The goal is to have a positive bodyweight gain from every week between transfer to 30 weeks of age.

"That’s a lot of bodyweight to gain, and we know the best flocks are the ones that achieve that mature bodyweight by 32 weeks of age.”

High energy pre-lay and early-lay diets are becoming more common to support this demanding ***period***, in particular given that birds' daily feed intake level is not fully developed.

Later lay

Some farmers are reconsidering nutrition as birds progress through to later lay, adds Mr Kenny.

“We’ve got some free-range flocks that are producing at 92% production up to 52 weeks – egg production is almost plateauing, rather than tailing off, and that means we can have birds producing on average an egg mass output well above of 55g/day.”

The theoretical energy requirement for that size egg is in excess of 310kcal/day, but usually diets reduce energy levels as birds age.

“I think we sometimes overlook feeding birds to their egg mass output.

"It’s one of the things that I feel we need to take a look at – if birds are still performing well above 55g egg mass output per bird per day, we need to support them with a high energy density diet.”

Free-range layers may have yet higher energy requirements, in particular if feather cover is not 100% – particularly in the winter.

Economics

Ultimately, however, the choice of how to spec layer diets comes down to economics.

Here, Mr Kenny says research conducted on Hy-Line Brown layers suggests that higher margins are to be had from flocks fed higher nutrient density diets.

“We can minimise our cost per bird by feeding lower nutrient density diets, and perhaps save ourselves 10p/bird, but we’re not necessarily maximising our profit – and could be reducing our margins.

"Generally, more nutrient-dense diets tend to support higher productivity and are also  more profitable.”

Marcus Kenny was speaking at the Society of Feed Technologists’ Poultry Conference

JOURNAL : Farmers Weekly

An expanding viticulture sector is driving competition for UK farmland capable of growing grapes.

Long-term tenancies and outright purchases are being coveted by the country’s biggest wine growers as the industry continues to expand.

Kent and Sussex remain the most active counties, but vineyards are not constrained to south-east England.

See also: Farmland market sees supply slump ahead of Brexit

They can now be found as far west as Pembrokeshire and as far north as Yorkshire.

Underlining the UK’s appeal, Champagne giant Taittinger is among those known to have purchased land in Kent to produce English sparkling wine.

Agents involved in acquisitions and sales say premiums above market value exist for outright purchases of plantable land, with prices ranging from about £12,000/acre to £20,000/acre.

Strong rents of up to £350/acre are being paid by wineries on 25 to 30-year farm business tenancies (FBTs) too.

What’s changed?

Savills’ Viticulture in Great Britain report says the UK land area put to vines has increased every year for a decade and now stands at about 5,600 acres.

Wine is the fastest-growing British export, but the UK still imports more than £3bn of product, predominantly from France, Italy and Spain.

Vines can be grown across much of England and Wales but soils, aspect and altitude means the supply of commercially viable vine land is finite.

A warmer climate and the growing reputation of UK vineyards has helped develop what is still a young industry.

Savills director Chris Spofforth said: “There is a recognition that there are good soils here and the climate in the South East now is akin to that of the Champagne region 30 years ago.”

Major domestic vineyards, such as Nyetimber, Biddenden and Chapel Down continue to win international quality awards, backed up by countless success stories from smaller producers.

Active buyers

Mr Spofforth said the number of buyers looking for suitable land is few in number but serious in interest.

“Two of the largest farmland sales in Kent and West Sussex last year went to viticulture,” he said. “One was an established business and another was bought with serious ambitions to plant vines.”

The specific requirements of buyers coupled with the sensitive nature of acquisitions means land tends to be expensive.

Savills says most deals are done privately. There is also a knock-on effect on the rental market.

“One of the largest tender lettings in Kent last year went to the Chapel Down winery,” Mr Spofforth added.

Paying a premium

Tom French, managing partner at BTF Partnership, has been involved in buying and selling vineyards for more than 15 years.

He says most of the largest UK brands are looking to expand through purchases, FBTs or production under contract.

“The bigger growers have expressed that they will pay a small premium over and above the market rate – perhaps £1,000 to £2,000/acre over market value for a purchase,” Mr French said.

“However, they are competing with a growing number of rollover buyers. “There’s hot competition down here and the wine growers don’t always have deep enough pockets.”

He said that a number of his clients had approached his firm to discuss contract terms or FBTs.

“Some will have the land, the skill and the labour to plant vines and will be excited about growing a new crop under contract, which adds to their diversity. It is a long-term investment though.

“Some wineries are looking for land they can take under FBTs that will command a premium over cereals, but again the terms are likely to be 25 years or more.”

JOURNAL : Farmers Weekly

Irish farmers say they will face tariffs amounting to some 1.7bn (£1.5bn) annually if the UK leaves the European Union without a withdrawal agreement.

It follows confirmation by Michael Gove that the UK would apply tariffs on a range of food imports to protect British farmers in the event of a no-deal Brexit.

See also: Food tariffs to protect farmers in no-deal Brexit

The Irish Farmers Association said Mr Gove's pledge – made at this week's NFU Conference (19-20 February) – demonstrated the gravity of a no-deal Brexit for the Irish farming sector.

Ireland's farm minister Michael Creed had confirmed that tariffs on Irish food imports would amount to approximately 1.7bn a year, the IFA said.

Market support

The IFA said European farm commissioner Phil Hogan must come forward immediately with a plan for comprehensive market supports in the event of a no-deal Brexit.

This should include direct payments to Irish farmers.

The NFU has warned that British growers and livestock producers must not be undermined by a flood of food imports produced to standards that would be illegal in the UK.

Tariffs are seen by some supporters as one way of achieving this – but UK consumer groups have also voiced concern that food prices would increase as a result.

The pro-free trade Consumer Choice Centre said tariffs would “put another burden on British consumers” and increase the costs of Brexit.

'Protectionism'

It would send a signal to the rest of the world that post-Brexit Britain would pursue protectionism ahead of consumer interests, it claimed.

Consumer Choice Centre spokeswoman Maria Chaplia said: "Free trade is vital for consumer choice as it allows consumers to enjoy a greater variety of products at a lower cost.

“Interventions in the form of tariffs, non-tariff barriers or quotas hit consumers the hardest, and therefore should be avoided or decreased at all costs,” said Ms Chaplia.

JOURNAL : Farmers Weekly

JCB has been granted a preliminary injunction by a French court against competitor Manitou to stop the French firm from building telehandlers featuring a patented device.

The ruling by the judge at the Court of the First Instance in Paris means Manitou cannot build, sell or lease telehandlers with this device and it has been ordered to cease using it by 13 March 2019.

JCB has patented the Longitudinal Load Movement Control (LLMC) system, which has sensors that monitor weight being retained on the rear axle. If they detect the axle weight reducing past a set threshold, the system gradually locks the hydraulics until they can’t be used, thus preventing the machine from tipping forward.

See also: JCB spends £6m on new Loadall cab

The patented feature in question on JCB’s LLMC systems disengages the device while the machine is moving to prevent the handlers locking the hydraulics unnecessarily and giving false readings of imbalance when it travels over rough ground.This is the detail that the French court has deemed to be a JCB patent used on Manitou handlers.

The Nantes-based maker will also have to pay the court costs for the case.

JOURNAL : Farmers Weekly

Despite selling fewer than 300 models to its small and devoted band of followers last year, Jeep has decided to invest healthily in a new Wrangler model that brings with it the same off-road ability in a more frugal and high-tech package.

Jeep's moneymen will no doubt have been buoyed by the Land Rover Defender's continued exile from the 4x4 market, giving them a chance to tempt a few more hipsters and hardcore off-roaders to the virtues of the one-of-a-kind Wrangler.

See also: New Ford Ranger pickup gets 10-speed auto box

Sadly for petrolheads, the 3.6-litre V6 petrol has disappeared from the menu, replaced with a turbocharged 2-litre unit that promises to deliver equal combustive vitality. The stats suggest it's a mere 12hp shy on the power front and max torque has actually risen to 400Nm.

The old 2.8-litre MultiJet diesel has also wound up in the scrap heap, deemed too uneconomical compared with a new 2.2-litre lump offering the same 200hp and only 10Nm less torque.

Things have changed in the transmission department too, with buyers getting the option of a seven- or eight-speed auto transmission – both of which promise considerably ***smoother*** acceleration and more frugal fuel use than the antiquated five-speeder in the previous model.

Squeezing these modern transmissions into the Wrangler's compact frame has robbed a little left-leg space from the driver, though. This means you have to tuck your foot awkwardly under the brake pedal or pull it up close to the seat.

Jeep Wrangler Rubicon spec

Engine Two-litre four-cylinder turbo

Fuel Petrol

Power 272hp at 5,250rpm

Torque 400Nm at 3,000rpm

Transmission Eight-speed auto

Four-wheel drive Rock-Trac full-time 4x4

Top speed 99mph

Towing capacity 2,495kg

Approach angle 36deg

Departure angle 20.8deg

Wading depth 760mm

Tyres 255/75 R17

Price OTR £48,365

Interior

Though our thoughts about external changes were limited to a Post-It note, the inside of the Wrangler is almost unrecognisable from the outgoing model.

The basic, rugged feel has all but disappeared, replaced with a rather neat interior ensemble that includes a central 8.4in screen on the upright dash containing DAB radio, sat-nav and Apple Car Play.

And with no V6 thrum to keep ears occupied, passengers will have to do with an Alpine speaker pack. As with previous models, the doors, roof and windscreen can be removed and there’s also the option of a sliding roof.

Four-wheel-drive

There are two four-wheel drive systems available depending on spec. Command-Trac comes on Sahara and Overland models and is a standard low-range box.

More expensive Rubicons get Rock-Trac, which includes a locking central diff. Extras extend to Tru-lock (electric front and rear lockers) and Trac-lock to electronically disconnect the front anti-roll bar.

A 36deg approach angle blows most of the pickup market away, while a 20.8deg departure is about average.

Wading depth is an impressive 760mm and it can tow 2,495kg – not quite on a par with the big-ticket pickups, but by no means embarrassing.

However, seeing down to the front corners of the Wrangler is still tricky – so much so that tight off-road sections of our test course required a daring passenger to hang out the window to act as navigator.

We found the steering a little lightweight and unresponsive, too.

And given the extreme suspension travel, it was no surprise to experience wallowy handling through the corners. Cheeringly, the straight-line ride is much better.

Likes

Unbeatable off road

Iconic design

Relaxed and comfortable interior

***Smoother*** and quieter road ride

Gripes

No space for driver's left foot

Can’t see front wings

High starting price

Noisy rear wiper

Verdict

The new Wrangler still has bags of character and the sort of welly-wearing off-road pedigree that will put any brand-new motor on today’s market in its place.

Interior upgrades have bought the dated warhorse into the 21st century but, sadly, the price has also climbed. Starting at near £45,000 puts it in Discovery Sport territory and sales may also be hit when the new Land Rover Defender comes along later this year.

JOURNAL : Farmers Weekly

The extreme weather and extended drought last year made it a difficult season for maize growers, with many producers across the country reporting losses and unexpectedly early harvesting windows.

While the weather is something growers are unable to control, perfecting other areas of maize establishment and growth can help reduce the risk of further losses.

Ahead of the 2019 season, John Morgan of the Maize Growers Association talks through the key things farmers can learn from 2018 and gives advice on what to consider when planting and growing to get the best out of this year’s maize crop.

Key learning points from 2018

There was a lot of variation

While maize is a drought-resistant crop, the extended hot, dry weather seen last summer caused havoc for growers. The effect of this varied greatly across the country, with some reporting better-than-ever maize crops while others noted reduced root growth and yield.

Early drilled crops thrived the most

Despite the weather pressures, growers who drilled maize crops early and into well-structured soils saw the best results in 2018.

Harvest was much earlier than usual

The 2018 maize harvest was about two weeks earlier than usual, on the back of the hot and dry weather. This caught many growers out and resulted in a lot of dry maize crops.

Advice for the season ahead

1. Carry out a soil assessment

Ensuring soil is in the best condition is the key to growing a good maize crop – if the roots aren’t able to access moisture then the crop will subsequently suffer.

Consider subsoiling before drilling to alleviate any compaction and ensure seeds are being sown into a good, fine seedbed.

At this stage, it is also worth getting a soil analysis done and rectifying any issues before drilling.

Target: pH of six and P and K indices of two.

2. Don’t drill or harvest based on a pre-set or ‘traditional’ date

Although early drilled crops performed the best and the earlier harvest caught many out, it is crucial to not get hung up on drilling or harvesting on specific dates. Instead, base drilling around soil condition and temperature.

Target: For optimum drilling conditions, soil needs to be 8C first thing in the morning for four or five days. As soon as the conditions are right, go for it.

3. Take extra care when drilling

About 60% of maize yield is attributed to establishment so paying attention to the drilling process is very important. The advice is to slow down and ensure you are drilling at a consistent depth, using consistent spacing to ensure good, even establishment.

Target: Depth and spacing will vary from farm to farm. Spacing should be matched to seed rate. For example, those using 50,000 seeds/ac will need to use greater spacing compared with those using seed rates of 45,000 seeds/ac.

Drilling depth should be based on where the moisture is within the seed bed. If the moisture is five inches down, then drill to about four inches, but if the moisture is much shallower then drill down by only an inch.

What is crucial is that the depth is consistent across the field.

See also: 6-step guide to successful maize establishment

4. Monitor the crop carefully throughout the growing season

At various stages throughout the growing season, take into consideration the weather pattern and temperature.

Both of these factors can affect maturity and harvest date and could mean an earlier or later harvest than usual, so it is important to be prepared for both eventualities.

Monitoring weed levels is also imperative. In the first six weeks after drilling, maize is at its most vulnerable in terms of weed competition.

Growers need to ensure they don’t allow weed competition to take moisture or nutrients that are needed by the crop – looking for problems and hitting weeds early is essential.

5. Be flexible with your plan

As proved last year, the weather can very quickly change things for maize growers and adapting to it can make all the difference between a good or bad crop. Do not get tied to dates, but make decisions on an individual field basis and be flexible with your approach.

In the run up to harvest, assessing the dry matter of the crop is key. Maize has a relatively consistent dry down rate, meaning that if you know the DM rate at the beginning of September, you will be able to predict an accurate cutting date.

Drying down can be done in a number of ways, including in an oven overnight or looking at a cob and assessing the maturity of the grain. Basing harvesting on the results of this, rather than a traditional date, should make for a much more profitable harvest.

Target: Whole-plant dry matter (DM) for most growers in a normal year will be between 30% and 32%.

Selecting varieties

Variety choice can play an influential role in the success of a maize crop. Individual requirements will vary from farm to farm depending on factors such as soil type, quality requirements and disease risks.

Below is a list of the top 10 varieties – in terms of dry matter yield – taken from the British Society of Plant Breeders 2019 Forage Maize Descriptive List, which are available to growers for the 2019 season.

“Top of the list for dry matter yield is LG31218, a later maturing variety for favourable sites, combining excellent yield potential and a highly digestible cell wall score,” explains Ellie Sweetman, forage crop specialist at NIAB.

“Something like Avitus by KWS is a good all-rounder with excellent yields for its maturity, producing good ME at harvest, with very good standing power scores.”

“Growers are looking for highly digestible, good quality silage plus early vigour – often an undervalued character in more challenging conditions where the ability of a variety to demonstrate vigorous early growth is particularly important.”

Top 10 maize varieties

Variety

Dry matter yield (t/ha)

Dry matter content at harvest (%)

Starch content of whole plant at harvest (%)

ME of fresh plant at harvest (MJ/kg dry matter)

Cell wall digestibility (%)

For favourable sites

LG31218

18.7

30.5

29.5

11.6

59.6

LG31211

18.5

30.3

28.4

11.6

60.1

Avitus KWS

18.5

35.5

36.1

11.6

57.3

Spyci CS

18.4

29.0

28.9

11.4

58.9

Gatsby

18.4

31.8

31.4

11.5

58.2

For less favourable sites

Avitus KWS

18.4

35.2

34.3

11.3

55.7

Aurelius KWS

18.1

32.4

31.5

11.2

56.2

Autens KWS

18.0

32.9

31.6

11.2

56.0

Fieldstar

17.9

32.1

32.0

11.4

57.2

Absalon

17.9

30.9

29.1

11.5

59.1

JOURNAL : Farmers Weekly

A comprehensive worm survey of farms in England has shown they are rare or absent in two out of five fields, reflecting widespread historical over-cultivation.

The #60minworms project required volunteer farmers to dig 10 small pits across a field so that both the overall number and diversity of earthworms could be counted.

The project, organised by Jackie Stroud, a NERC soil security fellow at Rothamsted Research, and ***funded*** by the Natural Environment Research Council (NERC), covered 1,318ha of farmland in England.

See also: 3 ways to measure your earthworm numbers

One of the project’s main aims was to find the baseline of farmland earthworm populations against which farmers could test their soil health both now and in the future.

Rare or absent

The study, which was carried out between March and April 2018, revealed that the average field had nine earthworms in every spadeful of soil, with top fields having three times that number.

One in 10 fields had high earthworm numbers of more than 16 worms per spadeful.

However, 42% of fields had poor earthworm biodiversity – meaning either very few or none of the surface-dwelling and deep-burrowing categorisations of worms were seen.

While there was a good presence of horizontally burrowing topsoil worms in most fields, 21% lacked any surface-dwelling worms and no deep-burrowing worms were found in 16% of fields.

[*https://infogram.com/earthworm-numbers-1h7g6k5kkzlo6oy?live*](https://infogram.com/earthworm-numbers-1h7g6k5kkzlo6oy?live)

Earthworms perform a number of useful "ecosystem services", and high numbers of earthworms have been linked to enhanced plant productivity.

Dr Stroud said the absence of deep-burrowing worms is particularly concerning as their vertical burrows aid water infiltration and help combat waterlogging.

Most fields had a good presence of topsoil worms, which are generally unaffected by over-cultivation, revealing the impact of heavy or regular tillage on their numbers.

The study also revealed that organic matter management has a mixed impact on earthworms, with straw retention and manuring having no significant positive effect, although cover crops were shown to significantly increase deep-burrowing worms.

Making the change

Since taking part in the study, 57% of the farmers said they would change their soil management practices as a result.

However, Dr Stroud said that deep-burrowing worms are slow to reproduce, so it could take a decade of changed management practices to recover their populations.

“Earthworms influence carbon cycling, water infiltration, pesticide movement, greenhouse gas emissions, plant productivity, the breeding success of birds and even the susceptibility of plants to insect attack,” she said.

“Crucially, working together with farmers, we now know typical earthworm numbers in ***agricultural*** soils and between us have developed a quick method for ongoing monitoring.

“Many farmers have reported they plan to survey again this spring following benchmarking their fields last year.”

JOURNAL : Farmers Weekly

Meat export orders are being cancelled and business lost because of Brexit uncertainty.

Warning of major disruption to the supply chain and severe financial consequences for British meat companies, the British Meat Processors’ Association (BMPA) is calling on the government for clear information and guidance and for it to step up efforts to agree trading terms with our most valuable overseas partners.

The association, representing the majority of abattoirs and meat wholesalers of all sizes, has been inundated with inquiries from members wanting information on what exactly is going to happen.

See also: Expert advice on tendering for a farm tenancy ahead of Brexit

“Despite numerous crisis meetings with government officials, we are still no closer to getting definitive guidance on tariffs, certification and health marks that our members desperately need,” said BMPA chief executive Nick Allen.

“Unfortunately, the disruption has already started and damage is already being done.

“The lack of clarity around Brexit is now causing orders to be cancelled and effectively closing off once lucrative export markets to British firms.

“During March meat processors will be faced with the conundrum that they will be buying animals to process without any understanding of what the market may look like post-29 March.

“And it won’t be a simple matter of selling more product into the UK market because most of the £1bn worth of meat exported is made up of cuts that are popular overseas but not here in Britain.”

The problem affects the whole food supply chain, says BMPA.

Delays in announcing what tariff rates will apply in the event of a no-deal Brexit mean that shipments to overseas markets that set off tariff-free will arrive at their destination after 29 March and be subject to an, as yet, undetermined tariff.

Those overseas customers have no way of knowing how much extra they will be required to pay.

Insurers are refusing to indemnify against losses related to a no-deal Brexit and there is also confusion about which health mark should be used.

This is the stamp that indicates at which plant meat has been processed, ensuring traceability and provenance.

No decision has been made by government over what this mark should be, says BMPA.

Major export markets have given no formal acceptance of the UK’s change of status as it ceases to be an EU member state, so there is a real danger that any product that gets shipped bearing the wrong mark will be turned away at its destination, says BMPA.

JOURNAL : Farmers Weekly

Beef processing giant ABP has launched a vegan burger as the company seeks a greater share of the growing market for meat-free food.

The two quarter pounder meat-free burger pack – made from a mix of seasoned pea and soya proteins – is the first product under a new ABP brand called Equals.

Equals is the company's first fresh plant-based, meat-free brand for distribution in the UK.

See also: No contradiction in my vegan stance, says Gove

Made at ABP's Eatwell meat-free processing facility in Liverpool, the vegan burger is on sale in Asda supermarkets and online.

The packaging bears the words: “No meat. No compromise.”

ABP UK – the UK division of ABP Food Group – is one of the nation’s leading meat suppliers, working with more than 35,000 farmers to deliver a range of fresh and frozen meat products.

Texture and flavour

The company says its Equals range of products has both the texture and flavour to equal the meat-eating experience – and will appeal to meat reducers and non-meat eaters alike.

ABP UK commercial director Darren Jones said: “We are very excited about our first fresh brand launch into the meat-free category.

“Our core business is and will remain in beef but we recognise the growing demand for products that fit a flexitarian and meat-free lifestyle.

“As a business we have long invested in understanding market and consumer trends and we have a keen interest in exploring opportunities that provide consumers with choice.”

£250k campaign

The Equals brand launch is being supported by a £250,000 in-store marketing and social media campaign and is available in Asda stores from this week.

ABP says it plans to increase sales of its Equals brand by selling through other retailers and food service providers over the coming months.

It says the move is part of a multi-million-pound investment in its branded and ready-to-cook meat and meat-free solutions, which complement ABP’s core processing business.

Kantar Research suggests growing demand for meat-free alternatives from consumers.

One in 12 households now include some aspect of meat-free alternatives as part of their weekly diet, while demand for vegetarian meal options has grown by 8% over the past five years.

ABP first entered the meat-free category in 2011 and has since has grown to become a UK market leader for own-label vegetable-based, meat-free products.

JOURNAL : Farmers Weekly

Powdery mildew is a widespread disease across the world and Britain, particularly, has the ideal climate for the fungus to spread and infect barley crops. We take a look at risk factors, how it spreads, and how to reduce risk and control the disease.

There are several forms of the mildew pathogen, each of which affects specific crops and will not cross-infect. The species affecting barley is the hordei form of Blumeria graminis.

Infection during the important stages of early crop development can reduce green leaf area, limit tiller formation or cause tiller loss, all of which ultimately reduce yield. Disease must therefore be controlled early to prevent this happening.

See also: How to manage brown rust disease in barley

Mildew at a glance

Foliar disease affecting winter and spring barley

Older varieties without the ‘mlo’ gene tend to be at greatest risk

Warm, humid conditions increase risk (heavy rain limits disease development)

Spreads by wind-blown spores

Varietal resistance offers effective control

Apply fungicides early to protect green leaf and tillers.

Particular varieties at risk

Older winter barley varieties with low genetic resistance are often worst affected, as disease pressure can build on lower leaves in mild autumns and quickly spread in spring.

Maris Otter grown on contract in Herefordshire, for example, was hugely affected by mildew in the mild winter of 2018/19.

Scottish Agronomy’s senior agronomist Eric Anderson also says the disease has been a problem in susceptible niche winter varieties, such as Orwell (rated 3 for mildew).

He suggests seasonal variations in mildew incidence are more closely linked to changes in the area of susceptible varieties grown each year than to changing weather patterns.

Barley crops in any region of the UK can be at risk from mildew if conditions favour it.

Life cycle and spread

Mildew overwinters as mycelium (the vegetative part of the fungus) on crop debris, volunteers and autumn-sown crops, which provides inoculum to infect crops in spring.

Spores produced during late summer are resistant to low temperatures and drying, so the fungus can survive without a host, although it needs a green plant to infect for further spread.

Cereal disease expert, Jonathan Blake of Adas, says winter temperatures of -6C to -7C will suppress disease that developed in autumn and make it less aggressive, but will not eliminate inoculum.

“Cold weather gives a bit more flexibility when it comes to spring treatment, potentially allowing you to wait until early or mid-March, rather than having to treat crops sooner.”

Rising temperatures in spring, combined with adequate moisture/humidity, prompt dormant mycelium to grow on young plants and produce spores (conidia). These airborne spores are spread up the plant and on to other plants by the wind.

New pustules are typically produced five to 14 days after infection.

Identification

Mildew is relatively easy to identify, characterised by white fluffy pustules, which can merge to form a mass of “powdery” looking spores on the leaf surface. This may spread to stems and ears if disease develops later in the season.

Pustules can be rubbed off, leaving discoloured yellow/ brown tissue beneath, indicating where plant cells are beginning to die.

Pustules turn a darker grey/ brown as they age and eventually black spore cases (cleistothecia) may develop within the mildew pustules towards the end of the season on lower leaves.

Risk factors

Mildew requires warm, moist conditions to infect crops and develop quickly, but because spores are spread by wind, heavy rain will inhibit spore spread and slow disease development.

The optimum conditions are warm (12-20C) and humid (>95% relative humidity) weather. Very hot temperatures (>25C) can also inhibit disease spread.

In mild seasons symptoms can occur in winter barley during autumn and winter, although severity may be reduced by frost.

Spring barley is most affected at leaf emergence and tillering, but symptoms can develop as early as growth stage 11 (first leaf unfolded).

Growing a susceptible variety (rated 5 or less) increases mildew risk. Risk is higher in rapidly growing, dense crops treated with high levels of nitrogen fertiliser.

Stressed crops are also at higher risk of mildew, and manganese deficiency in particular can increase risk, says Mr Anderson.

Reducing risk culturally

Selecting a variety with strong mildew resistance is the most effective way to reduce risk. Indeed, Niab's Sarah Holdgate says deployment of the ‘mlo’ resistance gene has all but eliminated mildew as an issue in spring barley.

Research has found varieties with the mlo gene can be more susceptible to ramularia though, which is worth considering when planning agronomy, especially as there is limited effective chemistry against ramularia apart from chlorothalonil (the future of which remains uncertain).

Many winter barley varieties now also carry good mildew resistance, although experts stress that Recommended List ratings should only be used as a guide.

The majority of varieties on the List are rated 4 to 6 and even one that is scored 6 for mildew can be hit if environmental conditions are right for the disease. It tends to be the older, bespoke varieties that are most at risk.

Removing the “green bridge” for overwintering inoculum, such as volunteers, and burying stubble and crop debris can help reduce mildew risk, although given that spores spread on the wind, it is impossible to stop outside infection from neighbouring areas.

Ensuring crops are healthy and adequately nourished improves their resilience to any disease including mildew.

Chemical control

Experts agree that generally mildew rarely warrants control in autumn, unless disease pressure is particularly severe, in which case it should be treated with a specific mildewicide to avoid compromising early development and tiller formation.

Early control in spring (pre-growth stage 30) is the main timing and in the worst-affected crops, Mr Anderson recommends applying a T0 fungicide of a mildewicide, such as fenpropimorph.

Prothioconazole also has useful suppressive effects on mildew and is likely to already feature in many barley fungicide programmes for controlling other diseases such as rhynchosporium, net blotch and ramularia, he notes.

“Mildew isn’t as yield-sapping as other diseases, but you’ve still got to control it early. You can’t let it spread up the canopy on to new leaves, otherwise it will stress the plant, compromise tiller formation and risk losing tillers.”

The main protectant chemistry includes products based on proquinazid or cyflufenamid. Morpholines offer stronger curative ability although may have weaker protective action.

Strobilurins are not effective due to widespread resistance.

[*https://infogram.com/mildew-in-barley-1h0n25ppp1oz6pe?live*](https://infogram.com/mildew-in-barley-1h0n25ppp1oz6pe?live)

JOURNAL : Farmers Weekly

Police Scotland are appealing for witnesses after a lorry transporting 440 sheep overturned in the south of Scotland.

The crash occurred at 10.50pm on Monday (25 February) near Enterkinfoot, south of Sanquhar, and caused the A76 to be closed overnight.

The driver, a 27-year-old man from Carlisle, received minor injuries in the collision.

See also: On patrol with the police in the fight against rural crime

At the time of the incident, the sheep were being driven to the Birmingham area. Around 220 animals died in the crash or were later put down by local vets.

Staff from Police Scotland, Scottish Environmental Protection Agency, Scottish Fire and Rescue Service and Scottish Ambulance Service, as well as local farmers and vets, all assisted with the recovery.

The road reopened at 5.30am on Tuesday (26 February).

Anyone who witnessed the Scania HGV’s accident should contact Police Scotland on 101, quoting incident number 4406 of 25 February.

JOURNAL : Farmers Weekly

Net blotch is a disease that affects both winter and spring barley, causing yield losses of between 10% and 40%.

While it can arise from infected seed, this is a relatively unimportant form and the seed-borne phase does not usually reduce yield.

Where suspected, seed testing can be done, with seed treatments used to protect against seed-borne inoculum if necessary.

The main source of net blotch inoculum is infected stubble and volunteers, where the pathogen has overwintered, allowing airborne spores to be produced and spread in the wind or by rain splashing up the plant.

See also: Tips on getting high spring barley yields in a tough season

This trash-borne inoculum poses the biggest threat to yield and recent changes in SDHI fungicide performance against the disease should be noted, stress experts.

Given its lifecycle, wet and mild weather favours the disease, as do factors such as high seed rates, early drilling and min-till or no-till regimes.

Symptoms

Infection of young seedlings with net blotch can look very similar to leaf stripe infection, with brown stripes spreading from the base of leaves in seedlings and tillering plants.

Leaves infected by spores from crop debris or neighbouring plants look very different – on these, long brown lesions with a mottled or netted appearance develop. On close examination, these are seen to consist of a network of brown lines.

Further signs to look for include a yellowing of the leaf tissue surrounding the lesions, which may differ in size.

Another, less common, symptom is the appearance of small, oval-shaped lesions, which are often mistaken for ramularia.

Symptoms can often be found quite widely in winter crops, but the affected leaves then die back. New leaves, produced in the spring, may be symptom-free, with the disease then being found later in the year on upper leaves.

Varieties

Resistance ratings for net blotch are included in the AHDB Recommended List of winter barley varieties.

These ratings range from 4 to 7, with only one winter barley, Surge, having a 7. There are, however,  a number of varieties to choose from with a 6 rating.

A resistant variety will reduce risk and may help growers to plan their spray programmes and prioritise the crops that need protecting. Used with other measures, such as trash removal and stubble cleanliness, the risk can be reduced

Control

There have been changes in fungicide performance against net blotch, confirms Stuart Knight, deputy director at Niab Tag, with both the SDHIs and the azoles being less effective than they used to be.

“We have seen further sensitivity shifts with the SDHIs,” he says. “The situation is not as bad as it is with ramularia, but there is a partial resistance issue and growers need to be aware of it when planning their fungicide programmes.”

Strobilurin resistance in net blotch was confirmed a few years ago, he adds.

The AHDB-***funded*** fungicide dose response work showed that balanced mixtures are the solution to net blotch, as they also gave the highest yield response. The  active ingredient prothioconazole gave the best control and the SDHIs and strobilurins continued to offer some activity.

Another mode of action, cyprodonil, is also active against net blotch. Current advice is to include it once in a programme, to maintain some diversity of active ingredients.

In winter barley, the biggest response comes from the T1 timing, while in spring barley both the T1 and the T2 timings are important.

Net blotch risk factors

Mild and wet weather

Disease sources – seed, trash, volunteers

Second barley crops

JOURNAL : Farmers Weekly

Shelbourne Reynolds has launched its largest ever diet feeder aimed at users mixing up to 150t/day.

The flagship 30cu m model and smaller 24cu m version are part of a new series of heavy-duty, twin-auger Powermix Plus machines designed to offer higher capacities, swifter processing and faster feed-out times without greatly increased dimensions.

With that in mind, the 24 cu m measures just over 3m tall and the 30 cu m is 3.48m, with both 2.8m wide at the top of the tub.

One of the key features, says Shelbourne, is replaceable, bolted-in lower tub liner sections – a first for the company and a move that should maximise machine life.

See also: Tips for buying a second-hand tub feeder wagon

There are new, heavy-duty 2,800mm diameter augers powered by a beefed-up planetary gearbox, too, and dispensing is done via a webbing conveyor system incorporating increased roller diameters and uprated 800mm-wide food-grade belting.

The tub on Powermix Plus machines sits on six 2in weigh cells and chassis specs include a 24t capacity tandem axle with parabolic spring suspension, 435/50 R19.5 tyres and steel mudguards. Air braking and a steering rear axle are optional.

Prices for the new models start at £60,210.

JOURNAL : Farmers Weekly

Plans to ramp up slurry spreading controls in Northern Ireland have been put forward that could slash slurry application rates in some months of the year.

The Department for ***Agriculture***, Environment and Rural Affairs (Daera) has published a consultation paper that makes a series of recommendations for the ***period*** 2019 to 2022.

The recommendations are focused on reducing losses of phosphorus, which is major cause of poor water quality in Northern Ireland, while also reducing ammonia emissions.

See also: Welsh farmers to face tougher rules to tackle water pollution

One of the proposals is to make it compulsory in certain circumstances for slurry to be applied using low-emission equipment, such as a trailing shoe, dribble bar or by soil injection.

This would apply from 1 February 2020 for all applications of digestate from AD plants; from 1 February 2021 for any contractors; and from 1 February 2022 for farms with 100 livestock units or more of cattle and pig farms producing 10,000kg or more of manure.

Such a move would require major investment from the farming community over the next three years, although low-emission application does bring agronomic benefits.

The consultation suggests that from 1 January 2020 new above-ground slurry stores and lagoons should also be covered, with existing above-ground slurry stores fitted with a floating or fixed cover from 1 January 2022.

Closed ***period***

The closed ***period*** is one of the most controversial aspects of the Nitrate Action Programme, with farmers unhappy that it forces them to farm by calendar date, rather than by using their common sense.

The consultation suggests the closed ***period*** for spreading slurry would remain unchanged at 15 October-31 January.

However, it says the maximum application rate of slurry should be reduced from 50cu m/ha to 30cu m/ha when applying it in either February or October.

There would also be an increase in the buffer zone in those two months, from 10m to 15m for any waterways and from 20m to 30m for lakes.

From 1 January 2020, the consultation suggests, supplementary feeding sites should be situated a minimum of 20m from a waterway and from 1 January 2022, livestock drinking points should be 10m from a waterway, where there is a significant risk of water pollution arising from their use.

The Ulster Farmers Union is expected to publish its response to the proposals later this week.

JOURNAL : Farmers Weekly

The food and drink sector will be disproportionately affected by a no-deal Brexit, facing high tariffs on exports to the European Union and disruption to food supplies coming in, the government has warned in a new analysis.

The paper reveals that no physical goods exported to the EU would be allowed to move until they had customs clearance, leading to delays at the borders. It puts the total cost of this, on all business, at £13bn a year.

See also: NFU seeks clarity on Gove's food standards pledge

Animals and animal products would have to go through an official Border Inspection Post, and the report notes that construction work has only just begun on such a facility at the key entry port of Calais.

Food imports

The government also points to the fact that 30% of the UK’s food supply comes from the EU and suggests “the potential disruption to trade across the short Channel crossings would lead to reduced availability and choice”.

While this would not lead to an overall food shortage, the paper says that, at the time of year we will be leaving the EU, the UK is particularly reliant on imports of fresh fruit and vegetables.

“In the absence of other action from government, some food prices are likely to increase, and there is a risk that consumer behaviour could exacerbate, or create, shortages in this scenario.”

Tariffs

On tariffs, the government is warning of severe effects on some sectors in the event of a no-deal Brexit, with UK exporters facing tariffs of around 70% on beef, 45% on lamb and 10% on finished cars sold to the EU.

“This would be compounded by the challenges of even modest reductions in flow at the border,” it says.

But the paper does not specify what tariffs may or may not be imposed on goods coming into the UK, other than to say it will bring forward secondary legislation “soon”.

Last week, at the NFU conference, Defra secretary Michael Gove suggested such an announcement was imminent.

The delays have been widely interpreted as evidence of a continuing spat between those in cabinet who want cheap food for consumers post-Brexit, and those who want to protect the UK’s farmers.

A report in the Financial Times this week, however, suggests a deal may have been done in cabinet, which would see import tariffs introduced on sensitive products such as beef, lamb, sugar, pigmeat and dairy – both from the EU and the rest of the world – but not for anything else.

These would last for one year before being reviewed.

Reaction

Responding to the government’s paper, food and farming alliance Sustain described it as “a nightmarish no-win situation for our farmers and food producers alike”.

“British food producers export £13bn of food and drink a year to EU countries, yet now we hear that crashing out of the EU without a deal is likely to cost an extra £13bn in customs paperwork,” said chief executive Kath Dalmeny.

“It is also bad news for consumers, whose fresh fruit and veg is mainly imported at this time of year,” she added.

“MPs who care about British food and farming must do all they can to avert a no-deal Brexit, otherwise we are heading into a food disaster.”

Prime minister Theresa May’s decision on Tuesday (26 February) to provide for an extension to the Article 50 negotiating ***period*** should parliament reject her withdrawal agreement with the EU has potentially bought some time.

But it still does not guarantee that the UK will not eventually leave the EU without a trade deal in place.

JOURNAL : Farmers Weekly

Animals that have not been stunned prior to slaughter cannot be labelled using the EU’s organic food logo, following a ruling by the European Court of Justice (ECJ).

The ruling stated that slaughter carried out in accordance with religious rites – such as halal and kosher – that does not employ pre-stunning do not adhere to the highest animal welfare standards.

See also: Why halal will be critical for UK meat market

The court added that stunning before slaughter significantly reduced animal suffering.

According to EU rules, all animals must be stunned before they are slaughtered with the exception of the ritual slaughter of animals on the provision that suffering of these animals is kept to a minimum.

Presiding the case, advocate general Nils Wahl denied the decision would interfere with freedom of worship as the religions in question did not require the consumption of solely organic products.

(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'));

The case had initially been taken to the French minister for ***agriculture*** in 2012 by pressure group Assistance to Slaughtered Animals (OABA).

OABA argued that French halal beef used in burger patties should not be certified as organic if animals had not been stunned before slaughter.

This initial case was denied by French courts, but the advocate general of the overarching ECJ found differently. The case will now be deliberated by EU judges to produce a binding decision on the issue.

Halal controversy

Data emerged last month to suggest that one-quarter of all sheep reared in England are killed without stunning in accordance with halal and shechita religious practices.

While it is believed about 80% of halal slaughter uses pre-stunning, shechita is exclusively performed without first stunning animals.

In the UK, about 18 million chickens are slaughtered a week, 9% of which are killed for halal meat without stunning.

The government has indicated non-stun slaughter is an issue it is looking at closely in the context of the UK leaving the EU.

Despite the controversy, halal markets remain a key destination for British lamb and poultry in the UK, as well as overseas exports.

JOURNAL : Farmers Weekly

Valtra is on a relentless offensive to ram-pack its tractor ranges with near limitless engine, transmission and cab spec combinations.

The latest versions to be flung into its smallest A-series bring the alluring prospects of semi-powershift gearboxes and cabs fit for tractors of twice their power.

This base-range rejuvenation marks an abrupt about-turn for the Finnish firm, which not so long ago filled its A-series with Hattat-made Turkish imports tarted up with some Valtra cosmetics.

However, the new models remain pretty cosmopolitan. As a product of parent company Agco’s “Global” tractor programme, its major components are made all over the world and brought together to form common platform machines.

See also: Video: 400hp reverse-drive Valtra S-series on test

Valtra A104 specs

Engine 4.4-litre Agco Power four-cyl

Max power 100hp@1,900rpm

Max torque 410Nm@1,500rpm

Transmission 32F x 32R powershift (four range, four step with electronic creeper box)

Top speed 40kph

Turning circle 8.02m

Weight 4t

Max linkage lift 4.3t

Hydraulics 98 litres/min

Available oil 32 litres

Tyres Front 480/65 R 24, rear 600/65 R 34

Turning circle 8.02m

Base price £57,646

Price as tested £71,895 (including loader, air-brakes, cab suspension, creeper box and wide tyres)

The three- and four-cylinder engines were originally designed by Sisu engineers in Finland but are now built in China, while the back-ends and gearboxes hail from just outside Paris.

Everything then gets shipped across to Valtra’s home in Suolahti, Finland, to be assembled, before the firm’s own cabin is plonked on top.

This is, undeniably, a cost-sharing exercise with MF.

Until now, the three Agco brands have remained pretty distinct – the exceptions being Massey occasionally borrowing a few Vario gearboxes from Fendt and the Sisu-derived powerplants slowly spreading through the product ranges.

But with Massey and Valtra deciding to share mechanical components (except cabs) on their small tractors, buyers of the latter now have access to a slicker gearbox.

Previously, there was only a two-range, six-speed mechanical transmission in both brands’ low-end line-ups.

However, a recent upgrade means there’s now the option of a 16F x 16R powershifter in the middle two 100hp and 110hp models.

It’s actually the time-proven Dyna4 (also badged by Claas as Quadrashift) used for nearly two decades in MF’s 5400s.

It offers four powered range changes and four powershift ratios and sees everything done at the push of a button, without a twitch of a left boot.

We got hold of one of the first A-series to land in the UK equipped with this new gearbox – badged by Valtra as an A104 HiTech4.

How does it drive?

As a true livestock loader tractor, we gave the Flying Finn a mix of jobs – mucking out sheds, hauling muck and some spring harrowing and rolling.

Setting off into work, the engine automatically revs up and the transmission gently eases it forwards. A pair of orange rocker-switches on the gear lever nudge through powershifts and ranges.

As with many semi-powershift boxes, there is a delay in range shifts as the clutch packs work their magic – MF Dyna4 drivers will be familiar with the anticipation/relief felt once drive re-engages.

The clumsiness of these shifts is most obvious on the road under load, where momentum is quickly lost.

While a bigger-engined tractor would probably cope, the 100hp A104 doesn’t have the low-rev torque to recover, so we found ourselves hurriedly making downshifts to keep the wheels turning.

However, the gearbox does have an idiot-proof auto function selected on a B-pillar rocker – “Auto 1” prompts upshifts at 1,600rpm while “Auto 2” does the same at 1,900rpm.

It makes for lazy driving on the road, but really comes into its own on mucking-out duties. The shifts are barely noticeable and the box responds pretty much as and when you’d naturally choose to make changes.

Fine-tuning the transmission

Although the options for auto shifting are kept to a minimum, drivers can tailor the shuttle and powershift settings to their own tastes.

It’s all done via a new dash screen that is much clearer than before. MF’s north-east-south-west arrowed blister button control pad is used to toggle through various menus, where it’s possible to set the aggressiveness of F/R shuttling as well as the abruptness of powershift steps.

There’s also the option to set four-wheel drive to engage for a set number of seconds each time the tractor changes direction to avoid spinning rubber.

Start-off gears in both forwards and reverse can be altered too, though it’s a bit more of a palaver.

And the clever tricks don’t end there. The A-series has a brake-to-neutral function that automatically disengages drive when the anchors are held down without any clutch pedal input.

The gearbox then eases back into action when the brakes are released.

It’s not such a rosy picture when it comes to the brakes themselves.

Trundling along at 40kph with nothing hitched on behind, we had a bit of a nasty surprise when no amount of right boot would halt the 4.4t tractor and we sailed straight past our intended turning.

Valtra says it isn’t usually a problem and must have been down to a set-up issue with our particular test machine. We’ll take their word for it.

Top-spec cab

The cabin is what clearly sets the little Valtra apart from Massey’s Global platform tractors. Built in Finland, it’s a completely different frame and interior, and has been designed specifically for loader work.

The front screen now arches into the roofline and the cross-member is a thin sliver of steel that barely interrupts the view, so operators can see any bucket, grab or fork right the way through the lift arc.

Anyone looking at a factory-fitted Alö loader would be well advised to consider Valtra’s electronic armrest controls, too.

Unlike early versions, they are fully proportional and operators can turn the suspension on/off and lock the loader for road work. We also had the luxury of hydraulic attachment pins, though this will probably be deemed an indulgence too far for many stock farmers.

Other highlights include a simple press-and-hold throttle memory button and combined-flow hydraulics that couple together two pump outputs under 10kph for maximum performance.

There’s also a “Control Stop” feature that will shut the engine down in the event of a loss in oil pressure or coolant overheating. This is handy for those that leave tractors unattended to run a slurry pump or feeder wagon.

But the real treat comes with the addition of cab suspension. This is a simple mechanical coil-spring and damper set-up with anti-roll bars to stop cabin sway. Combined with the loader cushioning, it does an excellent job of ***smoothing*** out the ride and is an option well worth the money, we reckon.

Likes

***Smooth***-shifting transmission with simple auto function

Useful electronic throttle memory and creeper selection

Well-laid-out cab and visibility skywards hard to match

Much-improved dash screen

Gripes

Four-wheel drive auto function based on linkage position, not forward speed or steering angle

No powershift controls on joystick

Feels a bit unsteady with the loader at full reach

FW verdict

You might expect cheap and cheerful when it comes to low-horsepower tractors from big manufacturers, but Valtra’s A-series feels like it has plenty in common with the bigger N, T and S models – thanks largely to the cab.

The addition of a four-speed powershift box has also brought a certain level of sophistication to the A-series that was previously missing.

Sadly, the A104 doesn’t quite have the muscle for serious haulage work, though. Even unladen, the 4.4-litre engine dies back on the slightest gradient, so if you want the HiTech4 gearbox then we’d favour the marginally bigger A114.

Performance is better around the yard, but traction tends to be a limiting factor when mucking out, even when shod on 600mm-wide rubber with 300kg of wheel weights.

If you want more of an all-rounder then the N-series is the obvious choice. However, the N104 with HiTech5 powershift box comes in at close to £75,500, which makes it a lot more expensive than the £57,500 A104 HiTech 4 (roughly £3,000 more than one with a standard manual box).

When you take real-life discounts into consideration, the on-farm difference is more likely to be closer to £10,000.

So, if you want a tool for lighter duties like straw chopping, feeding, topping or tedding then the A-series is your kiddie. If you have some serious loads to shift, we would opt for an N.

The range

The A-series runs from 75-130hp and covers three chassis sizes.

Small: 3.3-litre three-cyl, 75-95hp, 12-speed transmission, 2,250mm wheelbase

Medium: 4.4-litre four-cyl, 100-110hp, a choice of transmissions, 2,430mm wheelbase

Big: 4.4-litre four-cyl, 120-130hp, 12-speed transmission, 2,500mm wheelbase

JOURNAL : Farmers Weekly

A phrase often used by farmers who don’t like change is: “But my farm is different.”

Agreed, it is a statement of fact. Blindingly obvious. Every farm is different. They all have their own identity, topography, soil type and history. And saying one’s farm is different allows those resistant to change the luxury of not changing, while not sounding like a Luddite either.

The “my farm is different” approach is not dissimilar to the “let’s do more of the same and expect a different outcome” school of thought.

See also: Delivering public goods stacks up, says Ian Pigott

Actions and responsibilities

We are all entitled to farm as we see fit – so long as our actions do not compromise the health of our farm, stock or other farmers.

But how do we know if the consequence of our actions extend beyond our own farm gate? We need to adopt a simple litmus test – the “straight-face test”.

This test is about honesty and transparency. If you were to describe a particular action to any audience – neighbouring farmers, friends in the pub, members of the public – would they agree that what you are doing is acceptable?

Does it pass the test?

If it does not pass the test, you shouldn’t be doing it.

Let me give two examples where farmers often fail this test:  spraying multiple applications of pyrethroids to control (largely resistant) flea beetle in oilseed rape; and the routine use of antibiotics in intensive livestock systems. When science tells us something is wrong, we must listen.

At this point, I need to be a tad careful. It could be interpreted that I am about to refer to Guy Smith as a Luddite for his recent piece in this magazine on “min-till” and “no-till”. Absolutely not! But I would add caution to my friend’s opinion that “any system, old or new, can triumph”.

Justifying bad practice

All too often such an attitude can be used as a means of justification for bad practice. Take, for example, multiple low-rate glyphosate applications to control blackgrass in min-till systems. Or the routine use of pre-harvest Roundup.

Historically, both have been justified. However we now know such practice will ultimately accelerate glyphosate resistance in plants, not to mention public resistance to glyphosate.

As thousands of hectares of arable land will attest, blackgrass doesn’t respond to “let’s do more of the same and expect a different outcome”. Nor will the general public regard it as acceptable.

Twenty years ago, a campaign was started to educate farmers and reduce the incidence of metaldehyde in drinking water. While most farmers changed practice, some arrogantly ignored the advice and continued to spread pellets in high-risk areas and conditions.

Inevitable ban on metaldehyde

It wasn’t until recent years, when the same campaign warned that a ban on metaldehyde was inevitable, that the necessary change was made. Too late. The damage was done. The momentum was for a ban. A small number of farmers’ actions caused damage for the many.

We all know the culprits. Just one tank of red diesel in the pick-up won’t do any harm. Burning a few fertiliser bags when no one is watching doesn’t matter. Using up a couple of old cans of IPU isn’t the end of the world.

But the consequence of such actions isn’t isolated to their farm and their business – it impacts all farmers. Unless we stand up to those who fail the straight-face test, we will all be penalised.

JOURNAL : Farmers Weekly

Defra secretary and Brexiteer Michael Gove was keen to highlight how leaving the EU would free the UK from the “bureaucratic straightjacket of the CAP” during his address to the Oxford Farming Conference earlier this year.

But his optimism was curtailed when addressing the topic of gene editing – an area of policy on which Europe has been accused of “taking a backward step”, particularly following recent European Court of Justice (ECJ) rulings.

See also: Time to reward farmers for cutting methane emissions

Divided opinion

Instead, Mr Gove talked of “important ethical and economic questions about gene-editing that we need to debate”.

This suggests the Defra secretary is well aware of the divided opinion among the devolved administrations with regards to new breeding techniques (NBTs) such as genetic modification and gene editing.

Previously, only organisms that had foreign genes inserted into their genetic code were restricted from distribution in the EU under the original 2001 GMO Directive.

The editing of the pre-existing genome within an organism is known as mutagenesis and was not covered.

However, according to the latest ECJ judgement, "all organisms obtained by mutagenesis are GMOs”, a definition that has generated heated discussion in scientific communities.

Breeding techniques

Of course, humans have been genetically engineering organisms for hundreds of years through conventional breeding techniques.

The ECJ tried to address this by drawing a distinction between new techniques and those that “have conventionally been used in a number of applications and have a long safety record”.

Modern techniques can achieve far more accurate modifications, within a shorter timeframe and with fewer safety concerns.

But they are now caught within the general prohibition, as they have not been in use long enough.

The right to restrict or ban GMO

EU member states and their regions are able to individually restrict or ban the cultivation of GMO crops on their territory.

Within the UK, Scotland, Wales and Northern Ireland embraced this option, whereas England did not.

Although no GM crops suitable for cultivation in England have yet been approved by the EU, post-Brexit policy decisions may see divisions in the UK widen.

While consumers would likely resist a repeal of all NBT regulation post Brexit, overturning the more controversial restrictions around the use of a precise scientific tool may prove more palatable.

Precision farming toolbox

In seeking to deliver the fourth ***agricultural*** revolution, Mr Gove seems to have a delicate balancing game ahead.

However, it’s not the only tool in the precision farming box.

The intention of genetically improving crops is to enhance ***agricultural*** yields and overall productivity, but genetics is not unique in this objective.

The Defra secretary himself acknowledged that “vertical farming can also guarantee improvements in yield, while at the same time limiting environmental externalities”.

Other technological advances, such as big data, precision equipment and robotics, have the potential to entirely alter the future of food production.

Brave new world?

Whether gene-editing technology forms part of the fourth ***agricultural*** revolution, or is made redundant by it, is a moot point.

But without access to it, the UK remains wedded to a version of “museum ***agriculture***” and unable to access the productivity improvements achieved in the US, Brazil and Argentina.

Is there an opportunity to be freed from the GMO straightjacket as we leave the CAP and will we be brave enough to allow consumers to decide?

For the devolved administrations, there may well be a continued marketing advantage in remaining GMO-free.

But for producers looking at global commodity markets, smart deregulation by government combined with an enterprising spirit from business will give the public the chance to show their opinion on precision plant breeding with their wallets.

JOURNAL : Farmers Weekly

There are few more powerful and evocative images of the destructive power of nature than that of a raging forest fire.

Harrowing TV footage from California a few months ago showed just how much damage these terrifying natural phenomena can wreak and how relatively powerless we are to prevent their spread, once they take hold.

See also: Act now to secure water supplies, farmers warned

While such fires may be a regular, if unwelcome, occurrence in many parts of the world, they are not something one freely associates with upland Britain in February.

So it was something of a surprise this week to see spectacularly apocalyptic images on the news of a moorland fire at Marsden in West Yorkshire, only a few miles from the site of a much larger fire on Saddleworth Moor that burned for weeks during the peak of last summer’s drought.

Commentators were quick to blame the unseasonably warm temperatures, coupled with a prolonged winter drought, on the back of last summer’s lack of precipitation, for the fire.

But it begs the question of whether or not the longer-term management, or rather mismanagement, of our uplands is contributing to an escalating risk to one of the most ecologically important landscapes in our countryside.

Upland and especially moorland management has, in recent years, become one of the most emotive and divisive topics in the wider debate on how best to look after our natural environment.

The fundamentally low ***agricultural*** productivity of these areas has always been at odds with their incalculable, and thus almost impossible-to-value and even harder to objectively reward role in the provision of essential “ecosystem services” or “public goods” as they have been more recently been described.

Consequently, political (with both a small and capital P) intervention has featured heavily in a process which appears, somewhat inevitably, to have polarised opinions further rather than delivered any meaningful consensus.

The tension between landowners and managers struggling to make a meaningful income while preserving the intrinsic value of their assets, and environmental groups, whose well-intentioned opinions sometimes mask a more sinister, ideological opposition to commercial exploitation of the uplands (especially if any part of that involves commercial shooting), is palpable and increasingly bitter.

Throw in the role of grazing livestock and their supposed contribution to climate change, and you have a highly combustible mix that doesn’t sit at all well with the “bien pensant” world view of a vocal minority of increasingly influential, if rather less well-informed stakeholders.

The reality of the matter is that the uplands cannot exist as a viable entity without public recognition of and remuneration for their critical role as a carbon sink, a store of fresh water and a haven for wildlife, on top of their more limited, but integral capacity to generate sporting and ***agricultural*** revenue.

Optimising this mix is key to a sustainable future for the uplands, but requires co-operation and compromise from all parties involved – something that has not been particularly evident to date.

The 2018 ***Agriculture*** Bill has hinted at how this may be achieved, but this is a complex situation, with as much emotional as financial capital invested on all sides.

The devil is, as ever, in the detail, but it is that detail that must be sorted out quickly and equitably to avoid the future of the uplands, both socially, economically and environmentally, going up in smoke.

JOURNAL : Farmers Weekly

Oilseed rape values have dropped by £10/t over the past two weeks, following a drop in the French oilseeds market and a strengthening of the pound, which makes the UK less competitive on exports.

The drop in the French market is in part down to the temporary closure of a big biodiesel plant in France because of strike action.

As a result, some French oilseed that would have normally been destined for the plant has instead been traded in to the UK.

See also: Grain prices fall in complex market

However, other bearish factors include the arrival on the EU market of canola imports from Australia, along with falling demand from crushers, as many have switched from rapeseed to cheaper soya beans from the US.

As the weather gets warmer, less rape methyl ester (RME) is also needed in biodiesel blends, which puts further pressure on prices.

Ex-farm spot prices

Ex-farm spot prices were ranging between £305/t and £310/t on Monday (25 February), compared with £315/t to £320/t two weeks ago.

Ex-farm values for harvest 2019 are currently around £300/t.

Traders report the market is relatively quiet at these prices, with farmers in no rush to trade.

Owen Cligg, trading manager for United Oilseeds, said while most UK stores have been emptied, it is thought there are still some reasonably sized stocks of OSR on farm that farmers have been holding on to in the hope of a price rise.

“The highest rapeseed has got to is about £330/t, while wheat has been up to £190/t and people generally like to think the rape price will be at least double the price [of wheat], but that’s not necessarily been the case this season,” said Mr Cligg.

New crop production

It is anticipated that the EU 2019 harvest will be down because of poor establishment in France and Germany, but the consensus is that it is too early to get a clear picture of harvest 2019.

“Our current estimate is that the UK crop could be about 10% down on last year, but that could well increase if we see a bit more cabbage stem flea beetle damage,” said Mr Cligg.

“I’m not sure whether this warmer weather will be a help or a hindrance.

"While it may start things moving, if the crop gets away and then is hit by another cold spell, then it is not going to do it a lot of good.”

Value of pound

According to AHDB analysis, unless there are major weather problems that affect new crop production, the main driver for the domestic market over the coming months will be the fluctuating value of the pound.

“Should a favourable Brexit deal be negotiated and agreed, the value of the pound could be expected to increase, potentially further pressuring UK rapeseed prices.”

AHDB suggests the EU market is likely to become increasingly focused on conditions in countries such as Romania and Ukraine.

If EU production does end up at a multi-year low, it is estimated that three quarters of the EU’s import requirements can potentially be fulfilled by Ukraine.

This could affect the basis and pricing structure of the whole European rapeseed market, with Paris oilseed rape futures becoming less tied to EU supply and demand and more closely aligned to price movements in Ukraine.

JOURNAL : Farmers Weekly

Feed and pig values have both moved in the wrong direction since the summer to pile pressure on pig farmers, with latest SPP (standard pig price) quotations at 137.5p/kg.

This leaves the SPP 10p/kg or more back on last year’s July highs and 5-6p/kg back on the year.

Meanwhile, feed prices have been sent skywards by higher feed wheat and crude oil prices. Feed wheat values have eased recently but are still hovering around £170/t.

This has increased the pig-to-feed-wheat price ratio (feed wheat price as percentage of pig price) to 12-13%, compared with 8-9% back in 2017, according to AHDB Pork data.

Lacklustre demand, rather than oversupply, is thought to be stifling the market, wrote farm adviser, valuer and analyst Peter Crichton last week. He stated that an SPP of 137.5p/kg is ‘well below’ cost of production levels.

Mr Crichton suggested German pork (122p/kg) could put downward pressure if imported into the UK market, adding that unseasonal spring weather was seeing pigs finish faster, further increasing supply.

See also: Outlook 2019: Pigs – cost control needed to improve profits

Frome

Finished prices for 100kg pigs are back £20 a head on July’s high prices at Frome, where Will Wallis, auctioneer for Symonds and Sampson, started fortnightly pig sales 18 months ago, selling to wholesalers, butchers and smaller farm shops.

Sales can see up to 150 to 200 head of pigs sold, of which one-third can be finished pigs, one-third stores and around 20 to 30 cull boars and sows.

Mr Wallis said that, with the higher costs of the winter, pig prices have been at breakeven.

He added: “Like the deadweight price, liveweight prices have fallen since October, but despite the declining deadweight SPP reports, live marts bucked the trend recently.”

He said a smaller entry saw prices recover somewhat last month (13 February), topping at £120 for finished pigs, but trade is still back £5 to £10 a head on last summer.

Heavier pigs hit £113 and £97 a head, while lighter pigs made £80 and porker weights hit £68.

“Sow prices improved at the last sale but there’s huge uncertainty about this market after Brexit as so many sows get exported,” he told Farmers Weekly. “Another concern is African Swine Fever in mainland Europe and we have reminded people to be extra careful and vigilant in terms of herd biosecurity.”

JOURNAL : Farmers Weekly

Profits for pig producers are projected to have fallen by almost 100%, while other sectors also suffered in 2018, according to the latest provisional Defra statistics.

Cereals was the only farm type that is projected to have increased its returns, up 13% to average £73,000 as outlined in today’s farm business income (FBI) provisional statistics for the 12 months between March 2018 and February 2019.

See also: 6 tips for improving short-term farm finances

A combination of higher input costs, largely driven by the price of feed due to last year’s tumultuous weather, saw other sector’s profits take substantial hits.

The average 2018 Basic Payment is also expected to fall by 1% across all farm types, compounding profits.

Poultry, dairy and lowland grazing livestock farms are all predicted to have dropped FBIs by 45%, 22% and 29% on the year respectively.

The preliminary figures are liable to change as more data and a greater sample size is analysed, according to Defra, who will publish the full FBI results in October this year.

Cereals

General cropping

Dairy

Grazing livestock (lowland)

Grazing livestock (LFA)

Pigs

Specialist poultry

Mixed farms

What is Farm Business Income?

For non-corporate businesses, farm business income represents the financial return to all unpaid labour (farmers and spouses, non-principal partners and their spouses and family workers) and on all their capital invested in the farm business, including land and buildings.

For corporate businesses it represents the financial return on the shareholders capital invested in the farm business.

In essence, farm business income is the same as net profit, which as a standard financial accounting measure of income is used widely within and outside ***agriculture***.

Using the term farm business income rather than net profit gives an indication of the measure’s farm management accounting rather than financial accounting origins, accurately describes its composition and is intuitively recognisable to users as a measure of farm income.

How did each sector fare?

[*https://infogram.com/fbi-projections-1hmr6gjjpyno6nl?live*](https://infogram.com/fbi-projections-1hmr6gjjpyno6nl?live)

Cereals

Up 13% to average £73,000

Increases were influenced by global weather conditions and harvest concerns

Total crop output is expected to by 9% higher than in 2017-18

Increased prices are offset by a predicted yield reduction, except for winter barley as a result of last year’s extreme weather events

Higher output will only be slightly offset by rising input costs of about 3%

Machinery depreciation, fuel and oil contributed most to input costs increases

Average agri-environment schemes and BPS is unlikely to change much on the year

General cropping

Down 8% to average £85,000

Higher input costs of 3% on feed, fertiliser and machinery are predicted to more than offset slightly higher outputs

Peas, beans, potatoes and sugar beet should see price increases

Overall crop outputs should see reduction due to last year’s volatile spring and summer weather

Oilseed rape yields, particularly those crops grown on lighter soils, are expected to be down

Beans, linseed and potatoes will all see a reduction in cropping area

Average agri-environment schemes and BPS is unlikely to change much on the year

Dairy

Down 22% to average £93,000

A 1% increase in milk production is expected to drive dairy farm outputs by 2%. This is driven by an increase in yield rather than cow numbers

Across the ***period***, farmgate milk prices are expected to remain similar to the 12 months previous – however this varies considerably from farmer to farmer

Input costs are predicted to increase by 8%, largely driven by higher feed costs and requirements, particularly during last year’s wet spring and dry summer

Average agri-environment schemes and BPS is unlikely to change much on the year

Grazing livestock (lowland)

Down 29% to average £16,000

Output falls for cattle and sheep should be offset by an increase in crop output, leading to a total output decrease of just 1%

Last year’s challenging weather is predicted to have led to few store and finished lambs, while record high prices at the start of the ***period*** have returned to more normal levels

Prices for finished cattle started 2018 well but fell back due to the dry summer. Store cattle prices were also down on the previous ***period***

Input costs are expected to rise by 5% driven by higher feed costs of about 17%, with concentrates costing about 12% more than the previous ***period***

Grazing livestock (LFA)

Down 17% to average £24,000

Cattle output is predicted to fall slightly, reflecting lower average prices compared to the previous ***period***

Prices for breeding ewes and hogs are also expected to be down

Agri-payment schemes, which represent a major source of revenue, are expected to increase by 6% in 2018-19

Similar output levels compared to the previous year are expected to be offset by higher input costs almost across the board – with feed alone increasing by 16%

Pigs

Down 96% to average £1,000

Pig incomes have dropped dramatically, from £31,300 to just £1,000 in 2018-19

Increased feed costs of 8% are expected to be the main factor behind the fall

A slight increase in production is believed to be offset an output reduction of 2%, reflecting falls in prices for cull sows, clean pigs, weaners and stores. The full extent of these price decreases will not be wholly realised until the final Farm Business Survey results are published in October

It is believed that contract rearing units will not be as affected by these lower prices

Changes to livestock valuation are also expected to contribute to the fall in income

Specialist poultry

Down 45% to average £53,000

The small sample size of the sector, as well as uncertainty over its structure, make the results for poultry more unreliable than others

Poultry prices have held steady on the year, while production has grown. Eggs have mimicked this trend, with these factors combining to increase output from the sector by 3%

Inputs have overtaken outputs however, growing by about 8% over the ***period***, driven by higher feed costs

Mixed farms

Down 10% to average £38,000

Decreases in income are attributed to a rise in input costs, notably feed, fuel and machinery depreciation

Farm outputs are expected to rise by 3%, driven by crop output

Average agri-environment schemes and BPS is unlikely to change much on the year

JOURNAL : Farmers Weekly

Remote maize agronomy and crop analysis via drones could have a useful role in the future, a pioneering on-farm trial has concluded.

Drones were "another tool in the tool box" for farmers, independent agronomist Craig Green of CMG Agronomy told the Maize Growers Conference at Stoneleigh last week (7 February).

However, they had some fundamental shortcomings and were of limited use in weed control and in assessing crop health during the tasselling stage.

Mr Green conducted an on-farm trial in a maize field in north Norfolk last year.

See also: Flying a drone: Everything you need to know about staying legal

Field Facts

10ha ex-potato field (lifted October in good conditions)

At Holkham Farming Co, Wells-next-the-Sea

South facing

Long-term arable rotation

Medium soil with good soil indexes (P=3, K=2)

Maize variety was ES Cluedo – group 7

No muck applied, DAP applied at drilling

Min-till system, precision drilled

40kg N on seedbed

Shortcomings and benefits

During trials the drone could not be used for a month (at the tasselling stage) because it works by assessing plant health through analysing shades of green leaf area, which became temporarily hindered when tassles covered the canopy in beige and yellow.

Mr Green said drones were "reactive" to situations already happening, rather than "proactive" like an agronomist, but they could help growers make more informed decisions about crop management.

He said the drone’s speed and height meant all parts of the field could be assessed quickly and more observations could be made when the plant was in its taller stages.

Drones were ideal for mature maize at two metres tall, "as there are some things like assessing canopies that a human eye can’t see”, Mr Green explained.

“However, I wouldn’t recommend drones for weed control. By the time the drone can see weeds at 80m they need to be as big as a 50 pence piece, by which point it’s often getting too late.”

“I will carry on using the drone in maize fields,” he said. “It will never replace walking the field but we can use it to pick up differences that the human eye cannot see and its a good checking tool.”

He said the drone he used could be picked up second-hand for about £400, with new versions costing around £1,000.

How the drone was used

Plant stage

Benefit

First flight: Bare soil

Saw different soil types in field and predicted growth rates.

Second flight: First true leaf emergence

Saw delayed emergence on half the field and poor plant growth in one area. Was this soil temperature or lack of moisture?

Third flight: Second true leaf

Picked up delayed emergence of plant due to a cap being created in the soil. Drill had smeared moist soil which had then baked the following day in 26C heat.

Fourth flight: Leaf four

Assessed how successful weed control had been. Helped inform variable-rate nitrogen plans and trace element requirements. Identified rabbit damage and spotted smaller plants in middle and north of the field.

Fifth flight: At canopy closure, just before tasselling

Assess how well the maize plant had covered the soil. Assessed poor rooting and lodging. Saw smaller/thinner plants and middle and north of field that did not catch up after slow emergence.

Assessed biomas yield.

Drones: Pros and cons

Positives

Negatives

Faster than crop walking: Covered the 10ha field in 12 minutes compared with walking it in 30 minutes = 60% quicker.

Mapping and variable-rate applications: Able to track emergence, soil type, weed patches, compaction, drainage, diseases, nitrogen requirement.

Bird’s-eye view useful at canopy closure stage.

Identified eye spot and senescence in mature plants. Potential for planning harvest and contracting accordingly.

Delayed weed identification: Some weeds could get away from you if you were to rely on it.

Limited flight time of 20 minutes maximum.

Specialist software needed to analyse data.

Limited in difficult weather conditions – wind and mist make it harder to assess crop.

Unable to assess crop during tasselling stage.

Drone operating rules

Must weigh less than 20kg

Maximum hight 120m (400ft) – agronomy range is more like 80m

Do not fly within 50m of a person not under the operator's control

Do not fly within 150m of a built-up area

Civil Aviation Authority commercial licence is needed to use data commercially.

JOURNAL : Farmers Weekly

Police in Wales are appealing for information following the theft of 46 sheep in Powys

Dyfed-Powys police said the in-lamb Welsh mule ewes were stolen from enclosed farmland in the Llanfechain area in the north of the county.

Powys - 46 Welsh mule ewes (pregnant) have recently been stolen from enclosed farm ground in the Llanfechain area, North Powys. Any info? Tel: 101 @MuleWelsh @DPPLlanfyllin @WelshpoolPolice pic.twitter.com/oDh5M6Q89I

Rural Crime Team: Dyfed-Powys Police (@DPruralpolicing) February 21, 2019

It comes amid a spate of sheep thefts across the UK in recent weeks.

See also: How technology is helping farmers curb sheep thefts

Humberside Police are investigating the theft of a number of sheep stolen over the past few months from the same location on farmland near Howden, East Yorkshire.

Elsewhere, a police investigation was launched in January after 210 lambs – worth up to £20,000 – were stolen from a farmer’s field near Beaminster, Dorset.

The same month, 500 lambing ewes were stolen in a Norfolk farm raid. Most of the stolen Cheviot mule ewes were later accounted for.

Anyone with any information has been asked to call 101 with details.

JOURNAL : Farmers Weekly

Beef processing giant ABP launched its first plant-based meat-free burger this week.

The company, which works with 35,000 farmers, said its new “Equals" vegan burger brand would appeal to “meat-eaters and meat reducers”.

ABP UK commercial director Darren Jones said its core business would “remain in beef”, but it recognised “the growing demand for products that fit a flexitarian and meat-free lifestyle”.

See also: Meat processor ABP launches vegan burger

The decision has met with a mixed reaction on Facebook and Twitter. Some critics have praised ABP for embracing alternative plant-based foods, whereas others have complained that it is wrong to call a meat-free burger a “burger”.

(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'));

JOURNAL : Farmers Weekly

Poultrymeat and eggs continue to increase in popularity with consumers despite a decline in total meat consumption.

A snapshot of the retail market reveals positive news for both chicken and egg producers, who saw both value and volume growth in the 52 weeks to the end of January.

According to retail analyst Kantar Worldpanel, fresh and frozen chicken sales grew 2.6% in volume and 1.9% in value last year.

Broken down by type, breastmeat, which accounts for 60% of the total market, was up 4%, dark meat by 4.4% and whole-bird sales grew 0.5%, which marks the reverse of a decline in the category seen in the past few years.

See also: Advice on cleaning free-range poultry sheds

Widely consumed

Part of the reason behind the success is that 93% of consumers in the UK eat chicken, explained Kantar Worldpanel’s Rose Keen.

“As a result, whenever the population grows, so does consumption,” she said. “This positive story is even more remarkable when you consider that total meat consumption is in decline.”

Louise Manning, professor of agri-food and supply chain security at the Royal ***Agricultural*** University, offered more detail.

She cited Defra figures that put chicken consumption up 2% year-on-year but reported significant declines for other meat types.

Pork consumption is down 13%, beef showed zero growth and lamb is down 37%.

Households in the lowest 10% income bracket show a 2% growth in poultrymeat consumption and even greater declines in other meat types.

“For that group, it would appear that poultry still seems affordable,” said Prof Manning.

Argument can’t be about chlorinated chicken

British poultry producers should make the case for protecting their market by highlighting higher welfare standards, rather than simply opposing chlorinated chicken, according to a leading figure in the sector.

See also: Eustice fails to give guarantees about chlorinated chicken

Philip Wilkinson, who holds a range of board positions with major poultry businesses across the globe, said millions of people in the US and elsewhere ate chlorinated chicken every day with no ill effect.

“What we have got to do is look at the difference in their welfare standards and stockmanship," he said.

"They reuse litter, don’t use the same stocking densities and birds don’t have natural lighting. We’ve got to fight back on those grounds.

"We are not going to win this battle by arguing against chlorinated chicken.”

Trends

Consumers are moving from traditional “meat and two veg” meals to more creative dishes, and chicken is well suited to that type of cooking, said Ms Keen.

In addition, convenience is becoming more important – a trend most marked by the rise of quick-recipe cookbooks. Increasingly health-conscious consumers, too, have driven growth, with shoppers switching from relatively fatty red meat to leaner poultry, she added.

Beak trimming in the Netherlands

The poultry chairman of Dutch farming union LTO Eric Hubers told of his experience of keeping birds without beak trimming, which was banned in the Netherlands at the start of this year.

Mr Hubers farms 125,000 hens in both free-range and barn systems and has taken four flocks through full cycles without any beak treatment (many Dutch farmers began doing so before the law changed in January).

“We are getting it under control more easily than I thought. Of those four flocks without debeaking, three have had no problems at all and good production.

"In the rearing ***period*** you actually get better pullets,” he said.

“So [debeaking] is not just disadvantages, but the new law means we cannot choose. If we could choose I would still debeak.

"The flock we had problems with went totally wrong. They started pecking and it was unstoppable – we had 20% mortality at the end.”

Egg sales

Eggs sales are also up, according to the Kantar figures.

“This is being driven primarily by people not only eating eggs more often, but when they do buy eggs they buy more,” said Ms Keen.

Overall, value growth was up 4.7% and volume by 4.2% in the preceding 12 months.

Free range accounted for the majority of that sales growth, up 8%, while barn/colony grouped as one category declined 3%, and organic grew 15%, though from a small base.

“On average now we eat eggs twice a week,” said Ms Rose, “It’s no longer the Saturday morning fry-up, most of this growth is coming from midweek meals.”

Rose Keen, Louise Manning, Philip Wilkinson and Eric Hubers were speaking at the poultry breakout session at the 2019 NFU Conference (19-20 February).

JOURNAL : Farmers Weekly

Precision drilling liquid slurry directly beneath the maize seed could save on synthetic fertiliser and help water quality, industry-leading Danish research has found.

Early trials suggest maize growers could replace row fertilisers such as DAP (diammonium phosphate) with slurry placed 5-7cm beneath the seed (see diagram).

Leif Knudsen, chief adviser for the plant innovation department at Denmark’s knowledge centre for ***agriculture*** (SEGES), stressed that it was early days but precision slurry application looked to be a fruitful area for farm economics and water quality.

He told the Maize Growers Association conference at Stoneleigh on 7 February that Danish and German trials suggested there would be no yield loss from saving on starter DAP and using only slurry or digestate as a phosphate source.

See also: Guide to safe storage and spreading of slurry and fertiliser

He said Danish SEGES trials and trials in Germany on light, strip-tilled ground had shown that no starter DAP was required if optimal slurry placement was achieved.

Combinations of injection ploughing, precision slurry placement, variable levels of slurry and spread slurry had been trialled, all with and without starter DAP.

However, he said the precise injection of the slurry and seeds was critical.

“Too close to the seed and the seed can be damaged, and too far away means it takes too long for the seed to germinate and benefit from the slurry,” Mr Knudsen said.

Potential for UK farms

Increasingly restrictive water quality rules and guidelines mean that precision slurry injection could be a "huge area" of growth in UK farming, according to farm business adviser John Morgan of Creedy Associates and the MGA.

Mr Morgan told Farmers Weekly that last year’s water prevention rules and the 25-year Clean Air Strategy from Defra were ramping up the pressure on farmers to look at phosphate leaching.

Factors to consider to reduce nitrogen leaching from maize

Avoid over fertilisation, especially when maize follows clover-based grasses.

Apply slurry as close to sowing date as possible.

Aim for good establishment and use winter catch crops before maize and after clover grasses

Consider nitrification inhibitors on coarse, sandy soil.

Apply according to nutrient and soil analysis – up to 50 cubic metres/ha in one application or 250kg of N/ha/year in nitrate vulnerable zones.

“There’s a lot of evidence that maize responds well to phosphorous close to the seed when it’s just germinated,” Mr Morgan said.

“When farms apply slurry or digestate at a reasonable rate they very often apply all the crop’s phosphate requirements, so it’s a time-saving, environment-saving benefit and in many cases the bought-in starter phosphate may not be needed.”

Maize drilling courses to disseminate new research

Three maize drilling courses looking at precision slurry injection are being held at Sparsholt College, Hampshire (18 March); Plumpton College, East Sussex (19 March) and Kingston Maurward College, Dorset (27 March). To find out more ring the MGA on 01363 843916.

JOURNAL : Farmers Weekly

Pronar has launched a half-pipe dump trailer for use in both ***agriculture*** and construction, that looks similar to units hauled around by artic lorries.

See also: 10 tips to keep your Ifor Williams trailer road legal

First previewed at last year’s Agritechnica show in Germany, the trailer recently broke cover at the Yorkshire ***Agricultural*** Machinery Show.

The T701HP has a 22t total weight (with optional greedy boards) this mean with a low kerb weight of just 5.5t it can take up to 16.5t in one go. This has been achieved by the half-pipe design, which Pronar says has reduced the kerb weight.

Standard 600/55/R26.5 tyres spread the bulk, while a two-channel hydraulic system gives a tipping time of only 30secs, requiring around 41 litres of oil.

A sprung drawbar is standard, and there is an optional hydraulic sprung version. The whole body is made of 6mm thick steel.

The 40kph-rated trailer needs a minimum of 125hp at the front and retails for £26,142 + VAT and delivery.

JOURNAL : Farmers Weekly

Last week, Dairy Crest shocked producers and investors alike by announcing a £975m takeover by Canadian dairy giant Saputo.

Industry commentator Chris Walkland said that the man at the helm of the UK dairy processor deserved a great deal of credit for achieving such a high value for the business.

See also: Dairy Crest agrees £975m takeover bid from Canadian processor

Farmers Weekly caught up with Dairy Crest chief executive Mark Allen to get his thoughts on the sale.

Q. Hi Mark, this takeover is a big deal with a sizeable headline figure – what’s your take on it?

MA: We very much take this deal as a positive for everybody involved, whether that’s our shareholders, our stakeholders, our employees and the people you will be most interested in – our farmers.

Q. What is going to change for your 330 dairy farmers?

MA: The key thing is that absolutely nothing changes overnight. Dairy Crest Direct, our producer organisation, will also remain unchanged. Saputo's view is we have a great relationship with DCD so there is no need to change it.

It’s not a legally binding guarantee but it is a strong verbal one.

With this new investment we want to continue our growth strategy and we are looking to grow our business in the South West.

For our employees, all of our factories will remain open and all of our jobs will stay.

Q. Talking about growth, what plans does Dairy Crest have for expansion?

MA: We are looking to expand milk production. This will start with the current group and will expand into new producers if they are needed.

Q. How do you see Saputo complementing Dairy Crest’s existing operations?

Saputo has a large existing international presence. It also has a very strong balance sheet. This means it can help us to grow Cathedral City as we look to grow our export presence in markets such as the US, China, Australasia but also European markets like Germany and Austria.

Q. Was Brexit a worry for Saputo? It has invested a few weeks before the March Article 50 deadline.

MA: Saputo fully recognises the quality of our business and is taking a long-term view for the business, looking beyond Brexit to the next 10 to 20 years.

Q. Dairy Crest is waiting on planning approval for the Davidstow plant with the view of increasing production. Was the deal linked to this being successful?

MA: Absolutely not. The deal was not linked to planning permission being approved.

Expert dairy market analysis from INTL FCStone senior commodity analyst Peter Meehan

With European milk production beginning to ramp up as we head into the new season, it's looking like skimmed milk powder (SMP) is going to be the one to watch this year, taking some of the limelight off butter.

Global SMP markets continued their upward trajectory in recent weeks, while butter prices have softened somewhat.

The European SMP quotation posted 18 weeks of gains in the past 21, gaining 19% in sterling terms since the end of September.

EEX SMP futures have also trended higher in recent weeks, with the February 2019 to September 2019 contracts up 1.8% since late January. This move higher saw EEX SMP futures breach the 2,000 (£1,700) level for the first time since December 2017.

Import/export numbers for 2018 showed strong demand for SMP, with record imports by China and record exports out of Europe.

European SMP exports to Algeria, the biggest destination for European SMP, were also back to near-record levels.

European milk production, meanwhile, finished 2018 on a negative note, with declines for Germany, France and the Netherlands pulling collections lower.

New Zealand milk production maintained its strong run for the current season. However, dry conditions are beginning to affect pasture growth rates.

JOURNAL : Farmers Weekly

Livestock and arable farmers alike have been taking advantage of the record-breaking winter temperatures across the UK by drilling crops, applying fertiliser and turning out animals.

This time last year the Beast from the East was wreaking havoc on farms across the UK, with temperatures plunging as low as -10C in parts of Scotland.

Sheep farmers had to dig their flocks out of snowdrifts, dairy farmers were forced to throw away milk as tankers struggled in the treacherous conditions, and others spent hours defrosting pipes and rescuing stranded motorists.

See also: Why farming’s being asked to do more to fight climate change

In sharp contrast, this year people are dusting off their sunglasses, bringing out the shorts and T-shirts, and watching with astonishment as the temperature gauges keep on shooting up.

This week the UK experienced its warmest February day on record, with the Met Office reporting a temperature of 20.6C at Trawsgoed, Ceredigion, on Monday (25 February) – the first time a temperature of more than 20C has been recorded in winter.

[*https://twitter.com/essexpeasant/status/1100290439310118913*](https://twitter.com/essexpeasant/status/1100290439310118913)

February’s previous hottest day was 19.7C, recorded in Greenwich in 1998.

A new English record has also been set, with temperatures rising to 20.1C in Hampton Water Works, in south-west London, about 10 degrees above the average for this time of year.

‘Unreal’ farming conditions

The dry, mild winter has presented ideal conditions for drilling and arable farmers are taking the opportunity to get their beans and barley in the ground.

[*https://twitter.com/DavidButler34/status/1100109441091944450*](https://twitter.com/DavidButler34/status/1100109441091944450)

Cambridgeshire farmer David Walston has been applying liquid fertiliser to spring barley and has already started drilling peas. Usually he waits until mid-March to try to avoid the cold weather.

Spring barley drilling has also begun in Suffolk, where Michael Balls is hoping for a benign March, and on marsh land in Lincolnshire, where Phil Burrell calls the conditions “unreal”.

[*https://twitter.com/JonesWill18/status/1100081410814152704*](https://twitter.com/JonesWill18/status/1100081410814152704)

Mixed farmer Richard Heady has started planting his spring crops in Buckinghamshire, a whole two months earlier than in 2018.

“It’s so hot that the ground’s pretty hard and I’m struggling to get the seed in in places, but while the weather’s with us we need to crack on,” he said.

“We need a lot of rain soon to balance things out.”

Difficult to complain about

Meanwhile, livestock farmers are celebrating how the unseasonably warm temperatures are aiding lambing, calving and early turnout.

Kent smallholder Katie Anderson suffered from a “hellish” winter in 2018 that has made her more cautious going forward. She said: “If I’d had this weather for February last year, I think I may still have all my livestock.”

[*https://twitter.com/farmerdanb/status/1100030435621515265*](https://twitter.com/farmerdanb/status/1100030435621515265)

In south Wales, beef and sheep farmer Jacob Anthony said the comparison highlighted just how bad the previous winter was, when he had to take the unprecedented step of bringing in his entire flock to keep them safe from the snowfall.

“This year has been a difficult one to complain about, the grass hasn’t stopped growing and we were able to keep cattle out over the winter, which has helped keep costs down,” he said.

“My grandfather records the rainfall and he said January was the driest he’s ever seen on the farm.

“I know people who are lambing now are very pleased – I’m just hoping it holds and we don’t get another cold snap when we’re due to lamb at the end of March.”

[*https://twitter.com/Jacob\_cwmrisca/status/969227633933389824*](https://twitter.com/Jacob_cwmrisca/status/969227633933389824)

Why has it been so hot?

Temperatures have been so high because of an extensive area of high pressure acting as a dome over continental Europe, according to the Met Office.

The “dome” has suppressed clouds and allowed sunshine to radiate to the ground. This combined with high pressure to the south east of Britain, bringing warm air from as far as Africa and the Canary Islands, has resulted in the higher than normal conditions.

This has been heightened in some areas by the foehn effect, when air warms as it flows down the lee side of mountains.

“Soils have been relatively dry, which allows the ground to warm up more quickly, so more heat is coming from these soils,” said Grahame Madge, spokesman for the Met Office.

“The temperature is set to fall to an average of 12-14C soon, which is still warmer than average for the time of year.”

Wind, rain and snow on the horizon

Friday (1 March) will be mostly dry and bright, but wet and windy weather is likely at the weekend, says the Met Office, and Northern Ireland and western Scotland could see gales.

Spells of wet and windy weather are likely to continue through next week, interspersed with some drier, brighter ***periods***.

On high ground in the North, it may be cold enough for some snow to fall.

How to optimise spring crops through targeted marketing

Making a success of spring crops is all about knowing your markets and having attention to detail, according to the Duxford Monitor Farm.

Tom Mead and David Hurst host the Monitor Farm group, bringing together their different farming backgrounds and experiences.

Mr Mead farms 383ha in partnership with his father and David Hurst is the arable farm manager at Law Farming, which has more than 1,800ha.

Teresa Meadows, AHDB knowledge exchange manager, said: “It was clear to see from the gross margin figures we looked at, the real value of having definite markets for your spring crops.

“There was almost £300/ha increase in gross margins for growing spring barley and spring oats on a specific contract for a specific buyer.”

Spring feed beans offer the best return on variable costs for the non-premium crops, but they also have the lowest gross margin of the crops looked at.

Though spring malting barley came out on top for potential gross margins, it had the highest risk.

The other important thing is attention to detail, especially growing quality crops such as oats.

The final opportunity to consider is new crops serving the protein alternatives and free-from markets.

JOURNAL : Farmers Weekly

Red Tractor Assurance is to launch a new confidential phone line that will enable farmers, stakeholders and even the general public to report anyone who they believe is failing to meet the scheme’s high standards.

The Red Tractor “Farmed With Care" line will go live in June and will be accessible 24 hours a day, 365 days a year to anyone with evidence of wrongdoing, be it at the primary production level or during the processing or transport stage.

See also: Red Tractor to tighten on-farm inspection regime

“It will complement and strengthen our established intelligence routes regarding compliance with our standards,” Red Tractor chief executive Jim Moseley told an industry briefing in London on Thursday (28 February).

Addressing the meeting in the House of Lords, Mr Moseley explained that the scheme had more than 1,000 standards, which applied to some 46,000 members.

Scheme auditors conducted about 230 inspections throughout the food chain every day.

Compliance

Since last autumn, Red Tractor had introduced a system of risk-based inspections, with those who fail to reach the required standards subject to more frequent, unannounced visits.

Compliance was generally high, Mr Moseley insisted, with more than 90% of pig producers, for example, fully meeting the scheme’s standards.

The ultimate sanction for continued non-conformance is expulsion from the scheme and Mr Moseley revealed that, in 2017, some 262 members were kicked out of Red Tractor for persistent breaches.

The organisation was considering publishing this information routinely on its website.

Setting standards

Red Tractor standards compare very favourably with those imposed by equivalent schemes around the world, a new independent benchmarking study has concluded.

Conducted by Dr Jonathan Birnie from Birnie Consulting, the study shows that Red Tractor performs especially well in areas such as traceability and food safety.

“While there are areas that could be developed, the existing scheme is comprehensive and a great foundation on which to build these additional standards,” he said.

Two areas where improvements could be made were in terms of environmental enhancement and worker welfare.

Red Tractor chief executive Jim Moseley explained that the organisation was planning to improve, by adding on more specialist features such as higher animal welfare, environmental improvement and organic food production as part of its Complete Assurance project.

Discussions were ongoing with the environment-focused assurance group LEAF Marque, with the aim of developing a “collaborative approach”.

“Our ambition is to combine the current robust core of Red Tractor with additional standards on single issues to create a broader and stronger offer,” he said.

JOURNAL : Farmers Weekly

Defra has published new guidance for food and farming businesses wanting to employ seasonal workers from the European Union after Brexit.

The note says that the UK will remain open for seasonal work after Brexit, but the arrangements will be different for people wishing to work longer than three months, depending on whether the UK leaves the EU with a deal or not.

If there is a deal, then there will be no change to current arrangement for EU citizens in 2019 and 2020, with workers able to enter the UK on either an EU passport or EU national ID.

See also: Labour providers to pilot seasonal workers scheme

However, if the UK doesn’t reach a deal then any EU citizens arriving after 29 March and wanting to stay for more than three months will need to register for European Temporary Leave to Remain to continue working in the UK.

This will involve identity, criminality and security checks, but assuming these are passed then applicants will be given permission to stay and work for up to three years on a temporary, non-extendable basis.

A new UK skills-based immigration system would then begin on 1 January 2021.

In the event of a no deal, it will not be necessary to apply for any immigration status or a visa if people are not intending to stay in the UK for more than three months.

The guidance is likely to disappoint farm leaders who have been pushing for the length of time temporary leave to remain is granted to be extended to six months, or even a year.

NFU representatives have said they are concerned that three months will be considered too short and will become another reason for EU nationals looking for seasonal work to choose another EU country rather than come to the UK.

JOURNAL : Farmers Weekly

Beavers will soon be given protected status in Scotland, making it illegal to kill, injure or capture the animals – but farmers have raised concerns about the decision.

The Eurasian or European beaver will be added to the list of European Protected Species of Animals, protected under Scottish law.

This means that from 1 May 2019, shooting will only be allowed under licence, which will be managed by Scottish Natural Heritage (SNH).

See also: Scottish sheep farmers to battle lynx proposals

NFU Scotland has given a mixed reaction to the announcement by the Scottish Government.

In a letter sent to the government, NFUS president Andrew McCornick acknowledged the value that beavers can potentially add to Scotland’s biodiversity.

But he said the population of beavers had grown rapidly in recent years and this “will have an effect on an increasing number of farmers in the years to come”.

'Proper management' needed

NFUS says “proper management” of the species is fundamental to avoid their impact on ***agriculture***.

Some farmers have spoken of considerable damage to farmland attributed to beavers.

Adrian Ivory, a livestock and arable farmer, told The Telegraph in October it was costing him up to £5,000/year to remove dams from his land in Strathmore.

He said: “In the past six years there’s been far more damage being created, more bank erosion, more trees coming down, more dams being built, more and more evidence of them causing issues.”

Environment secretary Roseanna Cunningham said the Scottish Government “recognises” that beavers can have a significant impact on farming, particularly in areas such as Strathmore.

But she added: “[This] is why we have been working closely with farmers and partner agencies to establish management plans, as well as a licensing system for culling when there is no other alternative.”

430 beavers in Tayside

An SNH report published last October estimated that about 430 beavers live in more than 100 active beaver territories on Tayside.

SNH chief executive Francesca Osowska said: “Beavers benefit nature, creating habitats such as ponds and wetlands where other species thrive, as well as alleviating flooding and improving water quality.

“But it will sometimes be necessary to minimise or prevent beavers’ impacts on farming, and other interests.

“In readiness for beavers’ protected species status, SNH has been working with a range of partners, including Scottish Government, farmer and conservation bodies, to produce a strategy for beavers’ sustainable future.”

JOURNAL : Farmers Weekly

Sheep producers have expressed their frustration and anger that Defra is delaying changes to the rules around carcass splitting that would save the sector up to £24m a year.

Under current Transmissible Spongiform Encephalopathy rules, the spinal cord must be removed if the slaughtered animal is more than 12 months old – a practice that diminishes the value of the carcass by up to 40%.

See also: Sheep industry to save £24m after carcass-splitting rule change

For many years, this age has been determined by “mouthing” the sheep, to see if its permanent incisors have come through.

But this is time consuming and inaccurate so, following agreement in Brussels last year, it was decided to introduce a simple cut-off date.

This was to be 30 June each year, with any lambs or hoggetts marketed before that date being exempt from having to be split and have their spinal cords removed.

All change

Defra agreed the rule change last November and indicated it would be effective from 30 June 2019.

But it has now told farming groups there will be no change in the rules for the coming season.

According to the National Sheep Association (NSA), this is because Defra is concerned about the effect of introducing this change on the need for the UK to regain an EU third country listing in the event of a “no-deal” or delayed Brexit.

NSA chief executive Phil Stocker said he understood the motive, but he was frustrated that a hand-written guarantee from Defra that the new rules would apply this spring have been rescinded.

“This U-turn this has raised the question of trust in ministers.

"[Former farming minister] George Eustice wrote to me shortly after the referendum, boldly saying that if the EU won’t allow us to change our method of ageing, then this will be one of the first things we will change when we are no longer a member state.

“We are now told that, if we are no longer members of the EU, we don’t have the ability or latitude to make that change.

“Anyone still thinking that departure from the EU will result in freeing ***agriculture*** from nonsensical rules and regulations should think again.”

'Unacceptable'

NFU livestock board chairman Richard Findlay agreed it was “unacceptable” that the rule change had been overturned.

“The delay in implementation is a huge setback for the UK sheep sector and Defra’s failure to follow through on its commitment is extremely frustrating.”

Mr Findlay said the NFU understood Defra’s concerns about negotiating the UK’s status as a third country.

But while maintaining free and frictionless trade with the EU was vital, “it should never prevent necessary domestic regulatory changes from taking place, especially when the EU has already indicated it would be happy for the UK to age lambs using a cut-off date”.

JOURNAL : Farmers Weekly

Sima offered arable farmers a first look at some of the latest drilling innovations, including monster versions of Sly's Boss drill, a neat single-row coulter control system from Hydrokit and the highest-tech seeder in Bednar's Czech-made line-up.

See also: Sima 2019: Tractors and telehandlers

See also: Video: Latest kit launches and highlights from Sima 2019

Sly Big Boss drill

Two years after releasing its Australian-inspired Boss no-till disc drill, Sly Agri has come up with a supersized version.

It’s called the Big Boss and will be available in working widths from 7m to 12m – the original version topped out at 6m, or 7m in a special build.

Rather than building a bespoke chassis to support the new rig, the firm turned to French implement maker Gourdon.

Its chunky twin-axle frame will handle 24t, so it should stand up to the rigours of rattling over a few thousand acres.

To this, the Anglo-French firm added three 2,000-litre seed tanks and one 300-litre small seeds unit.

This means it’s capable of sowing four products in one hit, which can be directed to either the front or rear coulters.

The 7m drill pictured was built to order for a 800ha farm near Bordeaux, France, and comes with 54 coulters set at 16.7cm spacing.

Apparently it takes just 250hp to pull, but it could probably do with a bit more than that when working on undulating ground.

All in, the drill weighs 13t, stands at 4.5m tall and when folded for transport measures 7.8m long. Crucially, it will fold to less than 3m for venturing on to the road.

This particular model is fitted with fixed axles, but there is the option of adding steering versions to make it a little more manoeuvrable.

Prices vary considerably according to spec, but this model has a list price of 140,000 (£121,500).

Hydrokit single-row cultivator control

The overnight outlawing of glyphosate sales in France has forced farmers to turn to mechanical weed control systems traditionally employed by organic growers.

However, there’s one major problem with inter-row hoes and drills, in that they have no capacity for section control when reaching the headlands of irregular-shaped fields.

Hydraulics specialist Hydrokit has come up with a neat system that lifts individual coulter or tine assemblies out of work as each row meets the headland.

This means that the main frame of the implement can stay in the working position until the last section has reached the end of its bout.

The system can run on machines carrying up to 20 working rows, though the widest setups require a complicated web of plumbing involving up to three spool blocks.

Oil flows are kept low (roughly 1-1.5 litres/min) to lift and lower the components at a steady rate.

Layouts are bespoke to the brand or type of machine, as manufacturers use different parallelogram linkage layouts to join the coulters or tines to the main frame.

This dictates details such as the position of the double-acting rams and their stroke lengths.

The kit has been developed with the help of Trimble, which will provide the software to automate the work in the field.

Interested parties can expect to part with roughly 7,000 (£6,100) for a kit that fits a 12-row hoe.

The company has so far built 35 systems but, with the future of broad-spectrum weedkillers still foggy, it expects to sell plenty more in the coming years.

Kockerling Rebell 12.5m

Arable farmers looking for wider kit in their cultivations arsenal were taking a keen interest in Kockerling’s 12.5m wide Rebell.

The large, scalloped 510mm discs sit at a 16deg angle to provide plenty of soil mixing and are mounted on sprung carriers to handle decent forward speeds.

The rig weighs 12t and has 96 discs across the two banks on rows, with depth hydraulically controlled by guide wheels.

There are multiple rear packer options, including ringed rollers and harrows. The 8m model needs a modest-sounding 220hp to pull it, while the 12.5m will want the best part of 350hp.

The huge mover costs 120,000 (£104,150).

Bednar Omega 00-FL

Dropping three products in one pass is an optional extra on most new drills and Czech firm Bednar has joined the party with its latest Omega 00-FL drill.

Available in 4m and 6m guises, the bulky setup can be used in a variety of cultivation scenarios from direct drilling to plough-based.

At the front is a levelling bar and packer wheels, followed by two rows of 460mm scalloped discs spaced at 250mm.

Behind these is a row of disc coulters that lay the fertiliser, either with the crop or in between the rows. These are fed from the 400-litre tank, which is sat on the rear of the drill and ideal for smaller seeds.

Behind the discs is another row of 425/55 R17 packer wheels, with the middle section doubling up for transport. At the rear are two banks of coulters arranged in pairs using parallelogram linkages to follow ground contours.

The firm says this linkage, coupled with the optional hydraulic depth control, keeps drilling depth consistent. Row options are 12.5cm and 16.7cm, with half-drill shut-off a possibility.

Two pressurised plastic hoppers help control seed flow to the huge distribution heads. There’s a 5,000-litre capacity for the two products along with the possibility of blockage sensors on each hose.

The 6m machine apparently requires 200-280hp on the front and can be controlled through a Muller terminal or link into the tractor’s screen via Isobus.

The drill at Sima was the first model ever built, so prices haven’t yet been finalised.

Sulky Progress and Master drill

Visitors to the Sulky stand could catch a glimpse of the firm’s new brace of combination drills that will be launched officially in 2020.

The Master P30 is the simpler of the two and is designed for farmers that don’t want to deal with complicated control boxes and Isobus harnesses.

That means it has a simple RDS controller and one button to activate the calibration process.

Sulky says it has worked hard to streamline the production process so that it will be able to offer the P30 at an attractive price.

It will be available in 3m only and comes with a single-disc coulter assembly. At the other end of the spectrum there’s the new Progress model.

This comes with the option of one, two or three separate hoppers, meaning operators have the choice of putting together various blends of seeds and fertilisers.

This has been driven largely by the increasing interest in companion cropping, such as sowing spring beans with winter oilseed rape in a bid to keep grassweeds at bay.

Each of the drill’s hoppers has its own metering unit that feeds into one air stream to the double-disc coulter units.

It also has an electronic depth control system and blockage sensors.

Unlike the Master model, the Progress will be Isobus compatible and will also have the option of a tablet-based control system that communicates via a wifi hotspot on the drill.

Prices will be released nearer the official launch date.

Geringhoff Trufelx Razor Air

To keep smaller seeds from being lost at the combine header on impact, attachment specialist Geringhoff was showing its latest draper model that uses an air stream to save wandering seeds from leaving the belts.

The air groove runs the full length of the header behind the cutterbar and power is provided by a separate pto shaft connected to the off-side feeder house.

An onboard fan positioned behind the header drives an air feed under the draper belts and out of the grove.

There is also the option of disconnecting the pto when harvesting larger seed crops such as beans.

Geringhoff says this is different to a lot of the systems used in the US featuring tubes that reach around the reel, which it says blows a lot of dust up into the feeder house.

The integrated air system is available on the Truflex headers in 10.7m and 12.2m widths and will be shown at Cereals in the UK this year.

Prices start at 100,000 (£86,800) for the complete header, plus 15,000 (£13,000) for a trailer.

Elsewhere on the Geringhoff stand was the company’s biggest ever folding header, measuring 7.8m. When folded, the table sits at 4.2m wide, which is still legal in France and Scandinavian countries for road travel.

It takes 90sec to unfurl and costs 80,570 (£70,000), although you’ll still have to buy an oilseed kit and hydraulic adapters for your combine.

Treffler cover crop chopper

UK farmers are continuing to experiment with cover crops, but knocking the green matter down takes specialist equipment.

One machine that has come to the fore is the cross-cutter and French firm Treffler has introduced a three-roller machine for knocking down thick swards before direct drilling.

The Hardox blades offer a 100mm chop length and can rattle along at 15kph.

Currently there is only a 3m version available, but the company says there are plans to introduce a 7m in the near future and it should be available in the UK.

It requires 80hp to push and is mounted on the front linkage, with prices a starting at around 8,000 (£7,000).

Tecnoma Tecline -1

Spray technology is becoming increasingly more sophisticated but a clever invention from Tecnoma uses the simple concept of wind generated by forward momentum to funnel the liquid on to the crop.

An aluminium shield is attached to the full length of the new steel-framed boom – the Tecline -1 – and is angled to force the gust down into the path of the chemical.

This reduces drift and helps the products hit the target areas, says Tecnoma. The shield also protects the nozzles from damage if the boom comes into contact with the ground of an object.

The Tecline-1 was attached to the Tecnis trailed sprayer that is available with 3,500- to 6000-litre tanks and booms up to 39m wide.

It retails from about 80,000 (£70,000).

Kuhn I-Spray

Thanks to a collaboration with fledgling ag-tech company Carbon Bee, Kuhn has begun work on a trial into targeted spot spraying.

The I-Spray project kicked off in January and uses a combination of high-definition cameras and individual nozzle control to detect and spray specific weeds.

So far results are suggesting that it could offer chemical reductions of 50%-80%. For the trial, the system has been set up on a Kuhn Lexis trailed sprayer.

Cameras are mounted every 3m along the boom and they send their images to a box housing some artificial intelligence technology.

This quickly scans the images for target weeds, which it does by studying their shape, colour and texture.

Once satisfied it has a confirmed match, it will trigger the machine’s individual nozzle control system to deliver a blast of product just as the plant passes under the boom.

All this happens in a blink of the eye, meaning spraying speeds of up to 15kph can still be achieved.

Clearly the project is still in the early stages, but in a few years it could be available commercially.

JOURNAL : Farmers Weekly

Alongside the stalls of show-ready cattle, there was plenty of cutting-edge kit for livestock farmers to peruse.

Robotics took centre stage again, with manufacturers showing off their answers to the challenge of automating feeding, bedding and milking.

There were also bigger and more sophisticated systems for cutting and processing heavy grass crops.

SIP Silvercut

Big-time contractors knocking down vast grass acreages might be interested in Slovenian maker SIP’s flagship 1500 TFC mower.

With a wingspan of 14.55m, the 9t outfit carries four mower beds – each with eight discs – that enable it to slash its way through more than 20ha/hour.

Power requirements are 300hp with the standard disc cutter, or an extra 50hp with conditioners attached.

To complete the package, buyers will need to fork out for a front mower, too. Without the conditioner, the five-gang kit commands a 140,000 (£122,000) ticket price.

According to SIP’s designers, adding a steering axle delivers handling on a par with the self-propelled Krone Big M mower, mainly because the rig follows directly in the path of the pulling tractor.

Standard kit includes hydraulic brakes and a break-back system that will hopefully avoid too much bent steelwork should the mower become too closely acquainted with a gatepost or water trough.

See also: Sima 2019: Arable kit in the spotlight

Pottinger Novacat A10 Cross Flow

A neat auger system behind the discs means Pottinger’s Novacat mower can cut and merge grass in a single pass.

The lightweight, conditioner-free system requires very little power to run, says Pottinger, and the closed design sees the material thrown straight into the augers after cutting.

This keeps losses and contamination to a minimum.

The 10m-wide A10 will blitz 12ha/hour and carries 16 discs (eight per side), not including the single front-mounted unit to deal with the middle section.

Apparently a 200hp tractor should be enough to run the outfit – largely because it requires so much less power compared with a more traditional belt system.

The list price is around the 62,000-mark (£54,000), though that will climb once the 3m-wide front mower is added into the mix.

Fliegl Buffel

In a bid to cut the dead time of carting a full forage wagon back to the clamp, Fliegl came up with the Buffel concept.

The novel machine works in the same way as a conventional wagon, but rather than having a large box on the back, it has an elevator to unload into trailers running alongside.

This continual chopping ability means it offers output more in line with a self-propelled outfit, and thanks to its own 10cu m storage capacity, it can keep going for short ***periods*** when there’s no trailer nearby.

The firm has been trialling the system for the past couple of years and is busy getting customer feedback to see if it’s worth taking the idea any further.

Trioliet Triomatic

The dairy industry remains primed for a robotic invasion but, so far, automated feeders have failed to match the success of machines that take the legwork out of milking and bedding.

However, Trioliet hopes to encourage more farmers to make the switch to a reduced labour system with its battery-powered feeder, which scurries between the kitchen and the barrier to fill the bellies of up to 250 cows.

The firm already offered a gantry-type layout and one that required a power rail along the route, but its battery-based setup does away with much of this infrastructure.

Instead, it uses a metal line set in the concrete to provide a path, with progress between barns guided by sets of transponders. Top speed is a sedate 3kph.

Central to the design is a 600v nickel-metal hydride battery that should be able to handle 2,500 charges from flat to full.

In reality, says Trioliet, it’s unlikely to ever get below 90% charged, so it should last far longer than that.

Recharging tends to takes place while it’s filling up at the feed kitchen, where the firm says it can dish out different ration ingredients to 1kg precision.

For particularly long jaunts to outpost buildings, buyers can fit an electric charge rail to provide a power top-up.

Total capacity is pretty low – just 2.5cu m – but the quality and accuracy of the twin-auger mix means it can dish up a bespoke mix of just 70kg for a couple of dry cows.

Prices kick off at about 70,000 (£61,000) for the robot itself, but the complete package – feed kitchen and all – will be more like 130,000 (£113,000).

Neptune 8.20

Offering livestock a comfortable place to be taxied was Le Mans-based Cosnet with its Neptune 8.20 trailer.

No ramps are required as the trailer’s body tilts via a front-mounted hydraulic ram to reduce the gap between the floor and the bed at the rear.

The standard deck is constructed of rubber resin and provides animals with a grippy and soft surface to rest on, while also helping to deaden the road noise.

The 8m-long model at Sima was fitted with a few optional extras, including a partition door that has multiple locating holes depending on how many animals need separating.

A clever addition at the back of the trailer is a set of gates (one on either side) that slide out past the rear to join on to buildings or runs, so there’s no need to get too close and risk dinging the lights.

The 8.20 retails for around 24,000 (£20,800) but additional items, such as a roof canopy at 2,000 (£1,750), can easily bump up the final cost.

CRD robotic scraper

Daily muck scraping duties could be made a lot more pleasant with the latest slurry-vacuuming robot from French dairy kit maker CRD.

In buildings with solid floors, the Aspi concept vehicle will make its way around passages, scraping and vacuuming as it goes.

Once its 315-litre stainless steel tank is full, it will return to its base station, where it jettisons the load through a hatch and recharges its battery if needed.

The machine is also capable of working on slatted floors, but in this situation the vacuum is disabled.

To help shift more stubborn residues it can also be fitted with a 70-litre clean water tank with cleaning jets.

This can be topped up automatically at its base station.

Propulsion is handled by electric motors on the two drive wheels and it navigates using a laser guidance system with 240deg vision.

The 1.5m rubber scraping blade also has casters on the sides to help it scoot round corners.

The Aspi will tackle slopes of up to 10% and is capable of threading its way in and out of several different buildings.

Its route is mapped using a tablet computer that comes included in the package.

According to the firm, a single machine will cope with 80 to 100 cows.

Samson Flex 20E

Samson unveiled extra options on its 20cu m Flex muckspreader, including a single-axle version and a weigh-cell kit that takes fresh measurements every five seconds – a setup the firm expects to be specced on at least half of the models it sells in the future.

The maker, which recently added financially-stricken firm Pichon to its portfolio, also offers the new model with its SpreadMaster 8500 screen, making it possible to import application maps and vary the spread quantity accordingly.

Vertical beaters are capable of handling up to 70t/ha and will throw to 12m, while the horizontal beater layout will chuck lighter-weight fertilisers and industrial waste out to 24m, albeit at lower rates of up to 50t/ha.

Rousseau electric-rotor hedgecutters

If you fancy going left-field with your hedgecutter choice then French maker Rousseau offers a machine that uses a battery-free electric system to power the rotor.

Apparently, this means it weighs roughly 80kg less than oil-powered equivalents and the driveline is more efficient, so tractor fuel use can be up to 35% lower.

It uses a combination of pto-powered 33kW generator and brushless motor, so the rotor spins independently of tractor pto speed (from 500 to 3,000rpm).

This means a much less powerful tractor can be used for the job, and it can run at far lower revs and overall noise is reduced, too.

Movements of the arm remain hydraulically powered, with industrial-grade cables and connectors running up to the cutting head.

The system is de-energised when the pto stops, so there’s no risk of electrocution when it’s not in use.

The kit is available on three models with 5.51-7.5m reach and they also come with a neat forward-reach arm that means the head can run ahead of the cab despite being rear-mounted.

Buyers can expect to pay a healthy premium for the electric machine – about 30% more than a standard version at 40,000 (£34,750).

JOURNAL : Farmers Weekly

New tractors and telehandlers stole the limelight at Sima, with Case, New Holland and a couple of lesser-known brands launching new models.

Case Versum/New Holland T5

Sister brands Case-IH and New Holland were showing differently-dressed versions of a 100-130hp tractor range.

The red model is based on the Luxxum chassis and gets a new name – Versum.

It comes with a stepless CVX transmission and high-spec, four-post cab to bring a bit more glamour to the sub-150hp bracket.

Previously, the smallest tractor available with a stepless transmission was the heavier-set Maxxum (116-145hp).

There are four models in all – 100, 110, 120 and 130 – and the number on the bonnet directly relates to the rated horsepower outputs of the 4.5-litre FPT engine.

Max power comes 10hp higher on each model and torque ranges from 520Nm on the smallest to 630Nm for the top dog.

Spec details worth noting include 110 litres/min hydraulics, 5.6t rear lift and a 9m turning circle.

There’s no word on price yet. As a guide, the top Luxxum costs around the £75,000-mark, so one can expect to fork out a fair chunk more than that.

New Holland’s version shares the same spec and is called the T5 AutoCommand.

See also: Video: On test: Case IH 300hp Optum CVX

Of the four main tractor makers in Turkey, three have already made it to the UK in one guise or another.

Turk Traktor has appeared sporting New Holland livery, Hattat produced the old Valtra A-series and more recently Armatrac has been pushing hard to get its own foothold in the market.

But now Basak, which hails from Sakarya (about 100 miles east of Istanbul), is hoping to make its mark.

The brand has historically concentrated on eastern European and African markets, but with the launch of its new 500-series it’s setting its sights on the West.

The new models feature Tier 4 four-cylinder engines from Deutz and come with power outputs of 90hp, 105hp or 120hp.

A ZF four-speed powershift transmission is also included in the package, along with electro-hydraulic shuttle and a list of other fairly familiar components.

Five spools are on offer, two of which are electric, and it has three pto speeds.

Prices are yet to be announced, but it’s expected to come in at 46,000-50,000 (£39,900-£43,400).

The firm also has a telehandler in its line-up, which sports a 3.5t lift capacity and 7m reach.

It is powered by a Perkins four-cylinder, has a hydrostatic transmission and comes in at 48,500 (£42,000).

Mancel F5-145

There was a brand-new face in the tractor world with Mancel taking a large Sima show plot to showcase its burgeoning fleet, which has only been in existence for three months.

The YTO-owned brand forms a new European arm of the Chinese maker.

Its range starts from 110hp, but pride of place on the stand was the most powerful 145hp F5-145, which boosts 155hp.

As with other relatively unknown tractor makers, the running gear comes from decent stock – an FPT 4.5-litre four-cylinder engine provides 636Nm of torque and it sits on Carraro axles.

The rear linkage can heave 6,600kg and a load-sensing 128 litres/min pump controls the four hydraulic spool valves.

The suspended cab comes with air conditioning as standard, too.

Although owned by the biggest tractor brand in China, more than 90% of the parts are designed and made in Europe (the majority in France).

Even the powershift transmission is made in-house by Mancel at its factory in Saint Dizier, 150 miles east of Paris.

The company is currently trying to assemble a UK dealer network.

Massey Ferguson 8700 S

Changes to Massey Ferguson’s flagship 8700 S series centre around the boring but unavoidable emissions regulations.

Jonathan Page

In particular, the latest versions have cleaned up their act to Stage 5 standard by adding a maintenance-free soot catalyst to the 8.4-litre, six-cylinder engines. This avoids the regular servicing required with a diesel particulate filter.

The soot catalyst requires occasional regeneration, but this happens automatically – if the engine is hot, the soot will burn off naturally.

This new after-treatment kit is fitted outside the bonnet, so doesn’t require any changes to the tractor’s existing shell. The only obvious difference is a narrower exhaust pipe.

Power outputs in the range run from 270hp to 400hp and all models come with Massey’s Dyna-VT stepless gearbox.

MX TX400 loader

Increasing demand from contractors for high-capacity tractor loaders has prompted MX to build its biggest unit yet.

The TX430 is suitable for tractors from 250hp-400hp and is capable of lifting 3.3t to a maximum height of 5.5m.

According to the firm, high-horsepower tractors fitted with these loaders are slowly taking the place of telehandlers in the field.

This is thanks to the fact they have better towing capacity, improved stability and a more comfortable cab.

To prevent the need for grafting on different brackets or shelling out for new implements, the range comes with a universal carriage that will accept most attachment systems.

MX offers a number of its own electronic joysticks, but for buyers wanting to use their tractor’s own joystick, there’s the option of tapping into the mid-mounted spools.

Prices for the TX430 start at 24,830 (£21,500) using the tractor’s own joystick and go up to 27,380 (£23,700) using an MX unit.

Sodijantes Tank Air Wheel

Thanks to a nifty air tank housed in the wheel rim, a new central tyre inflation system from French firm Sodijantes promises to pump tractor tyres up in about a minute.

This makes the new setup 10 times faster than most current systems that need to wait for a compressor to plug away at the job, the company says, and means operators are more likely to use it regularly.

Once the stock of pressurised air has been spent, the tank will automatically refill (using a compressor) to a pressure of 6bar. This will then stay in reserve until it’s needed again.

Figures from the company suggest that making use of central tyre inflation systems like this to regularly adjust pressure can cut fuel use by up to 20% and reduce tyre wear by 50%.

Dieci AgriPlus 42.7 VS Evo 2

Dieci has employed the services of a fancy Italian interior designer to spruce up the ageing cab on its Evo 2 telehandlers.

Changes are restrained rather than revolutionary, but see cab suspension, a redesigned terminal and soft-touch cladding added to the layout. There’s also a new electric handbrake.

Most of the machine’s stand-out features remain the same, including the single-piece door with electric window and most of the key controls.

As for running gear, it uses an FPT 4.5-litre engine rated to 138hp (peaking at 153hp) and a hydrostatic transmission.

Max lift is 4.2t to 6.9m, but there’s also a longer-reaching model in the range capable of hoisting 4t to 8.9m.

The asking price is roughly 85,000 (£73,800), which makes it significantly cheaper than a lot of its rivals.

Merlo Turbofarmer TR 65.90

Merlo had more than 20 machines on its stand, but pride of place was a new farmer-spec telehandler aimed at AD customers and contractors that want an alternative to running large shovels.

Not available in Europe until March 2020, the new machine can hoist 6,500kg up to a heady 9m.

It carries an FPT 4.5-litre four-cylinder engine churning out 170hp, running through a CVTronic hydrostatic transmission.

Merlo is famed for sticking with cab suspension for its handlers while the rest of the market make do with boom softening to ***smooth*** the ride and the TR65.9CS is no different – it gets a cushioning kit as standard, with boom suspension an extra.

The company has got rid of the irritating trigger switch to engage the hydraulics, instead using electro-static pulses detected from the driver’s hand to activate the boom.

The monster machine measure 5,280mm long and strides straight to the top of the Turbofarmer range, nudging the previous range-topper – the 50.8T CS – from its perch.

JOURNAL : Farmers Weekly

Land in the UK dedicated to smallholdings shrank by 2.8% in the year to March 2018, as local authorities sold 2,773ha of council farms.

Of the 43 authorities that responded to the Annual Report to Parliament on Local Smallholdings in England, just three increased their area of land dedicated to council farms by a total of 188ha – Norfolk, Cambridgeshire and Central Bedfordshire.

See also: County council farms – how many are left?

In total, there were 83,600ha of area let to smallholdings across the 43 local councils and authorities.

Cambridgeshire accounted for more than 15% of the surveyed total and more than twice the area of any other authority with 13,190ha.

The county was also among the best authorities for granting new smallholding tenancies in second place with nine, behind Lincolnshire, which awarded 13 in the 12 months to March 2018.

Herefordshire saw the largest drop of the 43 authorities in its number of smallholdings across the ***period***, terminating 34 and adding no new tenancies.

Smallholdings in England generated a total income to local authorities of £27.3m between April 2017 and March 2018.

In contrast, the 43 councils and authorities spent just £10.7m on costs such as repairs, rents and estate management, leaving a surplus of £16.6m for the year ended March 2018.

JOURNAL : Farmers Weekly

So as another season approaches, I wonder what this one has in store for us?

I’m lucky enough to have spent the last seven weeks in New Zealand walking seed crops and meeting growers on the Canterbury Plains. Have I learned anything? Absolutely!

I've learned about the importance of water, clean land, long rotation, cool storage, seed management, long growing season, sunshine, easy working soils, psyllid and the abundance of agrochemicals available to help manage pests and diseases.

Psyllid importance

One might ask why psyllid is mportant. It’s the control that is important, every potato crop is protected against the pest, both seed and ware alike, the consequence?

Very little potato virus Y (PVY) in seed crops, but still there is an abundance of bees and other beneficial insects, certainly in the crops that I walked.

See also: How a Dorset farmer grows cost-effective cover crops

More on New Zealand perhaps another time, but closer to home when it comes to growing potatoes, how can we improve our management of risk and maximise the return per hectare?

Some simple cost-of-production sums, assuming nematicide use and some irrigation but excluding storage, might suggest that you will need to sell 50t/ha off the field at £135/t just to stand still.

Cutting back on input costs will have little impact, but selling 60t/ha off the field will – food for thought?

Recent dry weather has allowed applications of base fertiliser in the form of muriate of potash to be applied in timely fashion, giving the chloride time to dissipate prior to planting.

Applications of glyphosate have been made to those fields coming out of overwintered stewardship and ploughing has continued in good conditions.

Some good news on the chemical front is the arrival of the nematicide Velum Prime (fluopyram) and hopefully, the herbicide active aclonifen.

On the negative side, this is the last season of diquat use. How we manage weed control and desiccation without it will be challenging.

JOURNAL : Farmers Weekly

Livestock scientists at Scotland’s Rural College (SRUC) are going to use a supercomputer to analyse data from milk-recording farms to see if they can identify signals in milk that could act as early indicators of bTB (bovine tuberculosis).

Researchers claim the study, if successful could revolutionise TB diagnosis on farms, enabling farmers to get rid of reactors sooner.

Monthly milk test data from National Milk Records from bTB positive cows will be analysed using mid infrared (MIR) assessments in a two-year ‘deep learning’ process.

See also: Current UK TB rules – and what’s coming next

By analysing changes in the spectral data profile affected by fatty acids, proteins, calcium, lactoferrin and other milk characteristics, the computer will look for early warning signals that the cow has become infected with bTB.

The findings of the machine-led learning process could then be incorporated into calculations for bTB resistance and susceptibility if a trait for bTB resistance is revealed.

Dairy farmers could benefit from this study through:

earlier bTB diagnosis on a 30-day milk test rather than a 60-day bTB test

another trait (phenotype) to inform AHDB Dairy’s genetic index for TB in dairy cows – TB Advantage.

Progress so far

Professor Mike Coffey, project leader, said: “We hypothesise that when a cow has got bTB she has a characteristic signal in her milk and we are trying to detect it with the supercomputer.

“The change might be in fatty acids or a chemical produced by the bacteria in the milk or something else, we just don’t know at this point.

“We know milk characteristics alter according to a range of things happening on the farm, such as diet or bulling. So we are asking how milk changes when a cow gets bTB.”

Prof Coffey said there are more than 22 billion data points from millions of cows, with each milk sample having 1,060 separate data points that need to be analysed.

He added: “This is potentially a great step forward in the fight against bTB.

Being able to use routinely collected milk samples to alert us to a cow that may have been exposed to infection will allow the farmer to take remedial action long before the normal testing regime comes in.

“The early removal of infected cows should lower the background level of bTB and contribute to enabling more effective outcomes from the existing tools deployed to eradicate the disease.”

Strong correlation needed

Holstein UK geneticist Dr Darren Todd welcomed the announcement and said that any developments that could reduce bTB susceptibility in cattle and speed up diagnosis were very positive for the industry.

He added that farmers would benefit if another phenotype could further improve AHDB Dairy’s TB Advantage. But he warned the accuracy of the test as a predictor of infection would depend on there being strong enough correlation between what it is that researchers find and bTB resilience.

Project ***funding***

***Funded*** by £337,000 of Biotechnology and Biological Sciences Research Council (BBSRC) ***funding***

Follows Defra’s review of its 25-year bTB strategy which included ‘improved genetic resistance and improved diagnostic tests’.

More information on bovine TB

The TB Hub is the joint industry initiative giving beef and dairy farmers across Britain an online source of TB-related advice on biosecurity measures, trading rules and dealing with the disease in their herds.

JOURNAL : Farmers Weekly

The annual Groceries Code Adjudicator (GCA) survey has opened and is seeking the views of UK fresh produce suppliers in order to improve retailer trading practices.

Conducted by YouGov, the research will examine how the UK’s major retailers have complied with the Groceries Supply Code of Practise (GSCoP) over the last 12-months.

See also: Retailer Watch: Which supermarket treats suppliers the best?

For the first time retailers Ocado and B&M will be included in the survey, the sixth carried out by the adjudicator, Christine Tacon.

Common issues highlighted by the survey in previous years include payment delays, variation of supply agreements, unjustified charges and de-listing issues.

Suppliers can complete the survey on the YouGov website. It should take no more than 15 minutes.

Each retailer is assessed for how well they have worked with suppliers and have negative practices examined.

The 2018 survey saw Aldi take the top spot for best supplier relations for the second year running, while Asda, the Co-op and Iceland took the bottom three spots.

[*https://infogram.com/gca-survey-2018-online-1h984wn1zrjz4p3*](https://infogram.com/gca-survey-2018-online-1h984wn1zrjz4p3)

[Insert 2018 infographic]

In the event of serious breaches of the Groceries Supply Code of Practice, the GCA will investigate retailers, having previously examined the practices of Tesco in 2014 and more recently the Co-op in 2018.

Tesco was given a number of recommendations to improve practices by the GCA, including improving transparency in its buyer relations and paying suppliers according to the terms agreed, which it had not been doing previously.

The Co-op investigation is still ongoing, but with new powers to fine retailers that breach the rules, the supermarket could be forced to pay a fine of up to 1% of its annual turnover.

Based on 2016 figures, this could leave the retailer’s food arm with a £71m fine.

Anonymous survey

Information provided to the GCA survey is done so anonymously and respondents will not be identified without prior consent.

The survey closes on 23 April, with the results set to be published on 24 June at the GCA Annual Conference in Westminster.

JOURNAL : Farmers Weekly

A tax tribunal decision could mean big tax savings for some farmers investing in specialist buildings and equipment.

The tribunal ruled in favour of allowing an arable farmer to treat a new grain drying and storage facility as plant and machinery for tax purposes.

The case is significant as spending on buildings and structures is not normally eligible for capital allowances and means there may be potential for other businesses to claim 100% tax relief on similar specialist buildings.

A spokesperson for HMRC has confirmed that it will not be appealing the tribunal’s decision.

See also: Structures and building allowance – a guide for farmers

The case hinged on whether the steel-framed store could be classed as a "silo provided for temporary storage", which is eligible to be claimed as plant and machinery, or as HMRC argued, whether the facility was a "building".

HMRC’s stance was that it only willing to accept that about 20% of the costs should qualify for allowances.

But the First Tier (tax) Tribunal ruled that the whole cost of the structure was eligible for capital allowances as "plant and machinery" within the meaning of the Capital Allowances Act 2001.

‘Integral’

The tribunal concluded that the whole structure, not just the moveable items within it, were integral to its function of drying, conditioning and the storage of grain until it was to be sold.

It was noted the structure cost about double what a general purpose ***agricultural*** building would have cost and is unsuitable for use as a livestock building.

The tribunal was also happy to accept that the storage was temporary.

Specialist buildings

Martin Rossiter, partner with accountant RSM, said the case did not mean it was now open season for farmers to claim allowances against any building used to temporarily store grain.

The case had been successful because of the specialist, integrated nature of the facility, which was performing a function beyond simply being a building.

But for farmers who had installed, or were about to install similar specialist buildings, the case was significant.

Under the new Structures and Buildings Allowance, it is possible to offset 2% of buildings costs each year for the next 50 years, he said.

But if the investment could be classed as plant and machinery – and with the Annual Investment Allowance currently set at £1m/year – it may be possible to offset all costs in one year, which could lead to a big tax saving.

For example, a farm business spending £250,000 on a grain store, which made a profit of £250,000 in that year, would make a tax saving of £47,500 in tax (at 19%) because the 100% capital allowance would mean there was no profit and therefore no tax to pay.

If profits were smaller, then the losses would be carried forward, so the benefits were not lost.

Mr Rossiter said anyone who had built a specialist grain store in the past decade should look into whether it would be worth revisiting their tax returns to ensure they had maximised their allowances.

“But be aware that the level of the Annual Investment Allowance has changed over that ***period*** – so it might not be possible to get the full amount.”

JOURNAL : Farmers Weekly

The Teesside bioethanol plant is to reopen at reduced capacity at the start of March.

German owner CropEnergies AG said it planned to initially run the factory at reduced capacity to supply orders from British customers.

Traders welcomed the news that this important home for UK wheat would reopen, but also cautioned that the level of planned production was unclear and the plant could equally run on imported maize, which is plentiful and competitive.

May 2019 London feed wheat futures gained slightly from the news yesterday (27 February), alongside gains associated with rises in other markets, but lost some of that momentum to close at £164.25/t, up £1.65/t on the previous day’s close. Midday today (28 February) saw trade stuck at that level.

See also: Wheat is £10/t cheaper to produce with no-till approach

CropEnergies said questions related to Brexit about customs for imports and exports to and from the UK need to be clarified immediately and that future customs regulations are of existential importance for the production site Wilton.

The company also warned that for continuous operation of its UK plant, the local British market for alternative fuels must be developed.

It wants to see a speedy introduction of Premium E10 (road fuel using 10% ethanol) which it says has has been overdue for years.

“Already today, climate-friendly Premium E10 is the standard fuel for the certification of new petrol engines in the EU,” said the company in its statement on the reopening.

“Currently, the British decarbonisation of transport is mainly based on biodiesel which, to a considerable degree, is produced from used cooking oils.

“A large part is imported from third countries, such as the People’s Republic of China where the guiding principle of waste reduction is not legally specified.”

JOURNAL : Farmers Weekly

Three farmworkers have been handed suspended prison sentences for causing unnecessary suffering to pigs at a farm in Lincolnshire.

Undercover footage of pigs being repeatedly kicked in the head, hit with gates and jabbed with pitchforks was filmed by Animal Equality in April last year and passed to the RSPCA  to investigate.

Hidden cameras captured the abuse at Fir Tree Farm, Goxhill after a tip off. The footage was later passed to the RSPCA, which brought the prosecution.

See also: Undercover footage shows pigs beaten on Lincolnshire farm

Troy Wagstaff, 30, of Chantry Lane, Grimsby, Gavin Hardy, 39, of Greengate Lane, South Killingholme and Arturs Grogprkevs, 32, of Oak Avenue, Goole, appeared before Grimsby Magistrates Court for sentencing on Thursday 28 February.

At an earlier hearing, Mr Wagstaff pleaded guilty to causing unnecessary suffering to numerous pigs by inflicting blunt force trauma and physical violence between 2 April and 27 April last year.

Mr Grogprkevs previously admitted causing unnecessary suffering to four pigs by inflicting blunt force trauma, physical violence and the inappropriate use of a pitchfork between 10 April and 27 April.

And Mr Hardy admitted causing unnecessary suffering to two pigs by inflicting blunt force trauma, physical violence and the inappropriate use of a pitchfork between 25 April and 27 April.

In mitigation, the court heard that none of the men had previous convictions, had pleaded guilty and were remorseful.

All were sentenced to eight weeks in jail suspended for 12 months, ordered to do 100 hours of unpaid work and disqualified from owning or working with commercial livestock indefinitely. They were also ordered to pay £500 costs and a £115 victim surcharge.

NPA: 'Abhorrent behaviour'

The National Pig Association has said it could not condone the men’s violence or behaviour towards the animals.

“Such behaviour is abhorrent to all pig farmers and the business involved, which has acted responsibly and immediately by terminating employment of the members of staff following a thorough investigation and is co-operating fully with the authorities,” the organisation said.

“The NPA will take the lead in investigating what further measures can be put in place to prevent any similar incidents from occurring on British pig farms.”

JOURNAL : Farmers Weekly

A farm-scale trial of technology could provide data to help justify payments for environmental measures taken on farm in the future, while also improving the quality of advice given by agronomists.

Andrew and William Pitts farm 809ha of arable land at Mears Ashby and Whiston in Northamptonshire and are hosting the Helix project for agronomy firm Hutchinsons.

The research farm has been created in response to the deluge of technologies available to farmers that could potentially improve their crop performance, such as diagnostic tools and satellite imagery, with the aim of flagging up those technologies most beneficial to growers.

See also: How a former RAF fighter jet pilot is improving crop management

These will then be synched together through a central hub – Hutchinson’s Omnia platform.

Hutchinsons agronomist Michael Shemilt will test and manage technologies with the farm to understand how they work and determine their value at farm-scale.

As a result of the project, tools and a body of data will be created that will help shape the evolution of the grower and agronomist relationship, with less crop-walking and more ground-truthing likely in the future.

Rather than advising on specific crops, the research will help agronomists take a more strategic approach for the whole farm, improving profitability, sustainability and efficiency.

Three projects

Three projects are already under way at the farm, looking at the areas of climate and pest prediction, environmental sustainability and crop nutrition.

As part of the environmental sustainability project, pollinator species are being identified across the farm as part of a PhD, using technology to map the species rather than having to identify them by hand.

Such a tool would potentially enable farmers to justify their environmental performance under a “payment by results” type scheme for farm subsidy.

“The project has already identified a lack of dandelions on the farm, which flower early on and support queen bees,” says Mr Pitt.

“More pollinators support higher yields, so we need now to figure out what to grow to build up their populations.

“The idea is we capture this information to justify the results.”

By testing mapping tools for both yield and the environment, growers will be better informed about the least-productive areas of their farms, enabling them to be potentially rectified.

As a result of the project, agronomists will able to provide good environmental advice on a farm-wide basis, helping farmers include the right species and increase biodiversity so these areas can qualify for environmental land management payments.

A major part of the project will also be working with start-up technology companies.

The nutrition project, in particular, is testing technologies developed by start-ups, such as FungiAlert, which is a spore sensor developed at Rothamsted Research to measure pathogens and soil bacteria.

Through the Helix project, the number of sensors needed in the field have been reduced, making the technology practical to use.

Hutchinsons will also be testing novel soil-scanning technology, removing the need for invasive soil testing.

Yield-map data

Mr Pitt is using yield-map data to try and increase the profitability of one of his fields by removing

JOURNAL : Farmers Weekly

Using bulls with a higher terminal index can be worth more than £80 a finished calf, according to new research carried out at Harper Adams University.

Using Hereford bulls, the study aimed to compare the performance of progeny from top 35% and top 60% terminal index sires with calves finished at 19-22 months on a semi-intensive system.

Results showed that cattle born from a bull with a terminal sire index (TSI) of +27 (top 35% of the breed) significantly outperformed calves from a bull with a TSI of +23 (top 60% of breed).

See also: Current UK TB rules - and what's coming next

The calves born to the higher TSI bull grew faster and finished 31 days quicker, reducing feed costs, and produced 7.5kg heavier carcasses.

Led by Matthew Rollason, a previous BSc ***Agriculture*** student who now works for Dunbia, alongside principal lecturer and beef specialist Simon Marsh, the trial took place at Sandy Hill Farm, Northamptonshire, where Mark Spendlove runs a commercial spring-calving suckler herd.

“The economic difference was the most stark finding," Mr Rollason said. "I didn’t anticipate how significant the difference would be. I was expecting a far more modest outcome.

“If you applied that cost difference to a larger-scale beef finishing unit, the amount would be greater still.”

He also highlighted that the study focused on feed savings and carcass gains, but there would be other fixed and variable cost benefits such as reduced bedding, shed space and labour.

Mr Spendlove said the results confirmed his previous thoughts that EBVs were crucial when selecting bulls.

“We would only buy bulls with figures provided. At the bull sales we spend more time looking at charts of EBVs rather than watching the ring,” he said.

“We’re selling meat, we’re not selling looks.”

Retail meat yield is a key value he looks at when selecting bulls (see "Bull selection at Sandy Hill Farm" box, below) and this trial has confirmed to Mr Spendlove that the modern Hereford is the right breed for him, to produce a carcass that the meat trade wants.

“The fact that we’re getting cattle of this breed to weight and specification and finished earlier and cheaper than continental breeds is encouraging and says quite a lot for the Hereford breed,” he said.

Bull selection at Sandy Hill Farm

Mr Spendlove bases his Hereford bull buying on a range of key factors:

Visual factors:

Length is key because this is where the highest value meat is

Width is considered, but in balance with calving ease

EBVs:

Retail meat yield

Eye muscle area

Calving ease

The animals in the study

The suckler herd at Hill Farm comprises 125 British Blue x Holstein-Friesian suckler cows, producing 120 finished cattle annually on a semi-intensive system.

Approximately 20 British Blue x Holstein-Friesian replacement heifer calves, bought each autumn and bucket reared for 12 weeks, are bred to Hereford bulls at 15 months, aiming to calve at 24 months old.

Calves from the herd that were born to two different bulls in the spring of 2014 and 2015 were analysed when finished at 19-22 months of age in 2016 and 2017.

The two bulls used in the study:

Bull A (Terminal Sire Index +27 – Top 35%) – selected on EBVs alone, not visually assessed before purchase.

Bull B (Terminal Sire Index +23 – Top 60%) – a bull with successful show record, selected on phenotypic assessment alone.

How the bulls' EBVs compare

Sire A (top 25%)

Sire B (top 60%)

EBV trait

EBV value

Percentile band

EBV value

Percentile band

Terminal sire index

+27

Top 35%

+23

Top 60%

Birth weight (kg)

+3.8

Top 85%

+1.2

Top 15%

200 Day Wt (kg)

+34

Top 15%

+24

Top 65%

400 Day Wt (kg)

+65

Top 10%

+48

Top 55%

600 Day Wt (kg)

+83

Top 10%

+57

Top 60%

Eye muscle area (sq cm)

+3.7

Top 5%

+2.0

Top 45%

Rib fat (mm)

+2.0

Top 99%

+0.1

Top 70%

Retail beef yield (%)

-0.8

Top 99%

+0.2

Top 65%

The results

Results, across both heifers and steers from the two bulls, showed that:

Bull A’s calves were slaughtered 31 days earlier at 616 days, rather than 647 days.

Bull A produced carcasses 7.5kg heavier at 342.5kg.

Bull A’s progeny gained weight faster at 0.56kg/day daily carcass gain, compared with 0.52kg/day.

There was little difference in carcass grading, with the average conformation classification for all calves R- and the average fat classification for all calves 4-/4=.

At the same carcass price of £3.82 (taken from a base price of £3.90/kg and including penalties for under- and overweights), Bull A’s calves saw an average carcass value of £1,308.35, while Bull B’s calves saw an average value of £1,279.

Calving ease and percentage of calves reared were similar across both bulls.

Financial benefits

Both steers and heifers from Bull A finished earlier, saving on finishing costs.

Based on feed costs of £1.72/day for steers, getting steer calves finished 37 days earlier was worth £63.64/calf. With the heifers, at a feed cost of £1.61/day, getting them finished 25 days earlier was worth £40.25/calf.

Overall, the reduced feed costs and increased carcass weights of progeny from Bull A were worth £80.60 a calf. In a system like Mark Spendlove’s, producing 120 finished animals, this would equate to £9,672 (120 x £80.60).

Performance of steers and heifers from different terminal sires

Sire A

(Top 35%)

Sire B

(Top 60%)

Sex

Steers

Heifers

Steers

Heifers

Age at slaughter (days)

640 (21 mo)

592 (19.4 mo)

677 (22.2 mo)

617 (20.2 mo)

Carcass weight (kg)

380

305

373

297

Daily carcass gain from birth (kg)

0.59

0.52

0.55

0.48

Conformation classification (1-15)

7.33 (R-/R=)

6.49 (O=/R-)

7.53 (R-/R=)

6.50 (O+/R-)

Fat classification (1-15)

10.50

10.82

10.93

10.25

Carcass price (£/kg) – March 2018

3.82

3.82

3.78

3.84

Carcass value (£)

1451.45

1166.35

1405.39

1139.31

EUROP carcass classification: Conformation P- =1 and E+ = 15, Fat: 1- = 1 and 5+ = 15.

Carcass price standardised to a base price of £3.90/kg. Includes penalties for under and over weights.

!function(e,t,s,i){var n="InfogramEmbeds",o=e.getElementsByTagName("script")[0],d=/^http:/.test(e.location)?"http:":"https:";if(/^\/{2}/.test(i)&&(i=d+i),window[n]&&window[n].initialized)window[n].process&&window[n].process();else if(!e.getElementById(s)){var r=e.createElement("script");r.async=1,r.id=s,r.src=i,o.parentNode.insertBefore(r,o)}}(document,0,"infogram-async","[*https://e.infogram.com/js/dist/embed-loader-min.js*](https://e.infogram.com/js/dist/embed-loader-min.js)");

JOURNAL : Farmers Weekly

Two farms in north Devon totalling 669 acres on one estate are up for tender under 15-year farm business tenancies (FBTs).

Raddy Farm and Westleigh House Farm are part of the Christie Devon Estate (6,500 acres in total) and are located between Bideford and Barnstaple, on the outskirts of Instow.

The farms will be let from 29 September 2019 as a whole or in two lots. Viewings are on Friday 22 and Wednesday 27 March and tenders must be received by 12 noon on Monday 29 April.

See also: Four 10-year farm tenancies up for grabs in Norfolk

Though neither farm is currently registered as organic, preference will be given to applicants who wish to convert the holdings to organic status. Applicants will be provided with support from the estate during any conversion ***period*** and ongoing organic land management.

Other parts of the estate are registered as organic status and the estate has created a pesticide-free environment.

Andrew Woollacott, Savills letting agent, said: “The landlord is keen to see what can be achieved, both with organic farming and environmental plans, but it is not limited to organic applicants only.

“Flexibility for both parties is key here, especially at such an uncertain time. Applicants have about a month after Brexit to work out how they could be affected before tenders are due.

“For the area, this is a unique and rare opportunity, to have holdings of this scale on a private estate come to the market with a relatively long-term tenancy.”

Lot 1: Raddy Farm

This farm has 453 acres of land, mainly pasture, with 75 acres currently in an arable rotation, and a range of buildings.

The majority of the land is registered grade 3, with predominantly slowly permeable, seasonally wet acid loam and clayey soils.

Part of this holding (72 acres) will be let to the tenant under a separate annual periodic tenancy and will not form part of the 15-year FBT.

The six-bedroom farmhouse is available as an optional extra, at a non-negotiable fixed sum of £9,000 a year, with the tenant responsible for all outgoings.

BPS entitlements are not included as part of the letting, but where possible will be made available by separate negotiation from the landlord or outgoing tenants.

The farm is not currently in an Environmental Stewardship scheme, but applicants are encouraged to consider current schemes as part of their application and plans.

Part of Raddy Farm lies within a nitrate vulnerable zone (NVZ).

Lot 2: Westleigh House Farm

This holding has 217 acres of bare pasture and arable land in a ring-fenced block. It has been farmed in recent years as a livestock unit, mainly for sheep.

The majority of the land is pasture, with part in root crops. It is grade 2 and 3 land, with predominantly freely draining slightly acid loamy soils.

Entitlements will be available to buy from the landlord. Applicants are encouraged to include potential Environmental Stewardship scheme options within their application and business plan.

About 67 acres of the Westleigh House Farm holding is grade 2 registered parkland, forming part of Tapeley Park, which prides itself on being chemical- and spray-free.

The Tenant Farmers Association’s top tips for organic applications:

Put together a robust business plan that clearly demonstrates your understanding of organic farming, the conversion process, management plan post-conversion and prospective end markets

Outlining your organic conversion plan will be vital within the tender document

Demonstrate how you will ensure an organic system is sustainable on the holding, taking into consideration the holding’s strength and weaknesses, such as soil type

Budgets, cashflows and balance sheets should take into consideration the variation in margins through the conversion ***period***. Give thought to the variation in input costs, yields and outputs that an organic system offers

Explore organic specific ***funding*** options, such as Organic Conversion Grants and Organic Land Management Grants. Plans to enter these agreements should be included in the application

Seek advice from other organic farmers or professionals to ensure your tenure application is robust

Take ownership of your business plan and be realistic.

Difficult process

Jon Birchall, director of agribusiness at Carter Jonas, said an emphasis on organic conversion does not appear to be a trend across the UK land market.

“It takes two years to convert and the tenant has to shoulder this burden,” said Mr Birchall.

“The process can be fraught with difficulty, and often farmers rely on support payments to cover their lack of income during this time.”

Sophie Kirk, business development manager for farming at Soil Association Certification, said this is a good time to enter into new organic tenancies, with the sector in its eighth consecutive year of growth and the opening of Countryside Stewardship’s application window for organic conversion grants.

“It will be paramount for farmers to decide whether the landlord or the tenant will apply for these grants, as this will impact on rental payments over the two year conversion ***period***,” said Ms Kirk.

“The area of land under organic management is increasing year on year and we would encourage anyone thinking about converting to organic to get in touch with Soil Association Certification as we provide support that can be tailored to individual farm circumstances.”

Not on the wishlist

William Morrison, Strutt & Parker’s head of estates and farm agency in the south-west of England, said: “Organic status is not something that features very prominently on a commercial farmer’s wishlist when it comes to buying farmland, unless they are already running a similar operation.

“Lifestyle buyers will sometimes specify they want a house with land that can be farmed organically, or entered into an agri-environment scheme, but it's not something that happens very often.”

Richard Taylor, head of Strutt and Parker’s farming department in Yorkshire, added that though any property has the potential to convert to organic status, farmers have to look at the income consequences of doing so and will only do so if they are committed and have identified their market.

Kate Russell, policy and technical adviser at the Central Association of ***Agricultural*** Valuers, said getting through the conversion ***period*** is the most difficult part and landlords need to understand how that is going to work.

“The applicant should set out a pretty detailed forecast of expected cashflow for about the first five years, to demonstrate getting through the transition ***period*** and then potentially offer more rent once the conversion ***period*** is complete,” Ms Russell said.

“The other big challenge is identifying where their product can be sold, who the end customer will be, and what to do if possible contracts fall though.”

JOURNAL : Farmers Weekly

Farmgate milk prices in the UK are anticipated to edge up 0.6p/litre in April, the first full month that Britain will have been outside of the EU since 1973.

The latest AHDB Dairy data indicates that a combination of the value returned to dairy manufacturers from the market (MMV) and farmgate milk prices hinted that average prices returned to producers would increase next month.

See also: 7 staff management tips from a dairy farmer

Prices were predicted to ease back by 0.2p/litre in May according to the levy board, however variations between different contracts would still mean milk prices varied across the board.

Competition within the milk market and changes to processing capacity and import competition resulting from the UK’s future trade arrangement with the EU would all affect prices over the next few months, said AHDB Dairy.

What is MMV?

The milk market value (MMV) is based on a weighted average of market indicators actual milk price equivalent (AMPE) and milk for cheese price equivalent (MCVE) at a ratio of 20:80. The levy board said this is the best indicator of future farmgate milk price changes based on historical data.

Dairy commodity markets

UK dairy commodity markets dipped slightly in February as market activity eased, fat prices were pushed downwards and proteins were stable.

There was a plentiful supply of milk, according to AHDB Dairy, but demand was lacklustre as buyers hesitated over Brexit and the impending spring flush.

A strengthening pound in the second part of the month contributed to downward pressure on fat markets.

Cream prices eased downward in February, with the rate of decline picking up in the second half of the month, finishing in the £1,500/t region, dropping from £1,700/t in mid-February.

In total, average cream prices dropped 6% on the month.

Markets for butter also dipped on the month, with average prices dropping to between £3,600/t and £3,700/t on the back of lacklustre demand.

Skimmed milk powder (SMP) markets were also quiet in February, increasing by 1% to £1,690/t as Brexit concerns and the imminent flush gave buyers little incentive to enter the market. It is worth noting that this price was 50% higher than 12 months ago.

Cheddar markets were unmoved in the month at £2,880/t, but this was largely due to a lack of trade.

Expert dairy market insight from senior commodity analyst Peter Meehan

European dairy markets have seen the recent trend of firmer SMP and weaker butter continue over the past week.

The European SMP quotation extended its run without a loss to 19 weeks, now gaining 27% in euro terms since mid-October.

 This suggests there is still strong demand for European SMP globally. Currency volatility has mitigated some of these gains on a sterling basis.

EEX SMP futures have also remained firm over the past week as the January 2019 to August 2019 contracts gained 0.6% on average.

Butter, meanwhile, saw further weakness, with the European butter quotation lower for the fifth week in a row, while EEX butter futures continue to follow the butter quotation lower. EEX butter’s March 2019 to August 2019 strip dropped 0.9% over the past week.

In New Zealand, the Global Dairy Trade auction extended its positive run, albeit with more moderate gains, moving higher for the sixth event in a row.

New Zealand SMP continued to see good gains in this latest event, reinforcing the view that there is strong demand for SMP globally.

Concerns over dryness in New Zealand are lending some support to global dairy markets, although there has some rainfall in recent days which should help pasture growth rates.

JOURNAL : Farmers Weekly

Farmers, vets and animal welfare groups have poured scorn on US demands that the UK should accept its food production standards as part of any future post-Brexit trade deal.

The demands are contained within a negotiating paper published by the US Trade Representative (PDF) on Friday (1 March).

See also: Consumers slam government plans for tariffs on food imports

In it, Washington says its aim is to “secure comprehensive market access for US ***agricultural*** goods in the UK by reducing or eliminating tariffs”.

The paper also seeks to “eliminate practices that unfairly decrease US market access opportunities or distort ***agricultural*** markets including non-tariff barriers that discriminate against US ***agricultural*** goods".

While the paper does not mention chlorine-washed chicken or hormone-treated beef specifically, the strong reference to non-tariff barriers and sanitary and phytosanitary (SPS) measures is being interpreted as Washington insisting the UK accept its lower production standards when it comes to importing food.

'No surprise'

NFU president Minette Batters said this was no surprise. “It is imperative that any future trade deals do not allow the imports of food produced to lower standards than those required of British farmers,” she said.

“British people value and demand the high standards of animal welfare, environmental protection and food safety that our own farmers adhere to.

“We should not accept trade deals that allow food to be imported into this country that was produced in ways that would be illegal here.”

The British Veterinary Association (BVA) also insisted that standards of animal health and welfare should not be undermined by any UK-USA trade deal.

BVA president Simon Doherty said he was concerned that, if lower standard products are allowed to enter the UK, it will become difficult for consumers to distinguish between the two.

“These goods could become indistinguishable from UK produce, jeopardising the ability of UK farmers to trade using the good reputation of the UK as a high animal health and welfare producer.

“Allowing animal products on to the UK market that do not comply with EU regulations will also mean the need for veterinary checks on UK goods entering the EU single market would rise, placing additional delays on UK producers selling into the EU.”

'Smear campaign'

But US ambassador to Britain Woody Johnson has dismissed such claims as fear-mongering. “It’s time the myths are called out for what they are – a smear campaign from people with their own protectionist agenda,” he wrote in the Telegraph newspaper.

Mt Johnson said the chlorine solution used in US poultry plants was the same as that used in the EU to reduce contamination in fruit and vegetables.

Legal change needed to secure welfare

The RSPCA has urged the government to accept an amendment to the Trade Bill in the House of Lords on Wednesday (6 March) that would make clear in law a commitment to maintain or improve animal welfare standards after the UK leaves the EU, and ensure that animal products imported into the UK would meet our own high welfare standards.

“The government has consistently said it would not negotiate away our high animal welfare standards, but has failed to put this into legislation,” said RSPCA head of public affairs David Bowles.

“This vote is the last chance to protect our consumers, farmers and high welfare standards. We cannot allow the US to open the flood gates to imported goods produced under much lower farm animal welfare standards than we currently accept.

As well as the use of chlorine washes to deal with higher levels of bacteria in US chicken, and the use of hormones to speed up beef production, the RSPCA points to the continued use of barren battery cages in US egg production and the use of sow stalls in most US pig production.

JOURNAL : Farmers Weekly

Unsurprisingly, at this time of year, vets across the UK are talking about lambing and calving.

Topics in this month’s round-up include disease prevention through metabolic profiling through to managing issues and staying on top of pain relief.

A topic not usually on the agenda for March though is the supply of medicines around Brexit. Jonathan Stockton from Yorkshire explains how they have been considering what to do about stocks.

Ed Hill

Thrums Veterinary Group, Kirriemuir, Angus

This time of year sees the majority of our sheep flocks gearing up for lambing and one important intervention we often make with flocks is to perform a "metabolic profile" on a small number of expectant ewes.

This involves taking bloods to assess the adequacy of their diet, in particular the energy and protein provision.

See also: 16 ways to reduce lamb mortality

By performing the metabolic profile two to three weeks prior to the onset of lambing, vital information can be obtained that allows dietary adjustments to be made if required.

Ensuring energy levels are appropriate avoids issues such as twin lamb disease. Adequate protein levels ensure that colostrum will be present in high quality and quantity, which in turn will optimise lamb survival.

Performing a metabolic profile is quick and cheap, so be sure to speak to your vet about it in the run up to lambing this year.

Jonathan Stockton

Craven Farm Vets, Skipton, Yorkshire

With all the concerns over Brexit we have been considering what to do regarding our own medicine stocks.

We have enquired of the major manufacturers as to what plans they have put in place.

UK manufacturers have been stockpiling raw materials for some time and others have been moving larger amounts of product than normal into the UK, just in case there are issues at the border post-Brexit.

We have also looked at what products we use regularly and what alternatives there are to them. As it happens, there are very few actual novel products that we can’t substitute with a genuine generic or one that is slightly different in the actives and/or withdrawal ***periods***.

All this suggests that in the short term there is unlikely to be a shortage of product as long as farmers are willing to be flexible.

Dominic Alexander

Belmont Farm & Equine Vets, Hereford, Herefordshire

Lambing is getting under way here and, touch wood, we haven’t seen too many problems so far.

One of the great advances in farm animal medicine has been the growing awareness of animal pain and the corresponding use of painkillers/anti-inflammatories.

If a ewe or a cow has had a difficult lambing or calving, administer a painkiller sooner rather than later – even if the animal does not appear to be in pain.

It is easier to reduce pain if you get ahead of it. Once pain builds, it is harder to get under control.

Like many XLVet practices we have been running Mastering Medicines courses. In these, we try to develop an understanding of not only what the medicines do but how they work and, importantly, the timing of their use.

Max Hardy

Farm Veterinary Solutions, Melton Mowbray, Leicestershire

In spring block-calving dairy herds, we commonly start to see problems six weeks in, such as more downer cows, assisted calvings and metabolic diseases.

Feeding high volumes of drier forage-based rations to dry cows through January and February controls dietary calcium, energy and protein. However, if late calvers remain housed, body reserves can become depleted.

Monitor cows closely and if body condition score (BCS) is decreasing, supplement forage with dry cow concentrates.

If the mild spring continues, many late dry cows will be turned out: ensure magnesium levels are high, monitor condition, and if BCS is increasing then limit grazing and/or supplement with straw.

Due to the risk of milk fever, I advise holding back cows in their last three weeks before calving.

Whether housed or grazing, ensure trace elements – particularly selenium and iodine – are well supplied to maintain calf vigour and colostrum quality.

Calf disease can also increase as calving areas become contaminated and pens higher stocked.

With fewer cows calving, variable colostrum quality, and tired staff, focused effort is needed to ensure calves receive high levels of colostrum in their first six hours.

JOURNAL : Farmers Weekly

Wales and Northern Ireland have opened the applications systems for farmers’ 2019 direct payment claims.

The Department of ***Agriculture***, Environment and Rural Affairs (Daera) in Northern Ireland has led the way, opening up for 2019 Single Application forms on 1 March.

The entitlement transfer service also opened on 1 March, with the deadline for transfers being 2 May.

See also: Read the latest advice and updates on BPS

Meanwhile, the Welsh government opened its online Single Application Form service on 4 March.

Farmers are now able to complete their annual claim using the Rural Payments Wales Online facility.

The application window for Basic Payment Scheme claims in England is scheduled to open on 13 March, while in Scotland the scheme will open on 15 March.

Farmers across all four regions will need to return their completed applications by 15 May in order to avoid late penalties.

JOURNAL : Farmers Weekly

Drilling maize later and up to depths of 7cm could be a useful strategy in light of two likely seed treatment reviews.

Maize growers are preparing in earnest for the potential disappearance of two seed treatments this summer, meaning good early germination and pest management will be more important than ever.

German chemical giant Bayer has said it is looking "increasingly likely" that licenses for the seed treatments Mesurol (methiocarb) and Sonido (thiacloprid) will run for the last time this year, due to regulatory challenges.

Mesurol is a bird protection treatment and Sonido is an enhanced insecticide for wireworm and leather jacket control.

See also: How to give maize the best possible start

Commenting on the possible changes and how farmers can compensate, Neil Groom, technical director at seed merchant and adviser Grainseed, said: “We think that by drilling slightly later and drilling deeper we can evade scavenging birds without too much impact on yield. French growers, for example, don’t use it.”

Mr Groom said simply switching to growing under plastic would not address the issue as birds were keen to get at seeds and many growers had reported bird damage under plastic.

4 strategies to cope without seed treatments

Experiment with deeper drill depths (5-7cm).

Drill later and only when the soil is warm enough i.e. 10-12C for four consecutive days at breakfast time at 10cm.

Inversion ploughing to bring leatherjackets and wireworms to soil surface and encourage bird predation.

Extra care by drill operator not to spill seed – clean up and bury any spilt seed.

This follows a Harper Adams university MGA trial that compared the seed rate of plants drilled at depths of 2cm and 7cm.

It showed that yield held up favourably (see table below) when deep drilling untreated seed, although the strategy could require a delayed drilling of one to two weeks for soil temperatures to increase at greater depths.

“However, there’s not much we can do to replace Sonido, so people breaking out of grass to drill maize may need to be wary of leatherjackets,” Mr Groom said.

He said the depth at which leatherjackets could be found depended each year on temperature and weather conditions.

General advice was to produce good seed beds and work on soil fertility and delayed drilling to give crops the best start possible.

Harper Adams trial

The trial used two drill dates (24 April and 16 May) and grew the variety Ballade, a versatile group-seven plant used for silage making.

A shallow depth of 2cm was compared with a deep depth of 7cm, with the latter coping well in warmer May soils.

The results showed:

Drill date

DM%

Yield t/ha

DM yield/ha

24 April

Treated deep-drilled

42.69

25.45

10.86

Treated shallow

44.72

23.96

10.72

Untreated deep

39.14

25.63

10.05

Untreated shallow

42.73

23.7

10.08

16 May

Treated deep-drilled

34.45

38

13.09

Treated shallow

34.12

25.9

8.86

Untreated deep

34.04

37.9

13.01

Untreated shallow

32.47

21.6

6.96

JOURNAL : Farmers Weekly

Farmers are putting their businesses at risk by failing to tackle the thorny issue of succession as they are worried about jeopardising relations with family members, a mediation expert has warned.

Heather Wildman, who founded farming advice business Saviour Associates, says not preparing for the inevitable transition to the next generation makes a business more vulnerable to the "six Ds”.

These are death, disability, disaster, divorce, disagreement and debt, each of which have the capacity to destroy a business and have a severe effect on the individuals involved. However, the effect can often be moderated with preparation.

See also: How a young farmer helped solve succession crisis on upland farm

Finding the time to plan

Ms Wildman acknowledges that tackling these issues are difficult, as many farmers are working harder than ever before and it is hard to find the time to tackle anything other than the everyday challenges.

However, she has worked with a number of businesses that, despite having suffered terrible setbacks, have gone on to achieve tremendous results.

While each of them are different, they have the following three things in common:

Vision Each member of the business has goals and ambitions they are working towards.

Communication All members of the business are aware of what the others want.

Collaboration Each member of the business is helping the others to work towards those goals.

“Too many farmers are waiting and don’t want to rock the boat and it has meant they have given up on their ambitions,” she said.

“There’s a farm in England where the farmer forbade his two sons from marrying because of the threat to the business. They are 80 and 84 now.”

Ms Wildman says all businesses that aren't planning for the future should hold an honesty meeting with everyone involved in the business and have them share with each other what they want to achieve in the next one, five and 10 years.

Eight questions all family farmers should ask themselves

Do you know what your ambitions are?

Are you ready to adapt to achieve them?

Do you have a timeframe in mind?

Do you have an exit or retirement plan?

Do you have a strong grasp of the business finances?

What is the reality – can the business support your ambitions?

Do you know what your spouse/children/business partner want?

Have you discussed the above with your family?

She says that in a number of businesses she has worked with, even close family members had no idea what the other wanted – including parents working hard to grow an enterprise for their children that the children had no desire to take on.

Once there is openness between family members about what each of them want, it is then possible to work back from their goals to see if the business is capable of delivering them, or what changes need to be made.

To do this accurately, there also needs to be a good understanding of how well the business is performing, which can be vital to work out if it is generating enough cash to, for example, allow someone to retire and transfer management to someone else.

Legal necessities

Failure to talk about each farming family member’s current and future roles and responsibilities also has the potential to cause legal wrangles, particularly in the event of a death.

A survey of the livestock farmer group in Brecon revealed a large proportion did not have an up-to-date will, which in the event of a death has the potential to leave surviving family members in a costly legal dispute and unable to carry on running the business.

Members of a business in a partnership should also be absolutely clear what the agreement covers, as some cover both the business and any land owned, while others cover one or the other but not both.

Ms Wildman also suggested that farmers consider nominating someone to take on power of attorney to act on their behalf if they are incapacitated or stranded away from the business so that bills can be paid and the business can function in their absence.

She stressed the most vital thing is to seek professional legal and accounting advice on these matters. It is also crucial to set dates for each of the objectives, as there is often a desire to get these things done, but they are often put off as they involve contemplating worst-case scenarios.

Prince’s Countryside ***Fund*** resilience programme

Livestock farmers across the UK can get free one-to-one business advice as well as group meetings with professional guest speakers aimed at improving profitability thanks to ***funding*** from The Prince’s Countryside ***Fund***.

Now in its third year, the charity’s Prince’s Resilience ***Fund*** supports a network of groups in predominantly beef, sheep and dairy farming areas where there are no active farmer groups already in place.

More information can be found on the Prince's Countryside ***Fund*** website.

JOURNAL : Farmers Weekly

For a relatively new disease, ramularia leaf spot has been making its presence felt in both winter and spring barley crops across the UK, with yield losses as high as 0.5t/ha.

The fungus, Ramularia collo-cygni, has a complex relationship with the host plant, so symptoms - when they finally show late in the season - are often mistaken for other less-damaging diseases.

Added to that, in the past two years the endophytic fungus has developed the ability to overcome the activity of three of the main fungicide groups – leaving the endangered chlorothalonil (CTL) as the only effective fungicide for control.

In short, ramularia is hard to predict, tricky to identify and difficult to control. The cost of the disease to the barley industry has been estimated at £10m/year.

See also: Analysis: What a ban on fungicide chlorothalonil would mean

As Neil Havis of Scotland's Rural College (SRUC) explains, not only does ramularia have the ability to go undetected for much of the growing season, since 2017 the pathogen has been resistant to SDHIs and triazoles, as well as strobilurins, so is untroubled by much of the chemical armoury available to barley growers.

“That latest resistance developments happened quickly and without much warning, which suggests that it’s a very diverse population with a lot of genetic variation.

“In the UK, we now see no activity from these fungicides. But it’s a mixed picture in other countries, with some of these chemistries still working or giving partial control.”

How to identify ramularia

Symptoms appear on the upper leaves after flowering. Initially they resemble a fine spot, which then darken to a square spot, bounded by leaf veins and surrounded by a chlorotic halo.

To help with identification, the AHDB and SRUC have devised a guide based on the 5Rs:-

Ringed with yellow margin of chlorosis

Rectangular shape

Restricted by leaf veins

Reddish-brown colouration

Right through the leaf

There is also an AHDB video, featuring Dr Havis, which helps with ramularia identification and scoring.

Other diseases, which ramularia is often mistaken for, include the spot form of net blotch and tan spot, as well as physiological spotting.

To clarify, net blotch and tan spot lesions are neither rectangular nor restricted by leaf veins, while physiological spots leave the undersides of leaves unaffected.

The pathogen

SRUC work has shown that the pathogen responsible for ramularia leaf spot has a genetic make-up that disguises it, so it isn’t initially detected by the host plant’s defence mechanism.

“That allows it to remain benign in the plant until there’s a change in the host, perhaps as a result of environmental stress factors, which triggers the production of toxins,” says Dr Havis.

“These cause the characteristic brown spots to appear on the crop leaves.”

This unusual characteristic makes it a difficult disease to forecast, as it goes unnoticed for much of the growing season. It tends to show in crops from growth stage 72 onwards, after flowering.

Attempts to identify the environmental variables that influence disease epidemics are ongoing; initial work looking at leaf wetness after stem extension suggested that a risk model based on a single factor wasn’t accurate enough across seasons.

“Given the nature of the fungus, factors which affect the growth of the fungus and the growth of the crop are relevant to the severity of the disease. A more accurate forecast will need to take account of a number of environmental variables.”

Life cycle

The fungus that causes ramularia grows from infected seed, with most seed stocks now carrying it under the seed coat.

Seed treatments are ineffective – those that are applied as surface dressings don’t get to the pathogen, which is carried deep in the seed. SDHI treatments, which used to have an effect, have now been lost to resistance.

Once the seed has germinated, the ramularia fungus then moves systemically within new plant growth. Visible symptoms are not apparent at this stage, with the fungus seeming to cause no harm.

A secondary spore type has been observed on trash and crop debris and late in the season these structures produce airborne spores that can also infect plants, volunteers and potentially early autumn-sown crops.

Symptoms only appear after the crop has been under stress. This may be as a result of drought, waterlogging or heat, for example, although flowering is considered to be the main stress that initiates changes in how the fungus and host interact.

“That’s what happens with some endophytes – as the plant starts to senesce, they start to produce toxins which break down the hosts tissues.”

Subsequently, infection spreads to the ears, which is how the seed becomes infected and the problem persists.

“An obvious action is for farmers to avoid saving seed from heavily infected crops,” advises Dr Havis.

Varietal resistance

That latest version of the AHDB Recommended List does not include ramularia disease ratings for barley varieties.

Following the discovery that a single assessment taken late in the season is not an appropriate measurement across seasons, the ratings have been suspended. There are now plans for multiple assessments to be taken by a single assessor, across a range of varieties.

“That will happen across three trials in 2019 and again in 2020, in areas where high levels of ramularia are the norm,” says Dr Havis. “There was too much variation across 26 sites to give meaningful scores.”

He adds that the intention is to bring varietal ratings back, so that growers have all the information they need.

He also points out that new varietal resistance is needed. “Plant breeders should make it a priority. The fungus is causing problems across Europe, as well as in other parts of the world.”

Ramularia control

Take note of weather – warm and wet conditions favour the fungus

Include CTL in the T2 timing at up to 1litre/ha; at T1 it will do no harm

No stand-out varieties for resistance

Symptoms appear after flowering, from growth stage 72 onwards

Use the 5Rs for identification

Avoid farm-saving seed from heavily infected crops

Chlorothalonil is not affected by mutations in the ramularia fungus and should be included in programmes to ensure control.

While most growers will have it in the T1 spray as part of their anti-resistance strategy, its use at T2 at 1 litre/ha is the important timing for ramularia.

“In general, the later you put it on, the better the ramularia control,” says Dr Havis. “Our advice is to go for GS45-49 – you can go later, but it’s a risk if the weather changes.”

Be aware of the weather conditions when deciding about treatment, he suggests. “If it’s warm and wet, it will favour the fungus. There wasn’t much ramularia in 2018, because it was very dry.”

Another multi-site, folpet, has not given control of ramularia in UK trials, he reports, but there has been activity recorded in New Zealand, so it will be looked at again this summer.

Dr Havis has also investigated the use of bio-elicitors, having seen a consistent effect against all diseases when they are used.

“They fit into an integrated management strategy and allow you to cut back on fungicides. For ramularia control, we still recommend the use of CTL after an elicitor.”

They should be applied early, so that they switch on the plant’s natural defence mechanism and prime the plant before the chemistry is applied.

“With these, and with other biological products, they should be considered as building blocks for control. They can be used in programmes to add to each other, rather than relying on one product for 90% control.”

**Load-Date:** March 8, 2019

**End of Document**



[***Plutocratic leadership in the electoral arena: three Mitteleuropean cases of personal wealth in politics***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:67FK-J9Y1-F0C0-305H-00000-00&context=1516831)

Comparative European Politics

April 2019

Copyright 2019 Springer Nature Limited All Rights Reserved

**Section:** Pg. 309-329; Vol. 18; No. 3; ISSN: 1472-4790,1740-388X

**Length:** 8596 words

**Byline:** [*matteo.giglioli3@unibo.it*](mailto:matteo.giglioli3@unibo.it)

**Body**

There are two things that are important in politics.

The first is money — and I can’t remember what the second one is.

– Mark Hanna

For the past generation, most countries with established democratic systems have experienced a steady rise in their level of income and wealth inequality. Have the economic elites that were empowered by this process changed their interactions with the political sphere? The present article claims that we can observe the first symptoms of a transformation in the political protagonism of plutocrats, that is, of those individuals who command sufficient individual wealth to finance a political career privately; the article aims to contribute to the search for a theoretical account of this shift and its implications. It does so through a close analysis of three cases of entry of extremely wealthy entrepreneurs, namely Christoph Blocher, Frank Stronach, and Andrej Babiš, into the elective arena of their respective countries (Switzerland, Austria, and the Czech Republic).

The prominent cases of Silvio Berlusconi in Italy and Donald Trump in the USA, which book-end this phenomenon chronologically, have received vast amounts of scholarly and journalistic attention. The present treatment emphasizes its breadth across a range of countries with different economic, cultural, and institutional characteristics. While it is conceived as a preliminary survey of a development that is still considerably rare, it is hoped that recognizing the phenomenon of plutocratic entry into active democratic politics as a broad transnational trend will also aid our understanding of the single instances of it, without having to resort to ad hoc explanations.

The architecture of the essay is conceived as follows. In the first section, I specify certain methodological criteria for the study of the phenomenon, I review the relevant literature, and I discuss the rationale for case selection. Subsequently, I focus on the activities of these new political entities, along the dimensions of their organizational structure, the issues they agitate, the style of political communication they adopt, and their success in institutionalizing themselves within the political landscape. I then offer a descriptive analysis of the case study evidence and size up theoretical hypotheses with the relevant case study data. The final section concludes.

Theory

The plutocratic difference

As an entrepreneur’s business grows relative to the size of the economy in which it operates, it is reasonable to suppose it will reach a threshold of systemic relevance. At this point, the entrepreneur’s desiderata from the political system will shift: while all economic agents share an interest in certain public policy decisions (e.g., on monetary policy, the rules of the labor market…), and each industry has specific concerns (e.g., differential taxation regimes, general regulatory practices, international trade agreements…), systemically relevant players typically bring highly individualized concerns to the table. They stand to benefit massively from specific decisions of public authorities (e.g., on licensing schemes for network monopolies, on adjudications of copyright…); at the same time, their own business decisions are highly consequent for outcomes the political sphere cares deeply about (e.g., capital investment, occupational levels…). Therefore, it is quite unsurprising that all economic elites should entertain a web of relations with political power (Best et al. , chaps. 22 and 26).

Why, then, is plutocratic entry, or rather, the wholesale acquisition of political decision-making by the economic elite not the norm? Why is it instead that most political science treatments of the extremely wealthy portray them as policy-takers who keep a very low public political profile, rather than full-fledged political subjects? Two reasons have traditionally been adduced. The first is that even when we conceive of the political realm by means of an economic analogy, as a market for votes, economic resources are imperfectly fungible within it. Political parties, the argument ran, are institutionalized, deeply entrenched within state institutions and boasting long-term relationships with their electorates, based on political culture and identity ties. Their specific expertise in vote collection translates into formidable barriers to entry in the political market. Very wealthy individuals may still participate in politics, if they so choose, and become active politicians, but on the political system’s terms. They can stand for office, be elected, fill government posts, but they must abide by the internal rules of selection of the political sphere. Crucially, their ability to affect the policy preferences of their party or of the government on issues of immediate concern to them was severely limited by the preferences of all the other relevant political stakeholders. The second traditional reason mentioned above helps to explain why even this limited form of participation in politics was in practice significantly curtailed. The argument has to do with economic sociology and specifically with opportunity costs of time across different professions. In the classic Weberian formulation (Weber [1919]), capitalist entrepreneurs are not at leisure to abandon their businesses for extended ***periods*** of time as demanded by political activity; hence, as a class they are not available (abkömmlich) to provide political personnel on a regular basis, the way for instance the legal profession is.

As a consequence of these two constraints, the default understanding of the relationship between peak economic interests and the political realm has been as an exchange and has led to models of interest politics as a principal-agent problem: economic elites furnish material resources to political actors, who in turn produce regulatory outcomes desired by the economic elites. Despite the vagaries of the principal-agent relationship, the equilibrium is stable because it represents the optimal response of both sides.

Recent developments, however, call into question the empirical grounding of both mechanisms we have described. On the political side, since the end of the Cold War, there has been an unambiguous trend toward the erosion of traditional party systems (Mair ). Electorates have become more volatile and fluid, new entrants have multiplied, legislatures have become more fractionalized, and disaffected voters have depressed turnout rates. In short, established parties seem to exhibit less and less impressive advantages in terms of vote collection. On the business side, several contemporary practices appear to favor a much greater availability of economic elites for political activity. The shift in lifetime employment patterns implies that the transferal between separate fields is now much less costly. The growth in wealth management services, on the one hand (Harrington ), ad hoc corporate executive services, on the other, mean that it is easier for entrepreneurial elites to shift (even temporarily) into the social position of rentiers. Finally, the expansion of public relations services and political communication consulting, the ever-mounting cost of political campaigning, as well as the development, enabled inter alia by new media, of groups offering pop-up social mobilization (so-called astroturfing) allow a much greater fungibility of financial capital into political capital (Walker ).

The result of these separate pressures is to challenge the dominance of the principal-agent framework of division of labor between economic elites and the political realm. Between the declining ability of political actors reliably to deliver results and the growing capacity of economic elites to replace them, alternatives to traditional interest politics begin to emerge. Extremely wealthy individuals can take on the task of vote-gathering and governing directly, cutting out the political middlemen. They can do so by adopting the channel of a traditional political party, but in this case they are not coopted by the political system and do not participate in it on its terms. Rather, they take over the organization thanks to their external resources and use it as their own individual vehicle of policy preferences. Alternatively, they can elect to pursue a greenfields strategy, founding a political party ex novo. In either case, it is important to bear in mind that for the phenomenon we are considering the relevant locus of agency is at the individual level: the organizational outcome is a function of the choices of the plutocrat, subject to a certain background environment. In turn, what makes the choices of these individuals systemically consequential is their command of large-scale private material resources, which allow them to sidestep the “rules of the game” of party membership and candidate selection.

Relevant secondary literature

The direct political participation of economic elites is a rather underrepresented topic in the political science literature, especially regarding Europe. Indeed, it can be said that the issue has received much more attention in neighboring fields, such as political theory (Adams ; Green ; Domingues ), economics (Zucman ), geography (Dorling ), and in investigative journalism (Freeland , Rothkopf , , Mayer 2017). Beyond such contributions as Winters (), attention has tended to focus on specific issues, like corruption (e.g., McMenamin ; Rothstein and Varraich ; Sharman ; You ), campaign contributions (e.g., Norris and Abel van Es ), taxation (e.g., Palan et al. ; Scheve and Stasavage ), and even philanthropy (e.g., Reich et al. ; Acs ; Reich ). In the USA, scholars have on balance tended not to consider personally wealthy politicians as a systemically important factor in politics (e.g., Steen ; but see West and, recently, Pierson 2017; Carnes ). Much greater attention has been paid to several aspects of the deinstitutionalization of established party systems. In particular, several typologies have been developed to describe the new political actors challenging the status quo. Scholars have discussed the characteristics of personalist parties (Calise ; McDonnell ; Hloušek ; Musella ; Pasquino ; Kostadinova and Levitt ), and of entrepreneurial parties (Hopkin and Paolucci ; Bolleyer ; Arter and Kestilä-Kekkonen ; Arter ; Hloušek and Kopeček ). Many issues of relevance to the present topic emerge in these analyses, such as the conditions for institutionalization, the role of communication strategies in personalization, the organizational weakness of the party bond; many germane cases are also discussed, such as Silvio Berlusconi or the True Finn Party. What is lacking, however, is an appreciation of the independent effect of the founder’s wealth on the shape, functioning, and fortunes of new parties. In other words, within the framework of the entrepreneurial or personalist party it is impossible to distinguish between a billionaire and a “moral entrepreneur.” Charismatic leaders may control personalist parties, but the political activity they can conduct differs substantially from what is available to plutocrats. The present contribution seeks to address this gap in the literature, by exploring the plutocratic difference. In doing so, it is also aiming to contribute to a possible material grounding of the debate on populism: while many characteristics of populism, especially in terms of style (Moffitt ), also feature in plutocratic politics, the debate on populism often tends to abstract from political economy factors and focus exclusively on ideational aspects (e.g., Rovira Kaltwasser et al. ). It would be desirable to explore the economic conditions of possibility for the enactment of populist politics.

Operationalization

Several difficulties confront the study of the phenomenon of plutocracy. Some are intrinsic in the scientific investigation of elites (Harrington, cit.: chap. 1, Best et al. : chap. 26). More in general, political science has long incorporated an implicit bias against personalization: its preferred path has been to reify interests (e.g. ‘business,’ ‘the 1%,’ ‘the well-off’…), often searching for a body that would provide unitary agency (e.g. peak employer organizations), with all the attendant problems of representation and principal-actor dynamics. In the case of plutocrats, however, the individual element is unavoidable: although this may produce a partially skewed portrait of the systemic forces that empower such figures (a criticism shared with other treatments of similar topics, cf. Winters ), an account of the idiosyncratic elements of their personalities is indispensable to understand their political activity. The level of analysis, therefore, cannot but be the individual.

A final difficulty, though, is the determination of the cutoff point: if plutocrats are those who control systemically-relevant wealth, how rich is rich enough to qualify? This question, of course, is fundamental for an evaluation of counterfactuals, i.e. the systemically rich who do not run in elections. By definition, plutocracy implies kratos, power. And as we mentioned above, beyond a certain scale, all the wealthy are inescapably absorbed into the sphere of political power. The classic literature on elites, whether the elite theory of the early twentieth century (e.g. Mosca ; Pareto ) or the American debate of the postwar years (e.g. Mills ) has detailed many forms of influence the few may exert on the decision-making process. Here, however, we are concerned with a particular sub-case: the historical phase in the trajectory of our political systems in which the super-rich are able, willing (perhaps even encouraged or obliged) to represent themselves on the political stage.

Hence, in the midst of all the traditional opacity in studying ruling classes, we have the advantage that the global economic elite is hardly invisible. Indeed, the courting of public attention may figure as a typical group trait, connected to celebritization dynamics of wealth (cf. Giglioli and Baldini forthcoming) and symbiotically linked with voyeurist impulses in mass media.

Therefore, it appears reasonable to operationalize plutocrats as billionaires: in terms of visibility, this threshold has been thematized in the press (e.g. Forbes magazine’s lists and other Who’s Whos of the internationally wealthy) and has been adopted in previous studies (Morini ). While what counts analytically, as we have endeavored to discuss above, is the command of ‘systemically relevant ***funds***’ (which implies detailed contextual knowledge of the size of the economy, concentration of wealth, cost of elections and of party setup, etc.), a billionaire cutoff represents a valid heuristic for a preliminary study that does not aim to reach systematic conclusions: if anything, it is expected to be an approximation by excess, at risk of type II errors.

Case selection

Cases of extremely wealthy individuals contesting general elections in European countries are still a fairly rare occurrence. As such, a random sampling strategy for data collection is evidently not practicable. With full awareness of the methodological limitations, a qualitative case study comparison has thus been adopted as a research framework to explore this emerging phenomenon.

In considering case selection, first of all it should be pointed out that focusing on Europe represents an a fortiori research strategy, given the importance and strength of traditional political parties in Europe throughout the past century, especially when compared with democratic systems in other continents. In this sense, the introduction of research questions that have flourished mostly in other political contexts (such as the analysis of ‘oligarchs’ in transition economies, cf. Dimitrova ) is a symptom of a broader, systemic shift.

For the purposes of this study, three contiguous countries in the same geographic area have been chosen: Switzerland, Austria, and the Czech Republic. The countries share more than propinquity, however: as illustrated by Tables and , their commonalities allow certain confounders to be excluded from the analysis, while highlighting certain other national particularities. They have similar population and economy size, share some historical ties, are all OECD members, and are considered established democracies. Their political systems, however, differ in major ways both in terms of institutions and of political culture. Their relations with the EU, while a common theme for the three countries, take place at very different levels of integration. Within these countries, the three plutocratic politicians under discussion operated in fairly proximate time ***periods***; they enjoyed similar levels of wealth. Most importantly, they all sought radically to reshape the political system in their respective countries. Inasmuch as comparative research between countries with different electoral and institutional systems can produce meaningful insights for party formation and behavior, the case studies discussed here come as close as possible to approximating a natural experiment for the phenomenon in question.

Country comparison (economics)

|  | **Austria** | **Czech Republic** | **Switzerland** |
| --- | --- | --- | --- |
| Population (2011) | 8,401,940a | 10,496,672b | 7,870,134c |
| GDP, US$/capita (2005-2015 average)d | 43,087 | 43,087 | 53,768 |
| GDP growth (2005-2015 average)e | 1.32% | 2.51% | 2.03% |
| FDI inward flows, millions of US$ (2005-2015 average)f | 7933.4 | 5728.2 | 26,804.6 |
| Gini coefficientg | 31.1 (2012)30.5 (2014) | 26.5 (2013)25.9 (2014) | 26.5 (2013)25.9 (2014) |
| Neoliberalism (economic freedom index, 2005-2015 average)h | 71.2 | 69.2 | 80.2 |
| Perception of inequality of opportunityi | High | Medium | Low |
| Number of billionaires in 2016j | 6 | 5 | 32 |
| Billionaire wealth as percentage of 2016 GDPk | 6.4 | 4.8 | 16 |

a[*http://www.statistik.at/web\_en/statistics/PeopleSociety/population/population\_censuses\_register\_based\_census\_register\_based\_labour\_market\_statistics/totaL\_population/index.html*](http://www.statistik.at/web_en/statistics/PeopleSociety/population/population_censuses_register_based_census_register_based_labour_market_statistics/totaL_population/index.html)

b[*https://vdb.czso.cz/vdbvo2/faces/en/index.jsf?page=statistiky#katalog=30261*](https://vdb.czso.cz/vdbvo2/faces/en/index.jsf?page=statistiky#katalog=30261)

c[*https://www.bfs.admin.ch/bfs/en/home/statistics/population.html*](https://www.bfs.admin.ch/bfs/en/home/statistics/population.html)

d[*https://data.oecd.org/gdp/gross-domestic-product-gdp.htm*](https://data.oecd.org/gdp/gross-domestic-product-gdp.htm)

e[*https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2015&locations=AT&start=2005*](https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2015&locations=AT&start=2005)

f[*https://data.oecd.org/fdi/fdi-flows.htm*](https://data.oecd.org/fdi/fdi-flows.htm)

g Source: World Bank data

h[*https://www.heritage.org/index/explore?view=by-region-country-year*](https://www.heritage.org/index/explore?view=by-region-country-year)

i Source: European Survey on Income and Living Condition (EU-SILC, 2011) and International Social Survey Programme (ISSP, 2009), [*https://inequalitiesblog.wordpress.com/2017/04/06/the-perception-of-inequality-ofopportunity-and-the-reality/*](https://inequalitiesblog.wordpress.com/2017/04/06/the-perception-of-inequality-ofopportunity-and-the-reality/)

j[*https://www.forbes.com/billionaires/list/*](https://www.forbes.com/billionaires/list/)

k Forbes + OECD data (above)

Country comparison (politics)

|  | **Austria** | **Czech Republic** | **Switzerland** |
| --- | --- | --- | --- |
| Relation with the EU | Member (since 1995) Eurozone member | Member (since 2004) Not in eurozone | Non-member |
| Electoral turnout (parliamentary elections, 2005-2015 average, 3 elections)a | 77.4% | 62.18% | 48.76% |
| Number of effective parties (average, same three elections)b | Electoral: 4.55Seats: 4.07 | Electoral: 6.09Seats: 4.58 | Electoral: 5.93Seats: 5.15 |
| Party institutionalization index (0?1 scale, 2005?2015 average)c | 0.95 | 0.92 | 0.92 |
| Polarization (spread of parties on Left?Right scale, 1?10)d | 2008: 3.962013: 2.88 | 2006: 5.842010: 5.152013: 4.77 | 2007: 4.002011: 4.04 |
| Confidence in politics (DEREX antiestablishment attitudes index)e | 2005: 142011: 142015: 19 | 2005: 262011: 282015: 20 | 2005: 52011: 72015: 6 |

a[*https://www.idea.int/data-tools/vt-advanced-search?country=c53&question=&country=c53&question=*](https://www.idea.int/data-tools/vt-advanced-search?country=c53&question=&country=c53&question=)

b[*https://www.tcd.ie/Political\_Science/people/michael\_gallagher/ElSystems/Docts/ElectionIndices.pdf*](https://www.tcd.ie/Political_Science/people/michael_gallagher/ElSystems/Docts/ElectionIndices.pdf)

c V-Dem variable v2xps\_party, [*https://www.v-dem.net/en/data/data-version-8/*](https://www.v-dem.net/en/data/data-version-8/)

d[*http://www.cses.org/datacenter/usercommunity3/usercommunity3.htm*](http://www.cses.org/datacenter/usercommunity3/usercommunity3.htm)

e[*http://derexindex.eu*](http://derexindex.eu)/

Finally, it may be argued that the three countries in question are relatively marginal in the broader scheme of European politics. This fact does not necessarily affect the present argument: the cases analyzed are interpreted as a symptom of a developing trend, still in its preliminary phases. As such, they are most meaningful for what they portend. Furthermore, inasmuch as small countries’ political systems are considered more contestable, or at least more personalistic (cf. Corbett and Veenendaal ), they can be seen as akin to canaries in the coalmine.

Activity

Organization

The initial distinction that must be made in this context is between cases of plutocratic takeover of previously existing parties vs. plutocratic founding of completely new political entities. In the latter instance, we expect the following organizational trends to manifest themselves more freely, while in the former we should at most be able to observe a shift in their direction with respect to previous party practice.

Whatever the form of plutocratic entry, we anticipate certain organizational commonalities. First of all, it is reasonable to expect a significant level of centralization in decision-making, reflecting the pivotal weight of the material resources made available to the party by the plutocrat (this can be conceived of as a “political economy path to democratic centralism”). Second, we expect the party to be light, i.e., to invest its resources in heavily mediatized, short-term campaigns (the “air war”), which can capitalize on the personal appeal of the leader, rather than in longer-term strategies focusing on the establishment of durable ties with specific territories and populations (the “ground war”)—especially given the nature of its followers. Relatedly, it is likely that the organizational form will reflect the claims to newness that plutocratic entry aims to embody: the names of positions in the party hierarchy may be different than the ones usual in the political culture; the organizational chart may seek to resemble those in the master analogy of plutocratic legitimation, the business firm; the forms of engagement of militants may mirror novel cultural types. Whatever the manifestation, we would expect some visible marker of unconventionality. Finally, to a greater or lesser extent we expect that the plutocratic party will function as a conduit for a recycling of political personnel with legislative or government experience predating plutocratic entry. Such personnel may offer institutional know-how or a connection with local patronage networks, contributing to ***smooth*** the transition to the new political landscape generated by plutocratic entry.

Issues

Even in the cases in which the primary impulse for plutocratic entry is the ideological commitment of the plutocrat to a specific cause, one would expect the general pattern of new parties to apply: new political entities will tend to have areas of indeterminacy in the policy mix they support. The broad values and Weltanschauung they stand for often do not dictate their position on very technical matters. Also, the ecosystem of policy expertise and its capture by special interests will be significantly underdeveloped at the outset. In the case of the takeover of an existing party, there will be a much more comprehensive spread of legacy policies, but by definition the party’s commitment to them will be called into question as they are made available for plutocratic redefinition, if so desired. Beyond the inevitable part of confusion and chance that such processes of institutional creation, typically under intense time pressures, entail, it is not unreasonable to assume that the resolution of policy indeterminacy, and thus the adoption of new political issues and positions, is treated strategically. In contexts of large-scale voter disaffection, a policy mix orthogonal to the traditional cleavage structure will presumably stand a chance to appeal to a novel electoral coalition. The freedom to mix and match demographics over and above consolidated (and discredited) chains of interest alliances should provide a comparative advantage for the new party in “breaking the gridlock.” For this reason, we would expect the plutocrat’s party to stress its opposition to traditional cleavages and ideological confrontations.

Beyond these purely spatial considerations, two more substantive predictions may be made regarding issues. Both feature elective affinities with the plutocrat, from an anthropological as much as an organizational point of view. The first has to do with plutocrats’ bedrock of legitimacy: business expertise. We would expect plutocrats to strike a broadly market-friendly stance, denouncing red tape and government interference in the economy. However, how this general attitude would translate in terms of the relationship with peak-level employers’ associations, for instance, remains an open question. The second is populism. Across a spectrum of definitions of the term, we would expect plutocrats to behave as populists in politics, and thus agitate issues that are associated with populism within a given political context. Indeed, given their comparative freedom from resource constraints, they are in a position to flout the discursive “rules of the game,” act “outrageously,” thereby ideally embodying the representation of absolute popular sovereignty at the heart of the populist phenomenon, according to a recent interpretation (Blühdorn and Butzlaff ). This element, however, already shades into the issue of style.

Style

How plutocrats advocate the political issues they favor is as much if not more of a distinctive feature than which issues they favor to begin with. The general comportment of these new political actors in the public arena, their tactics of communication, and their methods of popular mobilization signal their discontinuity with professional politicians. These performance dynamics sum up to a recognizable political style, which in turn is predictably influenced by the structural and organizational factors discussed above. The main component of this style is its extreme reliance on the personality of the leader. We would expect the centralization tendency at work in the organizational sphere to be extolled as a virtue in the discursive sphere as well: the plutocrat is in control of the party machine and holds the purse strings, thereby guaranteeing the accountability of party cadres and enforcing discipline. This decisiveness and unity of intent, mirroring the private firm, is presented to the electorate as a key political advantage. The plutocrat can speak credibly for the party as a whole. Furthermore, the logic of personalization implies direct communication. Plutocratic leaders exploit their name recognition, their business mystique to appeal directly to the public. This direct communication usually takes the form of a more or less ostentatious refusal to pay deference to the mediating role of print or broadcast journalism. The declared ideal is some form of unmediated communication, of direct rapport and communion between the leader and the electorate. In actual fact, typically very skillful and professionally directed media strategies are put in play, often compounded by the plutocrat’s financial involvement in one or more media outlets.

Underwriting this personalistic style of politics is the understanding that the plutocrat’s charisma is a resource to be exploited. In order to understand the workings of charisma in this context, however, it is helpful to employ a more nuanced theoretical position. Specifically, following a variant reading of Max Weber’s seminal analysis of the phenomenon (Weber 2), it is helpful to move beyond a merely factual, objective view of charisma. Emphasis should instead be placed on its intersubjective aspect, according to which charisma is a shared belief. In this view, the notion of charismatic community, the group of believers surrounding the charismatic individual, takes center stage (Eisenstadt ). But what are the dynamics leading to the formation of a charismatic community, in this case? Weber insists on the importance of constantly confirming to the group the possession of charisma, so that that we should focus on the ongoing nature of the process. The possession of wealth on a very large scale and continuing business success are the material sanctions of the exceptional nature of the charismatic plutocrat: such facts, however, have strictly speaking nothing to do with qualities prized in the political realm, or the ability to gather a popular following around a set of issues. Undeniably, there are transference and symbolic representation issues at stake, since leaders are offered as a model, while at the same time benefiting precisely from their uniqueness, the projection of the unfulfillable desires of their following. But a successful role model must present at least some level of familiarity. How a series of personality quirks, characteristic figures of speech, deportment, dress, and so forth are turned into positively appealing markers of an inimitable personality is an issue pertaining to what might be termed a microphysics of the construction of charisma. What can be anticipated is that within the plutocrat’s communication strategy significant resources will be expended, through public relations consultants and the like, to make the leader memorable, and that a reference to business prowess will always be central to such endeavors.

Institutionalization

Plutocratic participation undoubtedly brings an element of novelty into a political system. But how durable is this change? Is a plutocratic party much like any other new party in being characterized by a very high rate of infantile mortality, indeed in being in most cases but a fad, a manifestation of political folklore of no import for systemic power equilibria? Or should we on the contrary expect the plutocrats’ resources to guarantee their parties a better-than-average chance to persist and eventually achieve a reshaping of the national political landscape?

As a preliminary matter, it should be remarked that the conditions favoring plutocratic entry include an increased volatility in party identification in general in the political system, which would seem to militate against the institutionalization chances of the new plutocratic party. Furthermore, the decisive element may well be contextual, i.e., the identity and behavior of competitor parties, including other new entrants: spatial considerations in the ideological sphere, and specifically issue ownership, for instance, in the case of strongly mobilizing populist causes, may dominate any financial, organizational, or communication advantages the plutocrat may bring to bear. This said, the institutionalization of a plutocratic party is not necessarily the only way for a plutocrat to achieve political goals; therefore, organizational survival is not the existential issue that we take it to be in most political contexts. The plutocrat plays on a wider field, and may trade off between political and personal goals (continued commercial success, dynastic considerations, conflicts of interest, relations with regulatory or judicial bodies, changing the overall business climate, and so forth).

In fact, it is conceivable that plutocrats may operate politically, if not within a framework of planned obsolescence, at least within one in which organizations are ultimately expendable (Kefford and McDonnell ). A pragmatism with regard to any actual instantiation of their political movements, once again analogous to business practice, may prevail. An extreme form of periodic rebranding is, after all, functional to the “spot” nature of political communication and organization preferred by plutocrats, campaign-centric as it typically is. A low level of symbolic and emotional investment in any given party form allows attention to be focused fully on the charismatic and potentially iconoclastic role of the leader. In turn, since plutocrats by definition are not career politicians, their involvement in politics is not necessarily coextensive with their active life; hence, they cannot credibly commit to an indefinite time horizon of support for the plutocratic party. And clearly, the survival chances of a plutocratic party once the plutocrat withdraws active participation (or a fortiori material backing) are exceedingly meager. The ease and speed with which the plutocratic party’s post-fordist model of organization allows it to be set up is mirrored by the ease and speed with which it can be liquidated.

Therefore, while the question of institutionalization may be an interesting one in specific cases (such as in Italy), the broader theoretical point this article endeavors to make does not hinge decisively on it. What matters, I would claim, is inception, outbreak: insofar as plutocratic entry is a symptom of a wider destructuration of the party system (Hopkin and Blyth ), a signal that power is contestable outside of the traditional party order, it matters little whether it consolidates or it gives rise to a churn, akin to the Eastern European populist one (Stanley ). In both cases, it portends a general weakening of the political establishment, whose denouement will depend on many other factors beyond the scope of the present research.

Evidence

Case studies

Frank Stronach was born in Austria, but his rags-to-riches story of economic achievement was set in Canada, where he emigrated in his twenties. There he founded Magna International, an automotive parts company that eventually grew to become the largest firm in North America in its industry. As in many cases of successful entrepreneurial activity, Stronach eventually diversified into real estate, as well as into the rather more flamboyant field of purebred horse racing (and attendant gambling). He also held high-visibility positions within his native country, such as presiding over the Austrian Bundesliga soccer federation.

His initial encounter with politics occurred in Canada, where he unsuccessfully stood for parliament in the federal elections of 1988 with the mainstream-left opposition Liberal Party. The events that concern us, however, transpired more than 2 decades later. In 2011, at the age of 79, Stronach announced his intention of entering Austrian politics; in September of the following year, his political party, Team Stronach, was founded (Jenny : 28). The Stronach family had already left the helm of Magna International in 2010, and in 2012, Frank Stronach divested himself of all equity in the company. In that year, Stronach’s net worth was estimated to be US$1.2bn, which was roughly 0.3% of Austria’s GDP at the time. As a point of comparison, that figure is roughly equivalent to the current ratio of Mark Zukerberg’s personal fortune to the size of the US economy. When Donald Trump declared his candidacy in 2015, his net worth was one order of magnitude smaller. As for Austria, in 2016 Forbes listed six billionaires in the country, whose combined net worth was approximately equivalent to 6.4% of GDP.

Team Stronach cleared the initial procedural hurdle for participation in the 2013 general election by coopting four MPs originally elected with the governing Social Democrats and Jörg Haider’s BZÖ, itself a splinter party of the right-wing populist FPÖ (Dolezal and Zeglovits : 645). Their endorsement exempted Team Stronach from collecting signatures in order to be placed on the ballot. At the party’s founding, opinion polls credited it with 10% of the vote nationally. It achieved encouraging results in local elections in Carinthia and Lower Austria in March 2013. During the general election campaign in August and September, its support fluctuated between six and nine percent. The final results attributed to Team Stronach 5.73% of the popular vote, enough to clear the four percent threshold for parliamentary representation and obtain 11 of the 183 seats in the National Council. With six parties represented in the assembly, Team Stronach was the first of the new parties, behind the establishment Social Democrats and People’s Party, the FPÖ, and the Greens. The party’s best result, 10%, was in the conservative state of Styria, where Stronach also benefited from a native-son dynamic, while their worst (3.9%) was in urban Vienna. The party’s fortunes declined nearly as rapidly as they had risen. Frank Stronach himself soon decided to curtail his participation in daily political activity. Team Stronach did not contest the European elections in 2014 and was plagued by defections in parliament the following year. It was dissolved ahead of the 2017 general elections.

Andrej Babiš’s entrepreneurial career developed in the context of his country’s transition to a market economy in the 1990s. Born into a Slovak family of the nomenklatura (his father was a diplomat), Babiš studied in Paris and Geneva. He became a member of the Czechoslovakian Communist Party in 1980, shortly after beginning to work for the State-controlled international trade company Petrimex, headquartered in Bratislava. In the second half of the Eighties, he was appointed its representative in Morocco. He returned from North Africa shortly after the Velvet Revolution of 1991 and elected to remain in the Czech Republic after the breakup of Czechoslovakia. In 1993, he became the managing director of Agrofert, the recently created subsidiary of Petrimex in Prague, and gradually assumed full control of the new company. Babiš shifted Agrofert’s core business away from wholesale trading toward ***agriculture***, food processing, and chemicals, ultimately creating an international conglomerate with tens of thousands of employees. At the time of Babiš’s entry into political life in 2011, at 57, he was understood to be worth US$1.1bn, equivalent to roughly 0.3% of the Czech economy. Two years later, Agrofert acquired the media holding Mafra, which controls inter alia the storied and prestigious newspaper Lidové noviny, one of the largest-circulation popular dailies, MF DNES, as well as the most-visited internet news portal in Czech, iDNES. Babiš left day-to-day management of the conglomerate upon entering government and was compelled to place his Agrofert assets in trust in early 2017 by the so-called Babiš law (a conflict-of-interests provision enacted by the Czech parliament).

Andrej Babiš began his political engagement by founding a movement, ANO, which is the Czech word for “yes” as well as an acronym for “Action of dissatisfied citizens.” While originally an anti-corruption civic association, it was quickly transformed into a political party in mid-2012 and contested the general elections in October 2013 (Havlík and Voda : 125; Brunclík and Kubát : n29). With no previous governing experience or media exposure, ANO garnered a remarkable 18.6% of the vote and 47 out of 200 seats in the Chamber of Deputies, exceeding polling forecasts and making it the second-largest party in the country, close behind the mainstream-left Czech Social Democratic Party (ČSSD). As a consequence, Andrej Babiš became the kingmaker of the new government, which he entered in coalition with the ČSSD and the smaller Christian-Democrat party as Deputy Prime Minister and Finance Minister. The government was riven by conflict between the coalition partners and destabilized by recurrent accusations of conflict of interest, fraud, and tax evasion against Babiš, leading to no-confidence motions in parliament, a criminal investigation, and ultimately his dismissal by the Prime Minister in May 2017. In the subsequent general elections in October, ANO won a decisive victory, securing nearly 30% of the popular vote and 78 seats in the Chamber of Deputies, leading to the formation of an ANO minority government with Babiš as Prime Minister.

Christoph Blocher’s profile both as an entrepreneur and as a politician differs from the two preceding cases, and his political engagement predates them, making Blocher a ***transitional*** figure from the standpoint of plutocratic politics, and therefore a useful term of comparison. Blocher’s professional career developed within one firm, the chemical concern EMS-Chemie, one of the largest businesses in the country (Bühlmann et al. ; David et al. ), which he joined at the end of his studies, in 1969. He rapidly rose through the ranks, becoming its CEO in 1972, and acquiring a controlling share in the company from its founding family, the Oswalds, in the early 1980s. When, upon election to the Swiss federal executive (Bundesrat), he was obliged to divest his holdings in 2003, at age 63, his fortune was valued at US$1.4bn, which was equal to about 0.5% of Switzerland’s GDP at the time. Blocher’s divestment benefited his children, as one of his daughters succeeded him at the helm of EMS-Chemie. By 2016, all three of his daughters were billionaires; even in a country characterized by concentrated wealth, two of the three were among the ten richest individuals in Switzerland.

Blocher’s political engagement dates back to his student years, during which he was involved with groups opposing the Left-wing student protests of the late Sixties. In the early Seventies, he became a member of the Zürich branch of the Schweizerische Volkspartei (SVP). At the time, the party was identified as a German-language, Protestant, and agrarian force, and was the fourth party in the Federal parliament (Nationalrat), the junior partner awarded only one councilor under the “magic formula” for the apportionment of the seven seats on the Bundesrat. Blocher gained a seat in the Nationalrat in 1979, which he retained up to 2003. Within the party, he progressively leveraged his control of the Zürich branch into a broader assertion of centralized leadership over the national party, going against the strong localist traditions of Swiss party politics. This centralization in turn was instrumental in a fundamental rebranding of the party image and goals (Bailer and Bütikofer : 559): Blocher molded the SVP into a pan-Swiss, a-confessional right-wing populist party advocating a severe curb of immigration, the refusal of any entanglement with international organizations (such as the EU), and the defense of traditional family values (Bornschier : 683). This transformation paid handsome electoral dividends: while in the Seventies and Eighties the party consistently hovered around 10% of the vote, by 1999 it had become the largest party in Switzerland, and in 2007 it almost tripled its vote share of the pre-Blocher era, to 28.9%.

Blocher’s election to the Bundesrat in 2003 was a contentious affair: he broke the magic formula, in place since 1959, by obtaining a second seat for the SVP. In the process, the parliament failed to confirm in office a sitting member of the executive, something which had not occurred in Swiss politics for over 130 years, but which would happen once again 4 years later, when Blocher in turn lost his seat. In the general elections of 2007, the SVP chose to run a personalist campaign focused on Blocher: the results were a success at the ballot box, with the party obtaining its largest-ever share of the vote; however, in parliament a split within the SVP led to the election of fellow-party member Eveline Widmer-Schlumpf to the Bundesrat over Blocher’s candidacy (Traber ). Since then, he has retreated into the position of the elder statesman, leaving the Nationalrat after a final stint in 2011–2014, and holding no official position in the SVP hierarchy since 2016.

Comparison

How do the hypotheses on plutocratic politics formulated above fare in the three case studies? Let us consider them in turn.

From an organizational point of view, Team Stronach, ANO, and the SVP conform with our theoretical expectations. All three parties can be described as centralized. The two greenfield cases, Team Stronach and ANO, were especially conceived as vehicles corresponding to an entrepreneurial organizational logic, and therefore with little room for internal dissent. Babiš was more successful than Stronach in enforcing this initial blueprint (Hloušek and Kopeček ), and thus surviving splits and mutinies, but both intended to run an entrepreneurial-style party. In the case of the SVP, powerful strides were made in the direction of centralization, considering the very low baseline of party discipline traditionally enforced by the center in Swiss politics. Nonetheless, the SVP remained much less of a personal vehicle than our two other cases, as demonstrated most clearly in the events that ended Blocher’s tenure in the Bundesrat. In terms of the unconventional nature of their organizational structure, a significant disparity can once again be noted between the Swiss case and the others: while the SVP retained many of the characteristics of a traditional party, including a yearly party retreat, the Albisgüetlitagung (but see Milic : 1126), the two new formations even refuse to include “party” in their official name (Jenny : 30). Beyond overreliance on screen media (as discussed below), further evidence and specific studies would be extremely welcome regarding the organizational “lightness” of the parties in relation to territory. As for recycled personnel, the SVP naturally included a raft of legacy cadres. More interesting is the comparison between Team Stronach and ANO (Jenny : 28, Cirhan and Kopecký : 132–135). While Stronach relied heavily on “refugees” from other parties, whose loyalty ultimately proved lukewarm, ANO recruited some candidates with previous political experience, especially at the municipal level, but the “commanding heights” within the party were occupied by individuals who had worked for Babiš at Agrofert, and whose personal loyalty to the leader was therefore pre-political.

From the standpoint of ideology, all the cases conformed to the prediction of eschewing established cleavages (Hardmeier : 1151; Roberts : 38; Linek : 83), and the new parties exhibited marked ambiguities and under-specification in their party platforms. Frank Stronach claimed he was out to destroy the traditional arrangement by which the Austrian political class perpetuated itself in power, beyond superficial rhetorical antagonisms. Andrej Babiš claimed that what the Czech Republic needed most was an end to the corruption of the political class, which should be made to operate instead according to the efficiency and productivity parameters of the open market. Both claimed that their political projects were “beyond Left and Right.” Both ANO and Team Stronach retained margins of maneuver on very salient issues, such as the relation to the Euro, which permitted them to win over the Euroskeptic electorate without committing themselves to specific policies. In the case of the SVP, things stand differently, as a consequence of the longer time span and less direct form of plutocratic engagement. Though there was significantly less issue ambiguity, in terms of cleavages the party was indeed refashioned by Blocher precisely to distance itself from previous linguistic and confessional characterizations. All three parties have been described as populist, a label they generally refuse as implying negative connotations, despite endorsing many of populism’s main characteristics, from representing the unmediated will of the people, to opposing institutional checks and balances, to defending a collective cultural identity against foreign encroachment, and so forth (Vatter : 68, Linek : 95–96, Kudrnáč et al. : 73, Jenny : 30). All three leaders, however, have described themselves as “men of the people.” Finally, all have adopted pro-business stances (Cirhan and Kopecký ), whether dogmatically, in Stronach’s case, in a more ad hoc and potentially self-serving manner, in Babiš’s, or implicitly, as in the SVP’s recurrent campaigns against unemployment insurance (Afonso and Papadopoulos ).

In communication style, strong similarities emerge among the three cases, in accordance with theoretical expectations. All three leaders have favored direct forms of political communication (Schlögl and Maireder ) and have often adopted adversarial relations with the press. Especially notable are the pugilistic early performances of Frank Stronach on Austrian public broadcasting. A partial exception that hardly contradicts the rationale of the argument is the very cordial relationship in place between Andrej Babiš and the media he controls through Mafra. Personalized leadership was the raison d’être of Team Stronach and ANO, who made it the centerpiece of their media strategy, and at least in a certain phase it was adopted by the SVP, as well (Kriesi ; Milic : 1150). The nature of charisma exhibited by the three politicians, however, differs according to temperament and local circumstances. Frank Stronach attempted to run a show-business oriented, North American-style campaign, which to some extent backfired (for instance, his heavy Canadian accent in German became a matter of jest). He was more successful in establishing himself in an avuncular role, his occasional temper or ideological doggedness subsumed by a generally jovial affect. Christoph Blocher, on the contrary, presented himself as an ideological leader and father-figure, an embodiment of traditional Swiss virtues. Andrej Babiš insisted most on the identification with the everyman, especially through well-publicized propaganda stunts. Lastly, while emphasizing their own business competence is a major aspect of Babiš and Stronach’s public persona, in Blocher’s case the element is not omnipresent, perhaps reflecting the length of time his name has been associated with politics in the public’s perception.

Finally, with regard to the drivers of institutionalization (or the lack of it) some interesting findings emerged. General volatility was not a particularly good explanation of the obsolescence of Team Stronach compared to the other cases. The lack of commitment of the leader, the relative acceptability of failure, fit the Austrian case better, for instance in comparison with the Czech one (Jenny : 35; : 28). The presence of close ideological and “stylistic” competitors, however, did not decrease the viability of ANO (Havlík and Voda ). As for the SVP, its dominance in Swiss politics appears to be the result of a fundamental long-term realignment in the preferences of the electorate (McGann and Kitschelt ).

Conclusions

The article has endeavored to show what effect the entry of extremely wealthy individuals into the electoral arena had for the political system of the affected country. It proposed a theoretical framework to develop expectations concerning the behavior of such new political actors. The hypotheses were then compared with the empirical evidence drawn from three case studies: Austria, the Czech Republic, and Switzerland. In the case of the SVP, plutocratic intervention succeeded in seizing power (albeit by means of the ***transitional*** form of coopting an existing political party) and durably reshaping the political agenda of Switzerland, including the behavior and strategies of competing parties. In Austria, on the contrary, the plutocratic party failed to institutionalize and disappeared almost as quickly as it had been born, leaving no lasting trace in political culture. In the case of ANO, finally, early successes were compounded by even more significant breakthroughs recently, but whether Andrej Babiš will survive the many personal and political obstacles on his path in the months to come remains an open question.

The evidence is still too fragmentary, and the confounding factors too numerous, to attempt to generalize from these cases a series of factors affecting the chances of success of plutocratic entry. This will be a task for future stages in the developing research agenda on plutocracy.

**Notes**

Publisher's NoteSpringer Nature remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

**Load-Date:** May 2, 2023

**End of Document**



[***Trade Policy Review Body - 15 and 17 July 2019 - Trade Policy Review - The Republic of North Macedonia - Minutes of the meeting(Doc #:19-6475)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5X7D-YHB1-F0YC-N4K8-00000-00&context=1516831)

Impact Financial News

October 9, 2019 Wednesday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 20390 words

**Body**

Geneva, Switzerland: World Trade Organization has issued the following document:

TRADE POLICY REVIEW

THE REPUBLIC OF NORTH MACEDONIA

MINUTES OF THE MEETING

Chairperson: H.E Mr. Manuel A.J Teehankee (Philippines)

CONTENTS

1 INTRODUCTORY REMARKS BY THE CHAIRPERSON2

2 OPENING STATEMENT BY THE REPRESENTATIVE OF THE REPUBLIC OF NORTH MACEDONIA4

3 STATEMENT BY THE DISCUSSANT8

4 STATEMENTS BY MEMBERS11

5 REPLIES BY THE REPRESENTATIVE OF THE REPUBLIC OF NORTH MACEDONIA AND ADDITIONAL COMMENTS26

6 CONCLUDING REMARKS BY THE CHAIRPERSON32

Note: Advance written questions and additional questions by WTO Members, and the replies provided by the Republic of North Macedonia are reproduced in document WT/TPR/M/390/Add.1 and will be available online at[*http://www.wto.org/english/tratop\_e/tpr\_e/tp\_rep\_e.htm*](http://www.wto.org/english/tratop_e/tpr_e/tp_rep_e.htm).

1 INTRODUCTORY REMARKS BY THE CHAIRPERSON

1.1 The second Trade Policy Review of the Republic of North Macedonia was held on 15 and 17July2019. The Chairperson, H.E Mr. Manuel Teehankee (Philippines), welcomed the delegation of the Republic of North Macedonia, headed by H.E Mr. Kreshnik Bekteshi, Minister of Economy of the Republic of North Macedonia; Ms. Natasha Hroneska, Counsellor, Chargé d'affaires, a.i at the Permanent Mission of North Macedonia to the UN, WTO and other International Organizations in Geneva; the rest of the delegation from the capital and other colleagues from the Mission in Geneva; and the discussant, H.E Ambassador Dagfinn Sorli (Norway) .

1.2 The Chairperson recalled the purpose of trade policy reviews and the main elements of procedures for the meeting. The report by the Republic of North Macedonia was contained in documentWT/TPR/G/390, and that of the WTO Secretariat in documentWT/TPR/S/390.

1.3 Questions by the following delegations were submitted in writing before the deadline: European Union; Iceland; Canada; Japan; China; Brazil; Ukraine; United States; Republic of Korea; and Montenegro. The following delegations submitted written questions after the deadline: Argentina, Russian Federation; Republic of Moldova; and Turkey.

1.4 At the first Review, in 2013, Members had expressed strong appreciation for the progress made by North Macedonia in implementing policies that had fostered consistent growth and had stabilized the macroeconomic and financial environment. They had commended North Macedonia for making significant progress in improving the business environment. It had also been noted that the progressive opening of North Macedonia's economy following its accession to the WTO was a key factor contributing to the country's growth and increasing competitiveness, and that the alignment of domestic legislation with WTO requirements and EU single market rules had led to a significant improvement of the regulatory framework in many areas.

1.5 Members had also identified areas where they saw room for further improvements. These included: enforcement of intellectual property rights; transparency and predictability of the business environment; introduction of the EXIM electronic system for issuing import and export licences; application of the food safety law; accession to the Government Procurement Agreement; and application of certain ***agricultural*** trade restrictions.

1.6 As the Secretariat report for the second review notes, North Macedonia's economy grew by 2.2% per annum from 2012 to 2018, and the country witnessed a substantial increase in per capita GDP and declines in unemployment and poverty.

1.7 As a small economy, North Macedonia is dependent upon trade, with exports and imports of goods and services representing around 133% of GDP in 2018. The share of merchandise exports in GDP increased significantly during the review ***period***, from 30% in 2012 to 45% in 2018, and the share of manufactured products in total merchandise exports increased from 72% in 2012 to 82% in 2017. This was to a large extent a reflection of the country's role in global value chains in the automotive sector where it experienced a substantial increase in foreign direct investment.

1.8 As stated in the Government report, North Macedonia is a strong supporter of the rules-based multilateral trading system embodied in the WTO. As a landlocked country, it has a keen interest in the full implementation of the Trade Facilitation Agreement. It implemented 99.2% of its commitments under the Agreement, which it accepted in October 2015, and will have implemented another 0.8% by December 2019 without capacity-building support. The simple average of the 2019 applied MFN tariff was estimated at 8.5%, which remained almost identical to that of 2013. North Macedonia has regularly notified the WTO of its trade measures although, in certain areas, notifications were still pending. North Macedonia was in the process of negotiating its accession to the Government Procurement Agreement.

1.9 North Macedonia participates in five free trade agreements (FTAs), which, together, accounted for 95% of its exports and 78% of its imports in 2018. In terms of trade coverage, the two most important agreements were the 2004 Stabilization and Association Agreement (SAA) with the European Union, and the Central European Free Trade Agreement (CEFTA) .

1.10 The European Union was North Macedonia's largest trading partner, and the pursuit of EU integration was one of the main driving forces for the legal, institutional and economic reforms undertaken by North Macedonia in recent years. The Secretariat report describes in some detail changes that North Macedonia made during the review ***period*** to align its laws and regulations with EU rules.

1.11 North Macedonia adopted various measures to attract foreign direct investment through a variety of incentives, including Technological Industrial Development Zones, favourable tax conditions, and a very competitive taxation system. A key objective of recent measures was to promote investment, particularly in the manufacturing sector, and to promote linkages between foreign investors and domestic firms to enhance the country's integration into global value chains. The new Economic Growth Plan adopted in 2018 sought to stimulate growth in the industrial sector.

1.12 The Secretariat report also draws attention to certain challenges. It points out that, although there had been an improvement in certain aspects of North Macedonia's business environment, structural challenges remained, including labour market weaknesses, the size of the informal sector, and the quality of public institutions. Increasing productivity is generally seen as a key condition to improving North Macedonia's economic performance. The Report also mentions institutional factors that may undermine the effective implementation of recent reforms in certain areas. In some cases, such as the recent initiatives regarding industrial policy and financial support, there may be a need to ensure effective coordination of different policies. With respect to intellectual property rights, the Report notes the absence of specialized courts and the lack of coordination between IPR-enforcement bodies.

1.13 North Macedonia received about 130 advance written questions for this Review. The main areas of interest to Members included:

1.14 First, regarding the economic environment, Members expressed interest in North Macedonia's policies with respect to some of the structural challenges it faces, including the size of the informal economy, the overall business climate, and labour market weaknesses.

1.15 Second, a substantial number of the questions raised by Members pertained to the many changes North Macedonia made during the review ***period*** to its trade laws and procedures in specific areas. Members sought clarification from North Macedonia in respect of recent reforms of customs procedures; measures to support exports and investment; the recent evolution and application of the government procurement regime; and developments in the areas of TBT and SPS measures and in the protection of intellectual property rights.

1.16 Third, regarding sectoral developments, some of the themes that figured prominently in the questions posed by Members were North Macedonia's ***agricultural*** policy and its policies to encourage the development of manufacturing, to attract foreign direct investment and to promote linkages between domestic and foreign investors.

1.17 The Chairperson was sure that these topics, as well as others, would be touched upon in greater detail on both days.

1.18 The Chairperson closed his introductory remarks by wishing North Macedonia a very successful second Trade Policy Review.

2 OPENING STATEMENT BY THE REPRESENTATIVE OF THE REPUBLIC OF NORTH MACEDONIA (H.E MR. KRESHNIK BEKTESHI

2.1 It is an honour for me today to represent the Republic of North Macedonia's second Trade Policy Review. On behalf of my country, I would like to thank Ambassador Dagfinn Sorli of Norway who volunteered to be the discussant for our TPR, and the Chair of this meeting, Ambassador Manuel A.J Teehankee, of the Philippines, for his introductory statement. I would also like to pay tribute to the team of the WTO Secretariat: Mark Koulen, Martha Lara Fernandez and Pierre Latrille for their commitment and dedication to producing a quality report and for the excellent cooperation that we had.

2.2 Let me also put on record my appreciation to all delegations present here today for showing interest in North Macedonia's TPR through questions submitted. We put our efforts to provide answers to all advanced questions.

2.3 North Macedonia's TPR provides an excellent opportunity for a frank exchange and the functioning of the WTO as an intimate link with our trade policy.

2.4 As a Member of the World Trade Organization since 2003, North Macedonia remains committed to being a strong supporter of the rules-based multilateral trading system that contributes to promoting open trade, increasing global economic growth, and governing the right to trade in goods and services, in compliance with WTO commitments.

2.5 North Macedonia ratified the Protocol concerning the Trade Facilitation Agreement in October 2015 and is a signatory to the Agreement on Trade in Civil Aircraft.

2.6 Our recent target, to which we pay serious attention, is our accession to the GPA, as we applied in March 2017 and in February 2018, we submitted an initial market access offer. The offer is a subject of discussions at each Committee's meeting ever since. We are challenged with the task of accelerating our negotiation to join the GPA, and we are ready to submit the final market access offer as soon as practicable, with the intention of closing the accession negotiations by the end of 2019.

2.7 With respect to the developments that came out of the Eleventh WTO Ministerial Conference, recognizing the need to keep pace with the developments in the global economy, North Macedonia is a co-sponsor of the initiatives, and continues to work on e-commerce and domestic regulation of services, a proposal on gender equality, as well as the informal Working Group on Micro, Small and Medium Enterprises (MSMEs) .

2.8 Emphasizing our membership in the European Union is one of our strategic priorities ever since we were granted candidate status in 2005. Since 2009, the Commission has recommended to the Council to open accession negotiations, and, in 2019, the recommendation to open negotiations was unconditional in light of the progress achieved and in view of the sustained reform momentum. Respecting this, we focus our reform agenda on the achievement of,inter alia, harmonizing with the EU acquis.

2.9 Now, I will briefly present the achievements as well as the challenges in our economic, trade and sectorial policies.

2.10 The economic policy of North Macedonia is permanently focussed on improvement of the business environment, support of innovation and entrepreneurship, and attracting foreign investors, as main promoters of economic growth. With efforts to improve the general investment climate and make it more stable and predictable in order to attract higher levels of both domestic and foreign investment, the World Bank's Doing Business ranked the Republic of North Macedonia 11th in 2018 and 10th in 2019.

2.11 According to the IMF and the World Bank, notable risks to fiscal sustainability built up over time, in terms of high gross financing needs and public debt. The Government, in 2018, started to implement measures to achieve gradual fiscal consolidation. In 2019, the budget introduces a second proposed income tax rate of 18% (from 10%), and increases the threshold of the tax-free allowance and the flat tax rate on capital income from 10% to 15%. It is expected that these measures will have a net positive impact on the fiscal balance.

2.12 The Economic Reform Programme 2019-2021, in line with the Government Programme 2017-2020, prescribes policy tools and measures to follow the economic and structural reforms, such as: energy and transport market reform, ***agriculture*** sector development, industry sector, business environment and reduction of the informal economy, trade-related reforms, education, and labour market, in order to improve the economic condition of the country.

2.13 The Government's new Economic Growth Plan contains measures for boosting the investments and competitiveness of North Macedonia's economy, divided into three pillars, giving the possibility of the private sector to utilize government support. One pillar is implemented by the ***Fund*** for Innovations and Technology Development, for co-financial support to newly-established enterprises (start-ups and spin-offs); commercialization of innovations, which are in the phase of prototype; advanced technologies, know-how and technology processes; and establishment of accelerators.

2.14 Foreign direct investments are cornerstones for economic growth, and many activities have been focused on wide-ranging reforms to raise FDI inflows. Gross capital formation reached 35.3%of GDP in 2018, an increase of 6.5% compared to the previous TPR in 2013 (28.8%) . Foreign direct investment was 5.8% of GDP in 2018, compared to 3.1% in 2013. Exports of goods and services increased by 21.2%, and imports of goods and services by 16.6%, which influence the high growth of gross capital formation.

2.15 Real GDP growth was 2.7% in 2018, and the growth in the first quarter of 2019 reached 4.1%. FDI inflows increased to a record high amount of EUR 624 million in 2018 compared to EUR182 million in 2017.

2.16 North Macedonia is a signatory of 40 bilateral agreements for mutual protection and promotion of foreign investment, and of 39 treaties for avoiding double taxation. Also, North Macedonia is a party to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, the Convention Establishing the Multilateral Investment Guarantee Agency (MIGA) and the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

2.17 The country is dependent on trade, with exports and imports of goods and services representing around 133% of GDP in 2018. North Macedonia's external trade is closely tied to the European Union's economy, which calculates to more than 80% of its merchandise exports and more than 60% of its imports in 2018.

2.18 North Macedonia is a party to five free trade agreements (FTAs) . It concluded agreements with EU members, EFTA States, CEFTA Parties, and two bilateral agreements with Turkey and Ukraine, in line with Article XXIV of GATT. These agreements provide very high trade liberalization, regional cooperation and deeper integration into European economic and political processes. The foreign trade of North Macedonia is mostly carried out within these agreements, and the trade figures for 2018 were 95.2% for exports and 77% for imports.

2.19 These agreements allow North Macedonia to be included in the mechanism of diagonal cumulation of origin. In that respect, the Protocols for rules of origin with the European Union, CEFTA and the Republic of Turkey were harmonized in 2016-2018, in line with the rules of the Regional Convention on pan-Euro-Mediterranean preferential rules of origin. The protocol with Ukraine is under final negotiation.

2.20 North Macedonia is very committed to regional cooperation, especially with CEFTA Parties and, since 2015, full trade liberalization is established with all CEFTA Parties. Further progress on CEFTA has been made within the Additional Protocol on Trade Facilitation in force in 2018 and the Additional Protocol on trade in services, which is in the process of adoption.

2.21 Recently, the Western Balkans developed a Multi-annual Action Plan as a proposal for a joint approach to furthering economic cooperation in the context of further trade integration, introducing a dynamic regional investment space, facilitating regional mobility, and creating a digital integration agenda.

2.22 Focussing on policy for strengthening public-private dialogue to improve the participation of businesses and other stakeholders in the trade legislative and policy-making process, we established a National Committee on Trade Facilitation in 2017 according to the WTO Trade Facilitation Agreement.

2.23 Many recent developments are made to facilitate trade. The Customs Code remains the main piece of legislation governing customs procedures, including the Law on Customs Tariff and the new Law on Excise Duties of 2019. The Customs Administration continues to collect revenues, oversee enforcement of the laws on the protection of the border, as well as be responsible for transparency and accountability in Customs operations.

2.24 North Macedonia became a member of the Convention on a Common Transit Procedure and the Convention on the Simplification of the Formalities in Trade in Goods in July 2015. The Conventions provide for easier and faster movement of goods, as transit procedures require only a single transit declaration to be submitted in electronic form.

2.25 The Customs Administration, from July 2019, applies the new Customs Declarations and Excise Documents Processing System (CDEPS) . This System establishes a paperless environment in customs operations. The scope of this System is to integrate and interconnect with the New Computerized Transit System (NCTS), EXIM (Single Window System for Import, Export and Transit Certificates and Customs Quotas) and the Integrated Tariff Environment (ITE) .

2.26 North Macedonia adopted several laws, regulations, decisions and monitoring programmes in the veterinary, food safety and plant protection sectors, as applied and monitored by the Food and Veterinary Agency.

2.27 Also, North Macedonia recognizes the importance of protecting intellectual property to create an open and competitive economy. In accordance with its commitments under the WTO TRIPS Agreement, and as part of its efforts to harmonize with EU legislation on intellectual property rights, North Macedonia carried out modifications and adjustments of the legislation for the purpose of providing more efficient protection of intellectual property rights.

2.28 The public procurement system continues to be decentralized ever since 2008. North Macedonia is committed to following the EU acquis on public procurement and, in that sense, has adopted a new Law on Public Procurement that became applicable as of 1 April 2019.

2.29 ***Agriculture*** remains an important sector for North Macedonia's economy. The main priorities of ***agricultural*** policy are defined in the National Strategy for ***Agriculture*** and Rural Development until 2020, the objectives of which are to an increase in the competitiveness of domestic ***agricultural*** production and the food industry, the development of rural areas, and the sustainable management of natural resources.

2.30 The basic goal of the energy policy of North Macedonia is contained in the Strategy for Energy Development until 2030. It refers to energy activities to ensure security in the supply of various types of energy; connection of the energy systems; transmission and distribution capacities of energy; potential of renewable energy sources; incentive measures for increasing energy efficiency; conditions for ensuring environmental protection; and mitigation of climate change. North Macedonia is a Party to the Energy Charter Treaty; the Energy Community; the Agreement of the United Nations Framework Convention on Climate Change, including the Kyoto Protocol; and the Paris Agreement.

2.31 A New Energy Law was adopted in May 2018 in line with the requirements from the Third Package of energy directives of the European Union. Further, to fully complete the EU legislation related to the promotion of biofuels and energy efficiency, two new laws on biofuels and energy efficiency are under preparation.

2.32 The long-term transport policy of North Macedonia is defined in the National Transport Strategy until 2030, adopted in December 2018. The Strategy aims mainly to improve economic efficiency, the safety and accessibility of transport, and the environmental impact management, and to ensure the integration of transport with other sectoral policies. Its specific objectives address the weaknesses of the transport sector at regional and national levels. The Treaty establishing the Transport Community was ratified in December 2017; its aim is to create community in the fields of road, rail, inland waterway and maritime transport, as well as to develop the transport network. Since April 2018, the entire Corridor X is a highway and the railway part of this corridor is expected to be fully completed by the end of 2019. Full intention is given to Corridor VIII to be a highway and the works continue westwards.

2.33 The telecommunication sector in North Macedonia is largely liberalized, and offers a dynamic, competitive landscape, although prices remain relatively high by international standards. In that respect, regarding roaming fees, a multilateral agreement among Western Balkans countries to fully abolish roaming fees was signed in April 2019 and became applicable as at 1 July.

2.34 The National Tourism Development Strategy until 2023, adopted at the end of 2018, envisages the development of tourism, in particular mountain resorts in the western part of the country, hot waters springs and health tourism, as well as wine growing areas. The total number of tourists in 2018 reached 1.12 million.

2.35 Finally, before the floor is open to Members, I would like to point out that my country will continue to be determined to have an active role within the World Trade Organization. Thank you.

3 STATEMENT BY THE DISCUSSANT

3.1 Let me begin by welcoming the delegation of the Republic of North Macedonia, headed by H.E Kreshnik Bekteshi, Minister of Economy.

3.2 I would like to thank the Government of the Republic of North Macedonia and the Secretariat for your efforts and for the comprehensive reports you have produced, and to thank Minister Bekteshi for his comprehensive opening statement. Together, these reports and your statement, Mr. Minister, provide Members with an excellent basis for this second Trade Policy Review of North Macedonia.

3.3 Norway and North Macedonia are not neighbours, despite our common reference to 'North'. But almost exactly 1,000 years ago, a Norwegian Viking named Harald became the Commander of the Varangian Guard in Constantinople. Harald did his part in keeping the Byzantine Empire together, including in your neighbourhood, Mr. Minister. Those efforts did not make him a very popular man in the area. Suffice it to say that the stories of his exploits contain material for several new seasons of Game of Thrones.

3.4 Incidentally, Harald left your region as a very wealthy man. This wealth enabled him, first of all, to marry the daughter of Yaroslav the Wise in Kiev, and secondly to take over Norway, becoming the third King of Norway named Harald, and earning the nickname Hardråde – meaning tough ruler or stern counsel.

3.5 Fortunately, the current King of Norway is Harald the 5th, not Harald the 3rd, and I can assure you, Mr. Minister, that as a discussant, I have only peaceful intentions.

3.6 Joke aside, we are fortunate to live in a time and age where we can meet as peers, address issues in a civilized manner within an agreed framework of common rules, on an arena where small and large nations have the same opportunity to be heard.

3.7 Personally, I have had the pleasure of being involved in three Trade Policy Reviews of my own country. While the TPR definitely requires considerable effort from the authorities of the Member under scrutiny, it is an extremely useful exercise. Not the least as a tool to remind various parts of the Government apparatus about the need to comply with our international commitments.

3.8 But compliance with agreed rules is not only a legal duty, it is also smart. Adherence to and compliance with multilaterally agreed rules and standards are important building blocks in providing a stable and predictable policy framework for traders and investors, domestic as well as foreign.

3.9 For small and trade-dependent economies like Norway and North Macedonia, stability and predictability are fundamental to facilitating sustainable economic growth, employment and welfare for our citizens.

3.10 On this background, I am delighted to contribute to the Trade Policy Review of the Republic of North Macedonia.

The economic and political context of trade policy.

3.11 Before touching on issues more directly related to trade policy, permit me to make a few observations concerning the economic and political context of trade policy, as trade policy cannot be seen in isolation from the broader political and economic environment.

3.12 My first observation relates to economic growth, which has been relatively stable since the last TPR in 2013, with one notable exception. In 2017, growth nearly stalled, which to a large degree must be understood on the background of uncertainty caused by political factors.

3.13 Hence, there is good reason to welcome the restoration of political stability in North Macedonia and the renewed commitment to an ambitious reform agenda. The fact that growth rates have rebounded is not only encouraging, but also a confirmation of the fundamental importance of predictability and stability, both in terms of policies and politics.

3.14 In a longer-term perspective, the growth trajectory has been positive, with numbers that most other European countries can only dream about. But the exceptions from that trajectory has also highlighted fundamental challenges that will have to be addressed in order to ensure a sustainable growth pattern.

3.15 Securing stable growth is crucial in order to overcome structural economic and social challenges, including the high levels of emigration and unemployment. Sustainable growth demands, in its turn, a stable legal and political environment for making investments and doing business.

3.16 This leads me to my second observation which relates to the business environment. At the first TPR in 2013, the discussant praised North Macedonia for being ranked as number 25 out of 189countries in the World Bank 'Ease of Doing Business' index. North Macedonia has by no means rested on its laurels, as it now ranks as number 10 out of 190 countries in the Ease of Doing Business Index.

3.17 Given the modest size of the country, population and economy, and the many challenges North Macedonia has faced in the years since independence, the authorities deserve to be commended for this remarkable achievement.

3.18 In particular, I note the high score related to the protection of minority investors, which corresponds with the investment promotion strategies and incentives to attract foreign investors that is highlighted in the report from the Secretariat.

3.19 The good news is that policy seems to be working. The report from the Secretariat points out that FDI net inflows were almost four times higher in 2018 compared to 2012.

3.20 While there is no doubt that North Macedonia has been successful in improving the business environment, a number of challenges remain as pointed out in the report by the Secretariat. One of the most significant challenges is the large size of the informal sector, which was estimated to represent 34% of GDP in 2014 and 18% of employment in 2018. The large size of the informal economy has several negative effects, including on the business environment, as it creates a situation where competition is unfair to those who play by the rules.

3.21 This leads to my third observation which relates to a very different index, addressing an issue of fundamental importance to the sustainability of economic, political and social structures. According to the Corruption Perception Index from Transparency International, North Macedonia ranks as number 93 out of 180 countries. Furthermore, the trend has been negative rather than positive since the last TPR. It feels almost unnecessary to point out, but unless this issue is addressed effectively, other achievements may be in serious danger of being undermined.

Trade related policies.

3.22 Turning to issues closer to the center of attention in this Organization, I am delighted to note the strong support of North Macedonia for the rules-based multilateral trading system embodied in the World Trade Organization, which gives greater certainty in trade relations, especially for small countries, and contributes to promote open trade, global economic growth and job creation.

3.23 As a land-locked and trade-dependent country, North Macedonia has taken a particular interest in the implementation of the Trade Facilitation Agreement. North Macedonia is also in the process of negotiating its accession to the Government Procurement Agreement. Furthermore, North Macedonia should be commended for supporting future-oriented initiatives related to e-commerce, domestic regulations of services and micro, small and medium sized enterprises.

3.24 North Macedonia has secured Free Trade Agreements that covers 95% of its exports and almost 80% of imports. While the agreement with the EU naturally is the most important, I have to point out that the FTA between EFTA and North Macedonia entered into force in 2002, and that trade in goods between the EFTA countries and North Macedonia have grown by an average annual rate of 7.8% since 2002.

3.25 By the way, as the bilateral trade balance suddenly has resurfaced as a fashionable concept, I can congratulate North Macedonia with a solid bilateral trade surplus with EFTA countries. I think it is fair to say, however, that the potential for future growth is substantial, as the current trade volume remains at a quite modest level.

3.26 Membership in the European Union is a strategic priority for North Macedonia. Consequently, alignment of national legislation with EU law has a high priority and is a main driving force behind the reform programme.

3.27 As a representative of a country that chose to be integrated in the internal market without becoming a full member of the EU, I can certainly understand and support the notion of regulatory alignment with what is by far your most important export market and source of imports and investments.

3.28 In general, North Macedonia should be commended for having made considerable efforts to adhere to the disciplines of the multilateral trading system and other international standards and norms.

3.29 As other Members can be trusted to ask more specific questions and point to areas where improvements might be recommended, I will limit myself to highlight one such issue.

3.30 The report of the Secretariat confirms that North Macedonia has a sound legal framework for the protection of Intellectual Property Rights but points out that the enforcement of these rights through the court system remains a challenge, since there are no specialized courts to handle IPR cases, and prosecutors and judges lack adequate experience.

3.31 Most companies will be reluctant to engage in an environment where rule of law is weak and where you risk losing control over valuable assets. Making sure that intellectual property is adequately protected should therefore be a matter of the highest priority and an integral part of the Government's efforts to make North Macedonia an attractive place to invest and operate a business.

Concluding remarks

3.32 As a discussant, I have focused my comments on some key points which I consider to be of particular importance to the ambitions and objectives of the Government of North Macedonia, where a sound trade policy aligned with international commitments is an indispensable and integral part of a comprehensive policy framework and reform agenda.

3.33 I have underlined the fact that trade policy cannot be seen in isolation. Other policies and political and social factors may work in tandem with trade policy and take developments forward in the intended direction. But the positive effects of a sound trade policy may also be weakened and even undermined by such other factors.

3.34 The fact that North Macedonia is represented here today at the highest political level, with a number of relevant Government authorities represented in the delegation, is for me a confirmation of the importance that North Macedonia attaches to this exercise and gives me confidence that the comments and recommendations you will hear from your peers will be taken seriously.

3.35 In my comments I have strived to be direct and honest, because honesty works better in the long run, and because friends can be honest with each other. Both Norway and North Macedonia have fortunately come a long way since the days of Harald Hardråde.

3.36 I thank you and I wish the delegation of North Macedonia a successful Trade Policy Review, and good luck with the follow-up across your administration once you are back in Skopje. Thank you.

4 STATEMENTS BY MEMBERS

EUROPEAN UNION

4.1 This is North Macedonia's second Trade Policy Review. The EU welcomes this opportunity to discuss the developments in North Macedonia's trade policies and practices since the previous Trade Policy Review in 2013.

4.2 The EU is very pleased to participate in North Macedonia's review as we enjoy a close relation due to the fact that North Macedonia has been an EU candidate country since December 2005. This year also marks the 15th anniversary of the entry into force of the Stabilisation and Association Agreement (SAA) . As it is described in the Secretariat report, the SAA is a contractual bilateral free trade area between the EU and North Macedonia that included a transition ***period*** of 10 years, which has now expired.

4.3 In the light of the significant progress achieved in advancing EU reforms, the European Commission has once again recommended opening the negotiations with North Macedonia in its Communication on the EU Enlargement Policy published in May 2019. The EU Council is expected to reach a clear and substantive decision on the opening of accession negotiations as soon as possible and no later than October 2019.

4.4 Regarding trade, which is the core subject of this review, the EU is the largest partner of the country with increasing importance. Indeed, in 2018 we exchanged goods worth EUR 10.5 billion and services worth almost EUR 2 billion. The EU is also the biggest investor in North Macedonia with direct investment stocks in the country of almost EUR 2.5 billion in 2017.

4.5 Regarding EU aid to the country, it is comprehensive and reflects the common strategic objective of EU integration. It covers areas such as private sector development, ***agriculture***, rural development, transport, environment and climate change, employment and education and a number of reforms related to governance, justice and home affairs. The budget allocated for the ***period*** 2014-2020 amounts to about EUR 600 million.

4.6 Overall, North Macedonia can be commended for showing its strong determination to advance the EU reform agenda, including a number of policy reforms supporting fiscal consolidation. After a prolonged stagnation, growth resumed at 2.7% in 2018 and unemployment continued to decrease but remains still high (around 20%) even if it is probably inflated by the remaining high level of informal activities.

4.7 The EU would like to encourage North Macedonia to further continue on its reforms path in order to boost the growth of its economy. We particularly welcome the new Public Procurement Law which is expected to increase transparency and predictability on the market.

4.8 We take note of North Macedonia's strategy and action plan for the formalisation of the informal economy and would like to know more about initial results and possible further plans for improving the business environment in the country. The EU would also be interested to hear the views of the authorities on the progress achieved to improve the competitiveness of its manufacturing sector with a view to increase the level of integration of its domestic companies into global value chains. The EU would also be eager to learn more on the concrete measures to increase the spill over effect of FDI to the rest of the economy as well as on how to monitor efficiency and cost-effectiveness of different business support schemes.

4.9 Again, we would like to commend North Macedonia for its efforts in pursuing reforms and at the same time we encourage the authorities to keep the momentum going. This is needed because businesses still face important trade barriers, including high logistical and customs costs. In other areas such as competition, regulatory framework and public administration are encouraged.

4.10 Finally, when it comes to compliance with WTO rules, the EU very much appreciates efforts made by North Macedonia in view of complying with its notification obligations, particularly under the SCM Agreement. The EU also appreciates the fact that North Macedonia implemented a vast majority of its implementation commitments under the Trade Facilitation Agreement following its ratification in 2015.

4.11 We wish all the best to the delegation of North Macedonia in this challenging exercise that a TPR represents.

ICELAND

4.12 Iceland and North Macedonia enjoy a good bilateral relationship in the field of trade. EFTA and North Macedonia have had a free trade agreement in force since 2002. Over the last five years, imports from North Macedonia into Iceland grew by 2.4% and exports from Iceland by 6%, although looking at overall trade, imports from North Macedonia are greater in value than exports from Iceland.

4.13 Iceland welcomes the various positive developments that have taken place since the last review in North Macedonia, including a reduction in unemployment and growth in GDP by capita by more than 40%. We also welcome recent reforms of business regulations that have resulted in a better doing-business climate, both for domestic and foreign investors, although structural economic and social challenges remain. We also note the update and modernisation of customs legislation and excellent results in implementing commitments under the Trade Facilitation Agreement.

4.14 North Macedonia is amongst the WTO members that are working on highlighting the importance of gender and trade. North Macedonia is among the 127 members and observers that support the joint declaration on women and economic empowerment that was launched on the occasion of the 11th Ministerial Conference in Buenos Aires. The declaration aims inter alia at sharing best practices and working together here at the WTO to remove barriers for women's economic empowerment and increase their participation in trade.

4.15 The trade policy review provides an excellent opportunity to share best practices in this field. Iceland submitted advance written questions on the participation of women in the economy of North Macedonia, as well as on the initiatives that the country is undertaking on making economic growth more inclusive. We wish to thank North Macedonia for the responses to our written questions. We will review the answers thoroughly and request clarifications as necessary during the course of this TPR. The answers are very useful as we implement the joint declaration on trade and women's economic empowerment and gather best practices, which we will present at the next Ministerial conference.

4.16 In only two days I will fly from Geneva and leave my post as deputy permanent representative of Iceland to the WTO. It has been a privilege to represent my country here in Geneva and it gives me great pleasure that my last intervention in this house in my capacity as DPR is for the trade policy review of North Macedonia, so I ask for the chairs indulgence for me to add a personal comment.

4.17 North Macedonia is very close to my heart as I had the fortune of living in Skopje, for a ***period*** of nine months in the year of 2003 and had the opportunity to travel to many areas of this beautiful country and to get to know its people, traditions and culinary delights. I was working as a journalist at the time and was deployed there by my government to work for Concordia, the EU's first military operation where countries outside the EU were also participating. Iceland does not have an army so I was one of only two civilians working for the mission.

4.18 North Macedonia was facing many challenges in 2003. Although I have not been back to Skopje since I left fifteen years ago it is pleasurable to see, both through the news and which is also confirmed in today's trade policy review, how North Macedonia is achieving what it was aspiring to back in 2003. The resolution of the name issue, upcoming NATO membership, continued reforms and European integration are all examples of this, and which should be congratulated.

4.19 Iceland appreciates North Macedonia's active engagement in the WTO and their continued support for the multilateral trading system. We wish the delegation of North Macedonia every success for their second trade policy review.

CANADA

4.20 Canada congratulates the Government of North Macedonia on the occasion of its first Trade Policy Review at the WTO as a newly named country.

4.21 North Macedonia is an active and engaged WTO Member and has contributed to our work since joining the Organization in 2003. Over the past 16 years, North Macedonia has kept apace of developments, with the acceptance of the Protocol Amending the TRIPS Agreement, adherence to the Government Procurement Agreement, and implementation of the expansion of the Information Technology Agreement. North Macedonia has also contributed to the WTO through active participation in various negotiation groups.

4.22 We would like to particularly commend the government of North Macedonia for its leadership on trade and sustainable growth. Canada looks forward to continuing to work together and to follow through on the Innovation policy and the TRIPS Agreement. We appreciate North Macedonia's openness to exploring new ideas and fresh approaches that are responsive to the needs of Members of the Organization including green growth.

4.23 We also note positively that North Macedonia is taking an active role in the MC11 joint initiatives on Services Domestic Regulation, Electronic Commerce and on MSMEs, and we commend North Macedonia for supporting the Buenos Aires Declaration on Women and Trade.

4.24 We invite North Macedonia to join efforts towards advancing our work on Investment Facilitation for Development.

4.25 North Macedonia's efforts to abide by its notifications' commitments are noticed. One area where we encourage North Macedonia to do further work is with regard to notifications on quantitative restrictions.

4.26 The Government of North Macedonia deserves credit for the important strides it has made in improving the business sphere. This is amply demonstrated by North Macedonia improving its ranking relating to the environment for business, trade and investment, according to the World Bank's Doing Business reports. In 2019, it ranked in 10th place out of 190 economies in comparison to 23rd place out of 185 economies in 2013.

4.27 North Macedonia has negotiated important agreements in support of trade and economic cooperation, including free trade agreements, investment promotion and protection agreements and double taxation avoidance agreements, evincing its commitment to remain open to trade, a goal that Canada applauds.

4.28 Permit me to briefly identify four areas that merit focus in the North Macedonia ongoing reform efforts.

4.29 First, we encourage North Macedonia to continue to modernize its infrastructure. Continuing to modernize North Macedonia's road and railways will support stakeholders, including exporters and importers, in their objective of furthering their operations by providing them with the tools to become more efficient and compete globally.

4.30 Secondly, we note the Secretariat's observation of North Macedonia's efforts to address its productivity-related challenges through structural reforms and reforms aiming at spurring productivity growth. These will be particularly important in areas of foreign trade and investment facilitation.

4.31 Third, we encourage North Macedonia to keep up its efforts towards institutional reform so as to decrease the substantive size of its informal sector which the Secretariat's report noted represented 34% of GDP in 2014.

4.32 Finally, moving forward, Canada has been following North Macedonia's accession negotiations with the European Union and looks forward to their successful conclusion. In this context, Canada commends North Macedonia on its wide-ranging work in aligning with the EU acquis communautaire. These are positive steps that have cut red tape, enabled stakeholder involvement in policy formulation, and improved the country's trade and investment laws and regulations.

JAPAN

4.33 We can easily see how trade is important for North Macedonia's economy if we look at the Secretariat report, which says that exports and imports in goods and services represented around 133% of the country's GDP in 2018. We highly appreciate North Macedonia's strong commitment to the rules-based multilateral trading system embodied in the WTO in spite of the challenges it faces as a landlocked country. Also, we positively evaluate North Macedonia's stable economic growth, as evidenced by the 2.2 % annual growth it recorded from 2012 to 2018. We would further like to note that North Macedonia participates in five trade agreements, which enable the country to achieve further liberalization in the region. On the whole, North Macedonia has been actively involved in the multilateral trading system and improved its economic performance during the review ***period***.

4.34 We understand that integration into the EU has been a major concern for North Macedonia. We are delighted to observe the progress made by the North Macedonian Government in the areas of legal, institutional and economic reforms, which paves the way for accession negotiations with the EU. An example of the significant achievements of this reform is North Macedonia's updating and modernization of its customs legislation to meet EU customs rules.

4.35 North Macedonia is a party to the Trade Facilitation Agreement (TFA), and the full implementation of the TFA is highly important for the country in order to facilitate transit procedures and reduce the trading costs associated with a landlocked environment. Therefore, we appreciate North Macedonia's commitment to apply almost all the TFA provisions upon the entry into force of the Agreement.

4.36 Additionally, we hope to see North Macedonia further engaging with the agendas of the 'Joint Statement on Electronic Commerce' and the 'Declaration on the Establishment of a WTO Informal Work Programme for MSMEs', which the country has agreed on at the Eleventh Ministerial Conference in Buenos Aires in 2017.

4.37 We believe that active participation in and appropriate implementation of such agreements will further strengthen North Macedonia's economy, and can encourage countries with similar backgrounds to participate actively in the rule-based multilateral trading system.

4.38 We should also acknowledge that FDI net inflow to North Macedonia has increased remarkably during the review ***period*** due to the country's commitment to improving the business environment to attract higher levels of domestic and foreign investment. As a result, many foreign investors enjoy the tax advantages provided by technological industrial development zones. North Macedonia's efforts have been recognized, as shown by its high ranking in the World Bank's Ease of Doing Business report for 2017 and 2018.

4.39 We appreciate North Macedonia's efforts to become an increasingly attractive destination for FDI. At the same time, if North Macedonia intends to target greater FDI inflows we believe it is important that the country carefully observe the balance of trade in order to sustain its current account.

4.40 We appreciate North Macedonia's formulation of its 'Economic Growth Plan', which was published in February 2018. We believe that the implementation of the plan contributes to the further development of national industries. Having said that, we also strongly hope that North Macedonia will continue its endeavours for an open, fair and non-discriminatory market environment.

4.41 In this regard, North Macedonia can improve its price control measures, which remain in place in some sectors. We believe that greater liberalization of its market will contribute to North Macedonia's further economic growth.

4.42 In addition, North Macedonia can improve on some pending notifications, particularly domestic support for ***agricultural*** products. For this, we would like to encourage North Macedonia to make further efforts in the area of notifications to achieve a predictable and transparent business environment.

4.43 In conclusion, we are convinced that North Macedonia will be well placed to continue pursuing an open, transparent and non-discriminatory market by observing its commitments to the WTO. We believe that the recent resolution of the name issue will also be a positive factor in promoting North Macedonia's further integration into the regional and global economy, leading to a better future for the country. We wish North Macedonia a successful and productive TPR and look forward to hearing of further progress regarding its trade and investment policies at its next TPR.

CHINA

4.44 We are pleased to see that North Macedonia has achieved steady economic growth with an average annual rate of 2.2%, a remarkable increase of GDP per capita by more than 40% and a substantial reduction in unemployment and poverty since the last TPR. We are confident that North Macedonia would maintain such positive trend with its continuous efforts in the legal, institutional and economic reforms.

4.45 We commend North Macedonia's strong support of the rule-based multilateral trading system. We are especially impressed by its commitment to apply almost all the TFA provisions upon the entry into force of the Agreement. At the Eleventh WTO Ministerial Conference, North Macedonia co-sponsored the initiatives on e-commerce，domestic regulation on services, and MSMEs, which indicates its active participation in the WTO.

4.46 Recent years have seen a rapid and ***smooth*** progress in bilateral economic and trade cooperation between China and North Macedonia. China is currently North Macedonia's largest trade partner outside Europe. In the first 5 months of this year, bilateral trade in goods reached USD97.5 million, increased by 71.4% year-on-year, in which China's imports from North Macedonia increased by nearly 150%. We would kindly invite North Macedonia to participate in the China International Import Expo, which we believe will further increase our imports from North Macedonia.

4.47 China has close cooperation with North Macedonia through the Belt and Road Initiative. The two sides started constructing two highway sections in 2014. It is nice to see that one highway section, which connects North Macedonia's Capital Skopje with the eastern part of the country, opened on July 6th this year. We believe this highway section will promote regional development and facilitate the transport of people and goods. We hope the two sides will work together to speed up the other highway construction and complete it at an earlier date. Besides, we hope North Macedonia could improve its visa and work permit procedures so as to facilitate more Chinese companies to seek cooperation opportunities with North Macedonia.

4.48 To better understand the latest development of North Macedonia's trade policy, we have submitted some written questions in the ***agriculture*** area. We appreciate the replies provided by North Macedonia, which we will duly study.

4.49 To conclude, we wish this Review a complete success.

BRAZIL

4.50 Brazil is pleased to take part in the second Trade Policy Review of the Republic of North Macedonia. The Member is a supporter of the rules-based multilateral trading system embodied in the WTO. In the ***period*** under review, the Republic of North Macedonia economy has grown by an average of 2.2% each year. The adoption of appropriate strategic priorities under the 2017-2020 Government's Programme to maintain its EU accessions is a driven force to legal, institutional and economic reforms. These bring positive results in trade which contributed to its economic expansion.

4.51 We congratulated North Macedonia for the implementation of 99.2% of its commitments under the TFA, ratified by the member in October 2015, and its attempt to implement the other 0.8% of provisions by December 2019.

4.52 In 2018, bilateral trade flows reached USD 12 million. The average bilateral annual trade flows in the last ten years is around USD 27 million. 94% of Brazilian exports to The Republic of North Macedonia are made up of ***agricultural*** products, such as poultry and bovine meat and tobacco. Nonetheless the importance of meats products in our bilateral trade flow, not only the high applied tariffs but also the unilateral imposition of sanitary barriers, since 2009, are hindering the realization of imports from Brazil to the member. As a result, meat and edible meat offal exports from Brazil to the member decreased from about USD 27 million in 2009 to USD 15 million in 2018.

4.53 In other hand, North Macedonian exports to Brazil are mainly composed by motor vehicles parts and accessories and articles of clothing and accessories. We then believe that there are opportunities for diversification and that our bilateral trade relations have a clear potential for growth.

4.54 Brazil will continue to follow with interest domestic developments of The Republic of North Macedonia regarding its trade policies. Let me conclude by wishing the delegation of The Republic of North Macedonia a successful Trade Policy Review.

UKRAINE

4.55 We commend North Macedonia for its positive economic performance represented by constant GDP growth, rise of GDP per capita (by more than 40%), declining unemployment rate and a substantial reduction in poverty.

4.56 Ukraine also highly appreciates efforts of the Government of North Macedonia in implementation of recent business regulations reforms resulted in a significant improvement of investment climate and gaining higher ranking in the World Bank 'Doing Business' Index in 2019 - the tenth position of North Macedonia.

4.57 At a multilateral level, we recognize North Macedonia's commitment to the WTO rules and principles and highly value meaningful steps made in trade facilitation area. We would like to also welcome North Macedonia`s recent deposit of the instrument of accession to the Agreement on Trade in Civil Aircraft.

4.58 Noting importance of trade for North Macedonia as for small, landlocked country Ukraine acknowledges its progress in implementation of the legal, institutional and economic reforms undertaken with the purpose of the EU integration.

4.59 In terms of our bilateral trade relations, Ukraine and North Macedonia have been enjoying the free trade regime according to the Agreement (the FTA) since 2001.

4.60 According to the trade statistics, import of North Macedonian goods to Ukraine grew constantly since 2016 increasing by 36% last year. Export of Ukrainian goods to North Macedonia almost doubled compared to 2013 and increased to US$ 16 million. Our bilateral merchandise trade covers ***agricultural*** products, ferrous metals and articles thereof, wood, paper, machinery and transport equipment, pharmaceutical products, chemical and other industrial goods.

4.61 Bilateral trade in services between North Macedonia and Ukraine increased more than fourfold during the last three years.

4.62 In order to better understand the latest developments in North Macedonia's trade policy, we submitted written questions in areas of ***agriculture***, tariffs, investment and customs regimes, standards and technical requirements, sanitary and phytosanitary measures, intellectual property rights, financial services, work on electronic commerce and domestic regulation in services.

4.63 We appreciate the replies provided by North Macedonia to our questions, which we are reviewing thoroughly.

4.64 In conclusion, Ukraine is looking forward to continuing further strengthening of our cooperation with North Macedonia, both in the framework of the existing FTA, which has a significant potential, and at the WTO, which provides greater certainty in trade relations and contributes to trade liberalization, global economic growth and job creation.

4.65 On behalf of Ukraine, we wish the delegation of North Macedonia the utmost success during its TPR.

UNITED STATES

4.66 We congratulate the Government of North Macedonia on implementing the historic Prespa Agreement with Greece. This is a significant development for North Macedonia, opening a pathway for EU and NATO membership. North Macedonia's progress and pursuit of economic reform is notable since becoming a WTO Member in April 2003 and its last TPR in 2013, driven by both WTO commitments and determination to draw closer to the European Union. Through such reforms, North Macedonia has sought increased integration into the multilateral trading system, integration bilaterally with the European Union, and increased regional trade. The United States has supported North Macedonia's Euro-Atlantic integration via U.S Government assistance since 1991 in various priority areas needed for reform and improvement of North Macedonia's business climate and trade barriers.

4.67 We look forward to continuing our work with North Macedonia to make it a full member of the WTO Government Procurement Agreement. While we understand that North Macedonia would like to align its offer with that of the EU due to its status as a candidate country, North Macedonia should accede to the GPA with a market access schedule that is fully reflective of the market access it is granting at the time of GPA accession. Any changes to North Macedonia's GPA schedule as a result of European Union membership should be notified to the GPA Committee at that time.

4.68 Noting the efforts undertaken since the last TPR in 2013, there are a few issues where we hope to obtain clarification from North Macedonia, as reflected in United States' questions submitted in advance for this review.

4.69 For example, with respect to its WTO tariff bindings, we would be interested in North Macedonia's timeline to reconcile actual and bound tariff rates. According to the Secretariat analysis, applied rates exceed bound rates for thirteen tariff lines.

4.70 In the area of intellectual property rights, while North Macedonia appears to have put in place an IPR legislative framework that generally fulfils the requirements of the Agreement on Trade-Related Aspects of Intellectual Property rights (TRIPS) and other international agreements, we have concerns about inconsistent or insufficient enforcement in North Macedonia's court system. We would appreciate additional information on whether North Macedonia plans to address the lack of specialized IP courts and the absence of reliable statistics to measure IPR infringement.

4.71 With respect to Sanitary and Phytosanitary Measures (SPS) measures, given North Macedonia's anticipated adoption of aspects of the EU acquis, including streamlining practices and implementing various SPS measures, we would like to know how North Macedonia is conducting SPS risk assessments and how North Macedonia is meeting transparency obligations under Article 7 Annex B of the SPS Agreement. We would also be interested in an update regarding pending notifications, including the notification of SPS measures. The Secretariat noted the notification by North Macedonia of only five SPS measures. We would be interested in the status of remaining SPS notifications.

4.72 To conclude, we congratulate North Macedonia on its sixteen years of WTO Membership. Opening its economy to trade and investment within the framework of the WTO's rules and obligations has undoubtedly contributed to North Macedonia's growth and global competitiveness.

4.73 The United States appreciates this opportunity to participate in the discussion of North Macedonia's trade and investment regime. We thank the delegation for its answers to our written questions and look forward to reviewing them. We also look forward to continuing to work together with North Macedonia to strengthen and build on the WTO's rules-based system as agreed by its Members.

REPUBLIC OF KOREA

4.74 Before I comment on the specifics, I would like to first congratulate the Republic of North Macedonia and its people on the peaceful resolution of the naming dispute with Greece carried out in the spirit of mutual respect and compromise. The Korean Government hopes that this historic event will provide an important stepping stone for the future development of North Macedonia, as well as for the sustainable peace and prosperity of the region and Europe.

4.75 Korea is also pleased to note that North Macedonia achieved positive economic growth in 2018, in particular by increasing foreign direct investment and reducing unemployment. More specifically, foreign direct investment in 2018 increased more than threefold, from USD 205 million in 2017 to USD 737 million in 2018, while the unemployment rate has steadily declined in recent years. Korea welcomes North Macedonia's implementation of reforms in various areas including investment, business regulations and custom legislation, with a view to achieving convergence with EU regulations. Meanwhile, Korea also takes note the challenges confronting these reforms as stated in the annual report by the EU Commission, namely enhancing the transparency and predictability of its policies and expanding transport infrastructure. Korea hopes North Macedonia will continue its reform efforts to address these challenges and achieve strong and sustainable economic growth.

4.76 In this regard, I would like to take this opportunity to express Korea's strong interest, which lies primarily in the tenders for the construction of photovoltaic power plants launched by the Government of the Republic of North Macedonia. Korea believes that the selection procedure of the tenders should be transparent and based on the principles of fair competition. In addition, Korean companies have a keen interest in the various policies of the renewable energy sector in North Macedonia, an interest that we conveyed in the form of written questions two weeks prior to this meeting. Korea is eagerly looking forward to receiving and carefully reviewing the responses to our questions. Energy is just one of the many sectors in which Korea looks forward to cooperating with North Macedonia. In this regard, Korea hopes that the scope of economic collaboration between the two countries will continue to expand.

4.77 Korea believes that trade centred on a rules-based multilateral trading system as well as an active flux of foreign investment are not just engines for growth, but also catalysts for strengthening political and diplomatic ties with its partners. I stand by this belief in creating a future of long-term co-prosperity between the two countries through enhanced bilateral ties. In this context, Korea sincerely hopes that North Macedonia will expand its free trade network and continue to constructively participate in the WTO.

4.78 I would like to conclude by extending my deep appreciation to the delegation of the Republic of North Macedonia for its efforts in preparing for TPR, and I wish the delegation every success in its second review.

MONTENEGRO

4.79 I would like to express our appreciation to the delegation of North Macedonia led by Minister Bekteshi for their hard work and thoroughness in preparation for this TPR.

4.80 According to the Secretariat report, North Macedonia's trade in goods and services represents 133% of GDP and services sector and is the largest contributor to GDP reflecting the country's intention to become integrated in the global economy.

4.81 North Macedonia and Montenegro are enjoying free trade regime under CEFTA agreement, which North Macedonia and Montenegro are part of and which continues to support diversification of our trade in 12 years of its existence.

4.82 Among other CEFTA members, Montenegro and North Macedonia remain committed to further strengthening economic ties. Our two Governments have signed the Agreement on Economic Cooperation in October 2010 whose aim is to further explore potential collaboration in industry energy, ***agriculture*** protection of environment, tourism and transport.

4.83 The total turnover in goods between North Macedonia and Montenegro amounted 40 million in 2018 and increased by 5% comparing to 2017. Mutual cooperation of our countries covers different spheres of interest: product of steel and iron, edible offal, woods product, coal and vegetables.

4.84 Montenegro has addressed several questions to North Macedonia aimed at facilitating a better understanding issues relating to North Macedonia's labour market. I would like to thank for a comprehensive response.

4.85 As a conclusion, Montenegro wishes to North Macedonia a successful and productive Trade Policy Review and we are looking forward to continuing our good cooperation in trade and economy.

ARGENTINA

4.86 Argentina observes with interest the growth in the country's per capita GDP, which rose from EUR 3,678 in 2012 to EUR 5,169 in 2018, and the steady downward trend in unemployment, from31% in 2012 to 20.7% in 2018, maintaining a positive correlation with poverty reduction.

4.87 Our country also notes that GDP growth averaged 2.2% per annum from 2012 to 2018, and it is hoped that this growth will continue in the medium term.

4.88 Argentina welcomes in particular the actions taken with a view to meeting the imperative of increasing economic productivity and achieving inclusive growth. These include reforms to address weaknesses in the labour market, combating informality in the economy, institutional strengthening, combating corruption, and greater efficiency and equality in the taxation system. We also welcome the launch of government policies to improve the country's public financial management.

4.89 We also note with great interest that both imports and exports of goods registered positive growth during the ***period*** under review (except imports in 2013), with exports growing at a steadier rate. Mention should also be made of the increase in foreign direct investment flows from EUR 131million in 2012 (1.5% of GDP) to EUR 621.9million in 2018 (5.8% of GDP) .

4.90 As regards bilateral relations between Argentina and North Macedonia, it should be noted that in 2018 Argentine exports amounted to USD 6.8million (representing an increase of 9.6% compared to 2017) and imports amounted to USD 2.5million.

4.91 With regard to the composition of export trade, we wish to highlight the pre-eminence of frozen hake, while we also trade in prepared groundnuts, corn, bird's eggs not in shell, dried, and frozen fish fillets. Imported products include silver nitrate, auto catalysts, fennel seeds, parts of electrical machinery and electronic controllers for vehicles.

4.92 Argentina also acknowledges North Macedonia's commitment to the multilateral trade system since its accession to the WTO in 2003, among other things, and the country's participation in free trade agreements with several partners.

4.93 In conclusion, while reiterating our appreciation for this renewed opportunity to exchange information and reflections on the trade policies and practices of North Macedonia, we would like to draw attention once again to the importance of this exercise in transparency, in all its aspects, and to wish the authorities here present a successful conclusion of this review.

RUSSIAN FEDERATION

4.94 The Russian Federation follows with interest the economic performance of North Macedonia. Its GDP during the review ***period*** was growing by an average annual rate of 2,2%. We congratulate the Government of North Macedonia on pursuing an effective economic policy, which led to an increase in GDP per capita by more than 40% between 2012 and 2018 and to a significant decline in unemployment rate.

4.95 This year marks the 25th anniversary of the establishment of diplomatic relations between Russia and Macedonia. We note with appreciation that our bilateral economic cooperation is strengthening. The Intergovernmental Commission on Trade, Economic, Scientific and Technical Cooperation between our countries provides a suitable framework for that.

4.96 In 2018, the total trade turnover between our countries amounted to almost USD 120 million, with North Macedonian exports of USD 67 million and imports of USD 52 million. Among North Macedonian export products to Russia are fruit, vegetables, pharmaceutical products, machinery and mechanical appliances. Main imports from Russia – mineral fuels, iron and steel, plastics, fertilizers. Our cooperation in the oil and gas sector is actively developing. I hope that our bilateral relations and economic ties will continue to flourish.

4.97 The Russian delegation has addressed written questions on the investment regime as well as sanitary and phytosanitary requirements. We highly appreciate comprehensive answers from North Macedonia and we will review them carefully.

4.98 To conclude, we look forward to continue working with Skopje in order to expand our trade and investment cooperation for mutual benefit. We wish the delegation of North Macedonia a successful Trade Policy Review.

REPUBLIC OF MOLDOVA

4.99 Trade plays a central role in the Republic of North Macedonia, which is, as well as my country, a small, landlocked country, with exports and imports in goods and services representing the main source of GDP.

4.100 We are pleasured to note that the ***period*** under review is characterized by the constant growth of exports and imports, in particular of services. The trade policies promoted by the Government in the last 6 years were orientated towards European and regional integration engaged in order to align national legislation with EU law. The reforming progress has contributed to the enhancement of the business climate, both for foreign and domestic investors. As concluded by the Secretariat in its report, the investment regime is generally open to the FDI, and as a part of the governmental strategy in this respect, targeted investment promotion, financial and other types of incentives are promoted.

4.101 We appreciate the great deal of governmental attention that is granted to the institutional and operational framework of banks. It is important that the operated reforms re synchronized with the regional and European Union's framework.

4.102 The Republic of Moldova would like to commend the active engagement of the Republic pf North Macedonia within the regional integration processes. For a trade dependent economy, the benefits of a strong network of trade agreements cannot be underscored. Our countries have concluded a free trade agreement back in 2005 but since 2006 we are part of the free trade area created by the CEFTA agreement (together with Bosnia and Herzegovina, Montenegro, Serbia, Albania) .

4.103 Prior to today's meeting, we have submitted 16 questions and we are looking forward to carefully examine the written answers.

4.104 In conclusion, I would like to express our appreciation to the delegation of North Macedonia and to the team of the Mission of North Macedonia in Geneva for their hard work in preparing for this TPR and our interest to further enhancing of our bilateral economic and trade relations.

TURKEY

4.105 North Macedonia is a crucial actor in the Balkans regarding success in maintaining peace and harmony in a multi-ethnic society.

4.106 We believe stability and peace in North Macedonia is crucial for the entire region.

4.107 We believe with satisfaction that the pursuit of EU integration has been one of the main driving forces for the legal, institutional and economic reforms undertaken so far by North Macedonia.

4.108 It is stated in the Secretariat's report that recent reforms of business regulations resulted in a significant improvement in certain aspects of the climate for doing business, both for domestic and foreign investors. At the same time, structural economic and social challenges remain, including with respect to labour market weaknesses, the large size of the informal sector and the quality of public institutions. The continued effective implementation of institutional reforms would boost confidence in North Macedonia's economy.

4.109 We commend the investment regime of North Macedonia which is generally open to FDI, with only a few legal restrictions, in domestic and international air transport and gambling, and foreign ownership of non-***agricultural*** land. North Macedonia is cooperating with five other West Balkan economies to harmonize national investment policies and align them with EU standards and international best practices.

4.110 We learn from the Secretariat's report that North Macedonia offers numerous support measures to enterprises as part of its overall economic strategy to promote industrial development, competitiveness, and the creation of new and better-paid jobs. A key objective of many of these measures n to encourage investment, particularly in manufacturing, and to promote linkages between foreign investors and domestic firms to increase the country's integration in global value chains. The Economic Growth Plan, published in February 2018, which is closely related to the new Industrial Strategy, seeks to stimulate growth in the industrial sector, focusing on manufacturing.

4.111 We applaud North Macedonia's process of harmonizing its technical regulations and standards with relevant EU rules, with a view to preparing for accession to the European Union. The Standardization Institute of the Republic of North Macedonia adopted 28,898 standards, most of which are European standards. The authorities aim to achieve full harmonization with the EU acquis in product safety during the ***period*** 2019-21, particularly through the transposition of EU New Approach Directives. Since the last Review, North Macedonia submitted one notification to the WTO Committee on Technical Barriers to Trade.

4.112 Although North Macedonia managed to integrate successfully into certain global value chains, particularly in the automotive industry, significant challenges must be addressed to improve the competitiveness of the manufacturing sector. The new Industrial Strategy, with a focus on the manufacturing sector, adopted in 2018, emphasizes the critical role of manufacturing to economic growth, productivity, high-quality jobs, innovation, and promotion of the circular economy. Its overall objective is to promote industrialization by stimulating the growth and development of the manufacturing sector to boost productivity, create good jobs, raise income, and strengthen human capital, while addressing the challenges of the circular economy.

4.113 We would like to congratulate North Macedonia for adopting a series of by-laws aimed at strengthening the institutional and operational framework of banks and transposed several pieces of EU banking legislation during review ***period***.

4.114 Our bilateral trade volume amounted to 504 million USD in 2018 and this number was USD461 million in 2017. Our foreign trade volume indicates that we are still below our actual commercial potential.

4.115 Thus, we should work more to reach our common goal of USD 1 billion trade volume. We need to raise our economic cooperation to a level reflecting our close political relations and strong ties of friendship.

4.116 We are pleased to observe the growing interest of large Turkish companies in North Macedonia. Turkish direct investments have reached USD 1,3 billion. There are around 100 Turkish companies, providing employment for over 5000 persons.

4.117 We continue to encourage our companies to invest more in North Macedonia and we need to work together to incentivize mutual investments. In this sense, we believe that acceleration of bureaucratic processes regarding the Turkish companies in operation will contribute to the increasing level of Turkish investments in North Macedonia to a great extent.

4.118 Turkish Cooperation and Coordination Agency (TIKA) has so far implemented 650 projects in order to contribute to the development of North Macedonia. Total value of TIKA projects in North Macedonia amounts to USD 116 million. TIKA will continue to increase its involvement in this regard.

4.119 Turkey will continue its close and fruitful dialogue with North Macedonia in both bilateral and multilateral platforms.

4.120 We raised some advance written questions to Northern Macedonia on a range of sectors and we would be happy to have replies to these questions. Finally, we wish Northern Macedonia a productive and successful second Trade Policy Review.

SINGAPORE

4.121 We welcome North Macedonia's strong support of the rules-based multilateral trading system embodied in the WTO, including its ratification of the Protocol amending the Agreement on Trade-Related Aspects of Intellectual Property Rights and the Trade Facilitation Agreement. We note that North Macedonia is in the process of acceding to the Government Procurement Agreement. Additionally, North Macedonia may wish to consider becoming a party to the Information Technology Agreement (ITA) to further develop its ICT infrastructure. North Macedonia is a signatory of the Joint Statement Initiative on E-Commerce, and we welcome its participation in the ongoing negotiations, which seeks to further enhance the benefits of E-Commerce for businesses, consumers and the global economy.

4.122 We are heartened to note that North Macedonia has regularly notified the WTO of the trade measures it has adopted since the previous TPR in 2013. However, we encourage North Macedonia to continue to fulfil its outstanding notifications, including those on domestic support for ***agricultural*** products. The WTO's monitoring function is a crucial aspect of the organisation, and Members' timely and complete notifications contribute to the predictability and transparency of the international trading system. We further note that tariffs applied to ***agricultural*** products remain considerably higher (about three-fold) than on non-***agricultural*** goods. We look forward to North Macedonia progressively reducing these in due course.

4.123 On the domestic front, we are encouraged to learn from the reports by North Macedonia and the Secretariat about the steps that North Macedonia has taken to improve the domestic business environment and spur economic growth. North Macedonia was ranked 29th under the World Bank Group Doing Business Report's Trading Across Borders Index, and 10th in the World Bank 'Doing Business' Index in 2019. These are positive developments and we encourage North Macedonia to keep up the good work.

4.124 Singapore sees potential to deepen economic collaboration with North Macedonia. We look forward to identifying new areas of bilateral cooperation going forward, and we wish North Macedonia every success in its second Trade Policy Review.

INDIA

4.125 During the ***period*** under review, the GDP of the Republic of North Macedonia grew at an average rate of 2,2% and the per capita income increased from EUR 3 678 in 2012 to EUR 5 169 in 2018. As a result of the growth, unemployment and poverty also reduced during the ***period***. North Macedonia is dependent on trade, with the services sector the largest contributor in the economy followed by manufacturing, ***agriculture*** and forestry. The structure of exports has also evolved during the ***period*** under review with machinery and electrical equipment becoming the largest exporting items replacing base metals and textiles. Foreign direct investment flows have increased from EUR141 million in 2012 to EUR 621 million in 2018. As a middle income and locked country, Republic of North Macedonia also faces challenges including addressing low productivity, infrastructure needs, public debt, and integration within the European Union. We commend the Government of the Republic of North Macedonia for the various measures it has undertaken to address their challenges including strengthening institutions and economic reforms for aligning national legislations with the European Union and also promoting an environment to attract investment with 10th place in the World Bank's ease of doing business ranking in 2019.

4.126 India shares warm, friendly and cordial relations with North Macedonia. Trade between both countries which stood at USD 43.63 million though modest, has considerable potential to grow in sectors like textiles, ***agricultural*** products, pharmaceuticals, chemicals, Ferro alloys, marble, cotton and other areas. Indian companies are also exploring investment opportunity in North Macedonia in areas like steel, pharmaceuticals and manufacturing and Macedonian companies are also exploring the opportunities to invest in India.

4.127 For capacity building and human resources development, India is also regularly offering slots to professionals of the Republic of North Macedonia in various institutions in India under Indian Technical and Economic Cooperation programme.

4.128 To conclude, India looks forward to working closely with the authorities of the Republic of North Macedonia for further expanding and harnessing the potential of our trade and investment ties. We wish the delegation of the Republic of North Macedonia a productive and successful TPR.

THAILAND

4.129 Thailand is pleased to highlight that total trade between Thailand and North Macedonia expanded by 47% from the last review in 2013. Although the bilateral trade is still relatively small at USD 6.1 million, there is trade potential that can be explored. For exports from Thailand, such potential may exist in prepared fish, ores, motor vehicles, air conditioning machines, and telephones. While parts of railway, electrical capacitors, marble, furniture, and tubes can be considered potential exports from North Macedonia.

4.130 The trade policy reports brought to light several areas of macroeconomic improvement of North Macedonia during the review ***period***. We welcome the constant growth of GDP; the reduction in unemployment and poverty; the decrease in trade balance deficit; and the increase in FDI net inflows. North Macedonia has taken steps to continually improve its business and customs regulations as well as to increase its attractiveness to foreign investors. We believe that these efforts will contribute to sustainable economic growth and boost confidence in North Macedonia's economy.

4.131 Thailand commends North Macedonia for showing its commitment to the rules-based multilateral trading system, including by ratifying the Trade Facilitation Agreement and regularly notifying the WTO of its trade measures. However, some notifications are still pending, including those on domestic support for ***agricultural*** products. In this context, we urge North Macedonia to fulfil its notification obligations because Members' timely and complete notifications are crucial to the WTO's monitoring function and contribute to the predictability and transparency of the multilateral trading system.

4.132 In addition, according to the Secretariat report, applied tariffs on 13 tariff lines appear to exceed corresponding bound rates. Thailand is interested to seek clarification from North Macedonia in this regard.

4.133 We wish North Macedonia every success in its second Trade Policy Review.

URUGUAY

4.134 Uruguay wishes to extend a most cordial welcome to the delegation of North Macedonia on the occasion of its second Trade Policy Review.

4.135 First, we applaud the fact that GDP growth averaged 2.2% annually between 2012 and 2018 and is expected to remain at this level in the medium term. During the ***period*** under review, per capita GDP grew by more than 40% and unemployment dropped from 31% to 20.7%, which led to a substantial reduction in poverty.

4.136 Imports and exports of goods grew constantly during the review ***period***, but the growth rate of exports was more sustained. The share in GDP of merchandise exports increased from 30.4% in2012 to 45.5% in 2018, while that of merchandise imports rose from 56.9% to 61.6%.

4.137 We note that the surplus of the services balance grew during the review ***period***, driven by an increase in the value of services exports exceeding that of services imports. The growth of services exports is mainly due to construction, IT services and professional services.

4.138 At the multilateral level, we wish to emphasize that the country has regularly notified the WTO of the trade measures it adopted since its previous review. Some notifications are still pending, including those on domestic support for ***agricultural*** products. Similarly, we note that it has implemented 99.2% of its commitments under the Trade Facilitation Agreement, which it adhered to in October2015, and will have implemented another 0.8% by December2019 without having received any capacity-building support. During the Eleventh WTO Ministerial Conference, recognizing the need to keep pace with the developments in the global economy, North Macedonia co-sponsored the initiatives to continue working on e-commerce and on domestic regulation of services, as well as on the creation of the Informal Working Group on MSMEs.

4.139 We underline that recent reforms of business regulations resulted in a significant improvement in certain aspects of the business climate, both for domestic and foreign investors, offering numerous support measures to businesses as part of its overall economic strategy to promote industrial development, competition, and the creation of new jobs. It is also pursuing measures to foster the development of micro, small and medium-sized enterprises. In fact, it emphasizes the Economic Growth Plan (EGP), published in February2018. Measures for promoting the development of MSMEs include trade financing programmes for fast-growing SMEs that commit to increasing their annual income and number of employees, and MSMEs that invest in technological development, as well as those that promote innovation.

4.140 Lastly, at the bilateral level, we underscore that in 2018, Uruguay exported well over USD4million worth of goods, particularly medical and surgical furniture, frozen fish and leather. We encourage the country to continue expanding its trade with us.

4.141 Uruguay wishes North Macedonia every success in its second Trade Policy Review.

GEORGIA

4.142 I would like to express my appreciation to the Government of the Republic of North Macedonia and the Secretariat for their outstanding work in compiling the comprehensive report on trade policy developments over the course of the review ***period***.

4.143 Georgia commends the endeavours taken by North Macedonia towards the economic development since the last review in 2013, which resulted in growth of GDP per capita by more than 40% between 2012 and 2018. It is also important to note that investment trends in country is excessively promising FDI net inflows rose from approximately EUR 131.0 million in 2012 (1.5% of GDP) to EUR 621.9 million in 2018 (5.8% of GDP) .

4.144 Despite the fact that trade relations between Georgia and North Macedonia is relatively low, we are looking forward to boosting bilateral trade relations in future. It should be mentioned that trade turnover in 2018 increased by 57% and amounted to USD 1.1 million. Export increased by 109% and amounted to USD 0.3 million, import increased by 42% and amounted to USD 0.7 million.

4.145 In February 2019, foreign ministers of Georgia and North Macedonia have signed an agreement regarding the establishment of diplomatic and consular relations during the Munich Security Conference.

4.146 We strongly believe that the existing cooperation will be developed through continued joint efforts in the future.

4.147 We wish North Macedonia a successful TPR.

ALBANIA

4.148 Albania highly values the very good and close cooperation it has with North Macedonia. We note with appreciation the progress made by the Macedonian Government in implementing policies that have fostered consistent growth and stabilized the macroeconomic and financial environment, as well as for undertaking important reforms to strengthen the rule of law, build confidence in the market and promote trade and investments. Such reforms have clearly contributed to the country's growth, rising competitiveness and overall improvement of the business environment.

4.149 We commend the Government for continuing the reforms needed to bring domestic legislation into line with WTO requirements and with the EU single market regulations and policies. It is encouraging that the regulatory framework has further been consolidated in areas such as privatization, customs, government procurement, standards and competition policy.

4.150 As the Secretariat report notes, North Macedonia has taken measures aimed at increasing its attractiveness to foreign investors, such as targeted investment promotion strategies and financial and other types of incentives, including in the context of Technological Industrial Development Zones. We also wish to recognize the Macedonian Government's efforts to promote a more sustainable, business-friendly environment for foreign investors.

4.151 We congratulate North Macedonia for the impressive rise of GDP per capita by more than 40% during the ***period*** under review. We encourage the Government to continue and intensify the implementation of initiated reforms to properly address labour market weaknesses and to combat informality, convinced of the necessity of such measures for increasing productivity and inclusive growth.

4.152 As neighbouring countries, Albania and North Macedonia enjoy a strong and stable relationship. Both countries have ratified the WTO Trade Facilitation Agreement, an important instrument for building more effective cooperation between customs and other appropriate authorities, and ultimately making for quicker and more efficient movement of goods and cross-border cooperation.

4.153 While the political relations between our two countries are very good, the level of bilateral economic and trade relations remains modest. In 2018, the trade volume of exchanges with North Macedonia was EUR 142 million. The value of goods imported with North Macedonia was 75 million Euros, or 1.5% of the total value of Albanian imports. It nonetheless represents an increase of 15.2% in the value of imports from North Macedonia compared to the previous year. Meanwhile, the value of Albanian exports to North Macedonia was EUR 66.7 million, accounting for 2.8% of the total value of exports. Compared to 2017, there is an increase of about 6% of the value of Albanian exports to North Macedonia in 2018.

4.154 The upward trend is an indication of the potential to increase and strengthen the economic and trade relations between our two countries. Tourism may well be one such sector, in line with Albania and North Macedonia's respective strategies.

4.155 Both Albania and North Macedonia are EU candidate countries. Both are members of CEFTA (Central European Free Trade Agreement), and both participate in the Western Balkans Regional Economic Area (REA), the newest initiative based on EU rules and principles aiming to facilitate integration in regional and European value chains and to help increase the attractiveness of the regional economies for FDIs in tradable sectors.

4.156 In conclusion, Albania wishes to North Macedonia a successful and productive Trade Policy Review, and we look forward to continuing our excellent and constructive engagement with the delegation of North Macedonia in Geneva.

5 REPLIES BY THE REPRESENTATIVE OF THE REPUBLIC OF NORTH MACEDONIA AND ADDITIONAL COMMENTS

5.1 Firstly, let me express my sincere appreciation for your participation in the second TPR of North Macedonia. Thank you for your valuable comments and questions we have received.

5.2 The questions raised showed interest and encouragement, and showed that both, the Secretariat report and the report of the Government of North Macedonia were examined with attention, and that the main messages we wanted to convey were well received.

5.3 We appreciate the interest of Members in the TPR of North Macedonia. We understand some of the comments as the willingness to make an additional effort towards engaging in a constructive dialogue in order to improve bilateral relations. As we expressed during the TPR, North Macedonia will continue to cooperate with all the countries in line with the WTO rule-based multilateral trading system to which North Macedonia is fully committed.

5.4 We have noted all the written considerations and issues raised by Member States and my colleagues from our delegation made efforts and answered all written questions during the course of this TPR process.

5.5 We also systemized the interests of issues as questions, mentioned by particular Members on Monday and want to highlight some positive advancement as recognized through their statements.

5.6 In the economic environment and main features of the economy, referring to improving the business environment and improving competitiveness, North Macedonia focusses on creating a more receptive and business-friendly environment, and remains committed to creating a functional and competitive market economy. Structural reforms are aimed at strengthening human capital, stimulating innovation and creativity, improving competitiveness, creating higher-paid jobs, and facilitating trade. Further alignment of the national legislation to implement rules of law and create a predictable and favourable business climate is envisaged.

5.7 Regarding progress achieved to improve the competitiveness of its manufacturing sector, the latest analysis shows that the export structure is changing in the last decade from low value added towards higher value-added products. In the forthcoming ***period***, we expect that the manufacturing sector will grow, based on knowledge and innovation. Sets of measures are focussing on: support of companies' growth and investments in modernization, automatization and digitalization; stimulation of collaboration, innovation and R&D; internationalization; as well as skills development according to industry needs.

5.8 Regarding the increase in the level of integration of domestic companies into global value chains, there is potential for integration into global value chains in automotive components, the machinery and equipment sector, the food processing sector, and others. The Economic Growth Plan focusses on the support of enhancing competitiveness, and stimulates the establishment of links and improvement of the level of collaboration of FDI with domestic firms. As one of the measures for the companies to be more integrated in global supply chains, companies are encouraged to become Authorized Economic Operators (AEOs) . This measure facilitates companies' trade operations on the international markets, decreases the number of customs controls, and increases trade compliance. Mutual AEO recognition is part of the CEFTA additional Protocol 5 to the agreement.

5.9 Concrete measures to increase the spill-over effect of FDI to the rest of the economy envisage stimulating collaboration between FDI and domestic companies, institutions and universities.

5.10 In creating a skills spill-over effect, the dual education system, which was introduced in 2018, provides students from vocational schools the opportunity to acquire knowledge and practical work in foreign companies.

5.11 For monitoring efficiency and cost effectiveness of different business support schemes, every institution which implements programmes for business support develops a plan for monitoring and cost effectiveness of the business support scheme they implement, which serves as the basis for the further improvement of the measures and actions undertaken under different programmes. The Ministry of Economy recently developed rules of procedure for monitoring and evaluating the system of strategic documents referring to industrial policy and entrepreneurship. With donors' support, activities for capacity building in monitoring and evaluation, as well as a policy impact assessment are being launched. The ***Fund*** for Innovation and Technology Development monitors its beneficiaries through several indicators: revenues throughout the years; net profit; profit tax; number of employees and average salary; profit as a percentage of the generated income; social and health contributions paid to the national budget; innovation and management practices; etc.

5.12 Regarding the initial impact of the recent measures to reduce the size of the informal economy, I would like to inform Members that, in March 2018, the first medium-term Strategy for Formalization of the Informal Economy 2018–22 was adopted. It aims to reduce the number of informally employed, and to reduce the share of unregistered business entities. Due to the complexity of the informal economy, the Strategy unites all relevant aspects of many sectorial policies, such as improving the regulatory and business environment, enhancing the institutions in the labour market, increasing the inspection of informal economy flows, and raising awareness of citizens and businesses of the importance of the formalization of informal activities. For the implementation of the Strategy, the Action Plan for Formalization of the Informal Economy was adopted in August 2018, containing 29 measures. Also, in September 2018, a Coordinative Body was established to monitor the implementation of the Action Plan.

5.13 The first tangible results of the Action Plan were the latest amendment of the Law on VAT, with the possibility of VAT reimbursement to citizens. This measure is estimated to significantly increase the issuance of fiscal receipts, by decreasing non-registered sales. Another to mention is latest amendment in the Law on Cash Registry Payment, where the threshold for cash payments was decreased from EUR 1,000 to EUR 500.

5.14 With regard to trade policy objectives and practices by measures, we are pleased to see that Members recognized North Macedonia's efforts to contribute to the multilateral trading system. Members commended our efforts to join plurilateral agreements, the early acceptance of the TFA, and co-sponsoring initiatives raised at the 11th Ministerial meeting. Some Members were interested in MFN tariffs of North Macedonia, as applied MFN rates are in excess of bound rates for 13 tariffs lines. The Customs Administration of North Macedonia analysed the differences in the MFN applied rates and WTO bound rates due to several HS amendments in 2007, 2012 and 2017, and found that in five tariff lines there were inconsistencies. For others, it is in line with the WTO commitments. These adjustments shall be done with the next amendments of the National Customs Tariff, to be applied from 1 January 2020. For the remaining eight tariff lines, which are consistent with the WTO commitments, the Customs Administration, along with the Ministry of Economy, shall provide to the WTO Secretariat a comprehensive explanation of the application of MFN rates.

5.15 Some Members noted that certain notifications are pending concerning notifications on domestic support for ***agriculture***, SPS and quantitative restrictions. All others consider that trade measures are regularly notified to the WTO. I would like to note that five SPS notifications were made in March 2019.

5.16 The pending notifications are in the process of preparation by the relevant institutions in North Macedonia and, by the end of 2019, most prepared notifications will be distributed to the WTO through the Mission of North Macedonia in Geneva. Also, I would like to note, regarding the notification of Quantitative Restrictions, it will be notified by the end of this year according to Annex 2 of the QR Decision

5.17 When it comes to measures affecting production and trade, here we note that regarding transparency obligations under Article 7 and Annex B of the SPS Agreement, where it refers to the Law on Plant Health, the Phytosanitary Directorate (PD) regularly publishes new and amended legislation and adopted measures on the Ministry's web page. Additionally, these changes, including copies of the relevant documents, are reported regularly through the IPPC portal by the national contact point, and it was circulated by e-mail to all EPPO member countries.

5.18 In order to improve transparency, a Phytosanitary Information System (PIS) for plant health and plant protection products, contributing to better communication, coordination and more efficient functioning of all stakeholders involved in the phytosanitary sector has been put in place. According to the working plan, the PIS will be fully operational by the end of 2019. The PIS will include a public portal with a website, where drafted and published national phytosanitary measures will be published. The National WTO Notification Contact Point is going to implement the SPS Notification Submission System for informing third countries on draft phytosanitary measures, as well as the TBT Notification Submission System on draft plant protection products measures.

5.19 For conducting the SPS risk assessment, allow me to point out that SPS risk assessments system was established with reference to veterinary and food safety issues. However, the risk assessment in the phytosanitary sector is in the early phase of implementation. For the risk assessments of new species of harmful organisms (PRA), important for North Macedonian ***agriculture*** and forestry, the international standard ISPM 11 was adopted as a by-law in 2014.

5.20 The EU IPA 2015 project provides technical support for using quantitative PRAs, in comparison to quantitative PRAs in the CAPRA scheme of the EPPO, as started in January 2019. In the framework of trade facilitation activation within the CEFTA, a pilot project was initiated for the facilitation of phytosanitary certification for certain fruits and vegetables, where risk assessment issues will be covered.

5.21 When it comes to the trade of meat products with third countries, please note that North Macedonia respects the commitments that rise from the Stabilisation and Association Agreement with the European Union. North Macedonia fully revised the text as a by-law document in May 2019, applicable as of 1 July 2019, in which the Commission Regulation (EU) No. 206/2010 that refers to certain animals and fresh meat and the veterinary certification requirements is transposed. Some commodities that are not on the list of third countries allowed for export into the European Union, accordingly are not in position to be imported into North Macedonia. Such treatment is due to respect SPS import requirements related to animal health status and food establishment status.

5.22 We duly note the words of encouragement extended by the parties to the positive developments of our public procurement system, as well as the ongoing accession negotiations of the Republic of North Macedonia to the GPA. We would like to, once again, reaffirm our determination to close our negotiations by the end of this year. During the last round of negotiations in June, we offered a possible creative solution addressing the concerns some GPA parties expressed, by considering a ***transitional*** ***period*** in our revised offer that we plan to submit in due course. We will actively engage with the other GPA parties in the coming ***period*** to see if common ground can be found to move forward, based on this proposed solution.

5.23 Since no specialized court dealing with IPR cases exists in North Macedonia, even though we have full power enforcement established in the Law on Industrial Property and in the Law on Copyrights and Related Rights in line with the EU enforcement directive, the relevant institutions in North Macedonia in charge of IPR cooperate to train judges and public prosecutors. In order to improve the experience of judges and public prosecutors, an academy for judges and public prosecutors, in cooperation with the State Office of Industrial Property, continuously organize training for judges and public prosecutors. Training courses in 2018 were organized in the following topics: enforcement of industrial property rights, civil-legal protection of copyright and related rights, administrative court protection of industrial property rights, and misdemeanour-legal protection of IPRs. Also, the State Office of Industrial Property, in cooperation with the European Patent Office, gives the opportunity to the judges and public prosecutors to participate in different seminars and study visits that are foreseen within the training programme of the EPO.

5.24 Statistics on IP enforcement is part of the methodology for collecting and processing data, which is in process of improvement due to developing the e-network.

5.25 Regarding trade policies by sector, the transport infrastructure in the Republic of North Macedonia is permanently developing when it comes to road and railway infrastructure. In the next ***period***, will be supplemented by the implementation of horizontal measures, part of the connectivity reform measures. Implementation of intelligent transport systems (ITS), along CorridorX, is expected to result in an increase in safety and in saving time. Time savings will increase the competitiveness of Corridor X, especially for international transport. Companies carrying out transport activities will have lower costs and shorter transport times, which will create conditions for increasing the volume of transport along this Corridor.

5.26 In order to reduce the border crossing time with neighbouring countries, in 2015, an agreement on the establishment of rail border procedures for the Macedonian-Serbian border was signed. Construction of a joint railway border crossing, introducing a one-stop-shop principle, will contribute towards efficient cross-border movement of passenger and freight traffic. Due to travel time savings, as anticipated, the competitiveness of Corridor X will increase, especially for international transportation. Companies will benefit the most from increased transport volume by railway.

5.27 I would also like to use this opportunity to thank all Members who have supported us and provided technical assistance. Their help was instrumental in achieving the fulfilment of obligations from the WTO Agreement.

5.28 On behalf of the Macedonian delegation, I would like to reiterate my appreciation to you, Chair, Discussant, and to thank the Secretariat, and all Members that raised questions and showed interest in the North Macedonia TPR, which was a very constructive and useful experience for us.

DISCUSSANT

5.29 First of all, I would like to thank Minister Bekteshi and his team for their hard work in replying to the Members' questions and their open and constructive attitude towards this exercise. It is an honour to contribute to the conclusion of this Trade Policy Review by highlighting some of the main issues discussed.

5.30 Members appreciated the strong commitment of North Macedonia to the rules-based multilateral trading system embodied in the WTO. Members applauded the active engagement of North Macedonia in the WTO, including the acceptance of the Protocol amending the TRIPS Agreement, implementation of the Trade Facilitation Agreement and implementation of the expanded Information Technology Agreement.

5.31 Furthermore, several delegations underlined the importance of the ongoing negotiations to join the GPA, and many commended the active participation of North Macedonia in the follow-up of the joint initiatives from MC11 on Services Domestic Regulation, Electronic Commerce and MSMEs, as well as the support for the Buenos Aires Declaration on Women and Trade.

5.32 Several delegations welcomed the recent resolution of the name issue as a positive step that will also be helpful in advancing the integration of North Macedonia into the regional and global economy.

5.33 The progress made by North Macedonia in aligning rules and regulations with EU law were highlighted, and many delegations express their confidence that this will pave the way for accession negotiations with the EU in the not too distant future.

5.34 Members praised North Macedonia's impressive achievements in improving the business environment and encouraged North Macedonia to continue on its reform path to further boost its economy, and to address structural challenges related to i.e the large informal sector, the need to increase productivity and the need to improve the physical infrastructure.

5.35 Most of the questions posed by Members were requests for more information, which confirms the keen interest of Members in the trade and investment regime of North Macedonia. As can be expected in a peer review like this, critical questions were also asked. The enforcement of Intellectual Property Rights was raised by a number of delegations. Members also touched upon issues related to rule of law and quality of government institutions.

5.36 The review was carried out in a constructive spirit and positive atmosphere. Members engaged actively with pointed questions and relevant comments, and North Macedonia has responded with the same engagement and respect. I trust that the Government of North Macedonia will make use of this review as an encouragement and inspiration to continue with the reform agenda, where an open and predictable trade policy anchored in the rules-based international trading system is an indispensable element.

5.37 Let me conclude by congratulating the delegation of the Republic of North Macedonia with a successful Trade Policy Review. Thank you.

UKRAINE

5.38 Ukraine would like to thank the delegation of North Macedonia for the very informative TPR meeting and for the comprehensive responses to our advanced written questions. Our sincere appreciations go to Mr Kreshnik Bekteshi, Head of North Macedonian delegation, and to the discussant, Ambassador Dagfinn SØRLI, for the comprehensive analyses of trade and economic developments in North Macedonia since its previous Trade Policy Review in 2013.

5.39 We do not have for the moment additional follow-up questions to raise.

5.40 Nevertheless, we would like to note the importance of ***agriculture*** market access improvement, where Ukraine has its specific interest.

5.41 We believe that our mutual cooperation under the Free Trade Agreement and harmonization of rules of origin as provided by the Pan-Euro-Med Convention will create the new trade opportunities contributing to economic growth in our countries. Ukraine also counts on cooperation with North Macedonia in the WTO to further strengthening the multilateral trading system.

5.42 We encourage North Macedonia to successfully continue its economic reforms and we believe in greater developments and further achievements of North Macedonia by its next Trade Policy Review.

5.43 We wish the delegation of North Macedonia safe and pleasant journey home.

EUROPEAN UNION

5.44 Let me first thank the Republic of North Macedonia for the comprehensive overview presented on Monday and this morning of the main developments occurred in its trade and economic policy during the review ***period***.

5.45 We would also like to thank the authorities of the country for having provided timely and comprehensive replies to the questions raised by the EU. The answers gave us useful clarifications on the issues we had raised.

5.46 The EU hopes that North Macedonia will duly take into account some of the few challenges highlighted by Members during this Trade Policy Review. The EU would also like to encourage North Macedonia to continue in its ambitious efforts to reform the economy.

5.47 We look forward to continuing our cooperation in the framework of the Stabilisation and Association Agreement. We also hope that a decision can be taken this autumn to open EU accession negotiations.

5.48 We look forward to our continued cooperation in all the relevant multilateral, plurilateral and bilateral fora.

5.49 On behalf of the EU, I congratulate North Macedonia for concluding this productive and successful review.

UNITED STATES

5.50 The United States would like to sincerely thank Minister Kreshnik Bekteshi and the members of the delegation of North Macedonia for their thorough preparation for and constructive participation in their second Trade Policy Review. We also thank Ambassador Sorli for his clear and informative insights and, as always, the Secretariat for excellent work.

5.51 We also thank Minister Bekteshi for his remarks this morning and his efforts to address the comments offered by Members during this review.

5.52 We have a few follow-up questions that we submitted formally as well this morning. With regard to the 13 tariffs lines that exceed bound rates, North Macedonia noted a portion of the 13were already in line with WTO commitments. We welcome identification of which tariff lines will be lowered, and which tariffs lines are already in conformity. In the area of intellectual property rights, North Macedonia's Law on Copyright and Related Rights contains provisions for persons with special needs. We hope to learn how North Macedonia defines a person with special needs. With respect to laws and regulations that govern copyright and piracy in the digital environment, does North Macedonia intend to align its legal framework with the new 2019 European Union Directive on Copyright in the Digital Single Market? Lastly, with respect to enforcement of IPRs through the court system, what was the cause of the judicial authorities rejecting 11 of the 26 criminal charges for infringement of intellectual property rights? Are there further steps that could increase the number of cases the judicial authorities accept, such as evidence rules or specialized IP courts?

5.53 In conclusion, we appreciate the opportunity to participate in North Macedonia's second Trade Policy Review. We offer our congratulations to Minister Bekteshi and the entire delegation on a successful Trade Policy Review.

BRAZIL

5.54 Let me first congratulate the delegation of the Republic of North Macedonia, headed by the Minister of Economy. Also thank the discussant and the Chairperson. And I would also like to congratulate the North Macedonia Government that recently opened an Embassy in our country, and special greetings to Ambassador Ivica Bocevski, your first Ambassador to Brazil.

5.55 Furthermore, I would like to reemphasize our question to maybe reconsider your policy towards Brazilian meat exports that we have some current barriers, tariff and non-tariff barriers. So if you could reconsider that, we would be very thankful.

6 CONCLUDING REMARKS BY THE CHAIRPERSON

6.1 The second Trade Policy Review of the Republic of North Macedonia has provided an excellent opportunity to deepen our understanding of the recent trade and economic policy developments in North Macedonia.

6.2 I would like to thank the delegation of the Republic of North Macedonia, led by H.E Kreshnik Bekteshi, Minister of Economy, for their constructive engagement in this Review. I would also like to express my appreciation to the discussant, Ambassador Dagfinn Sorli of Norway, for his very insightful and very direct remarks, and to all the delegations that have contributed to this process through their questions and/or statements.

6.3 The questions raised, and the statements made by 20 delegations on Monday, attest to the importance attached by Members to the trade and investment policies of North Macedonia.

6.4 Members have been very appreciative of the progress that North Macedonia has made in recent years in its economic performance and its trade and investment policies, and of its strong support for the multilateral trading system. Several Members emphasized the significance of the recent resolution of the name dispute with Greece under the Prespa Agreement.

6.5 Members highlighted several positive aspects of North Macedonia's recent economic performance. Economic growth at an average annual rate of 2.2% in the ***period*** under review has resulted in significant increases in GDP per capita and substantial reductions in unemployment and poverty. The ***period*** since the previous Review also witnessed improvements in certain aspects of the business climate, as illustrated by the change in North Macedonia's ranking in the World Bank Index, from 29 in 2013 to the top 10 in 2019. The almost fivefold increase in foreign direct investment inflows from 2012 to 2018 was another indicator of the recent improvement in North Macedonia's economic performance.

6.6 Members noted with appreciation that, as a small landlocked country very dependent upon trade, North Macedonia's trade and investment policies seek to use openness to the regional and global economy within the framework of the WTO and regional trade agreements to improve the competitiveness of its economy. Members also noted North Macedonia's strategic objective of EU integration, and welcomed the progress made by North Macedonia in achieving convergence with EU rules in many areas of its trade and economic policy. Among the recent changes in specific areas that were mentioned were the increased transparency and predictability under the new Public Procurement Law; the modernization of the customs legislation and procedures; the implementation of trade facilitation measures; and the existence of a generally open regime for foreign direct investment.

6.7 Members also commended North Macedonia for its active role in the WTO. North Macedonia accepted the Protocol amending the TRIPs Agreement, acceded to the Civil Aircraft Agreement, and has applied almost all Trade Facilitation Agreement provisions immediately upon the entry into force of the TFA. Moreover, it has also demonstrated its openness to new ideas on the evolution of the trading system by participating in several Joint Statement initiatives on domestic regulation in services, electronic commerce, MSMEs and in the Declaration on Women and Trade. It is currently in the process of accession to the Government Procurement Agreement, which it hopes to conclude by the end of 2019.

6.8 Members also pointed to aspects of North Macedonia's economic and trade and investment policies that they consider require some attention in the ongoing reform process. Members requested that North Macedonia vigorously pursue recently-initiated structural reforms to improve the functioning of its labour market, reduce the size of the informal sector, ameliorate the quality of public institutions, and develop a more efficient and fairer tax system. Such reforms are essential to enable North Macedonia to address the fundamental problem of low and stagnant productivity. Members were also interested in how North Macedonia will implement measures provided for in its recent Economic Growth Plan and Industrial Strategy to promote the growth of the manufacturing sector, attract foreign direct investment, and promote the development of spill-over effects of foreign direct investment to domestic investment. The question of the cost-effectiveness of the different business support schemes applied by North Macedonia was also raised.

6.9 The need to prioritize the modernization of the transport infrastructure and of reducing the reliance on price controls was mentioned. We thank the Minister for his updates on the modernization programme. Regarding North Macedonia's tariff commitments, a concern was expressed that, according to the WTO Secretariat's analysis, applied tariff rates are higher than bound rates in 13tariff lines. And we note also the clarification that some of these lines have already been brought into conformity. We would appreciate further updates on the issue of these tariff rates still higher than bound rates. While Members welcomed efforts of North Macedonia to comply with notification obligations, it was noted that, in certain areas, notifications were outstanding, particularly regarding domestic support in ***agriculture***, SPS measures and quantitative restrictions. We do note also the Minister's update on these pending notifications. The point was made further that effective enforcement of North Macedonia's intellectual property rights posed a significant challenge in the absence of a system of specialized IPR courts and the lack of reliable statistics on IPR enforcement. In this regard, we also note the Minister's update today of increased training for judges and prosecutors relating to IPR cases. Clarification was sought as to how North Macedonia conducted risk assessments for SPS purposes and complied with its notification obligations under the SPS Agreement.

6.10 I hope this summarizes some of the key issues that have emerged in our discussions. And I am certain that the delegation of North Macedonia will take these concerns into account, and reflect on these issues and on the many constructive comments and questions received during this Review. North Macedonia has provided answers to all the more than 130 advance written questions submitted prior to this meeting, and this has been highly appreciated by Members. The Trade Policy Review of the Republic of North Macedonia will be successfully concluded once North Macedonia has replied to any follow-up questions that emerged during the meeting in a month's time.

\_\_\_\_\_\_\_\_\_\_

**Load-Date:** October 9, 2019

**End of Document**



[***England and Wales High Court (Administrative Court) Decisions: Peel Investments (North) Ltd v Secretary of State for Housing Communities And Local Government & Anor [2019] EWHC 2143 (Admin) (02 August 2019)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5X05-YDX1-JDG9-Y1X1-00000-00&context=1516831)

Baltic Legal Updates

September 4, 2019 Wednesday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 24001 words

**Body**

London: England and Wales High Court (Administrative Court) has issued the following Decision on (02 August 2019):

Neutral Citation Number: [2019] EWHC 2143 (Admin) Case No: CO/5073/2018

IN THE HIGH COURT OF JUSTICEQUEEN'S BENCH DIVISIONPLANNING COURT

Royal Courts of JusticeStrand, London, WC2A 2LL 02/08/2019

B e f o r e :

MR JUSTICE DOVE\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Between: Peel Investments (North) Limited Claimant - and - Secretary of State for Housing Communities and Local Government Defendant -and- Salford City Council 2nd Defendant

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Martin Kingston QC and James Corbet Burcher (instructed by Shoosmiths Solicitors) for the ClaimantRichard Honey (instructed by Government Legal Department) for the First DefendantChristopher Katkowski QC and Matthew Fraser (instructed by Salford City Council) for the Second DefendantHearing dates: 22nd & 23rd May 2019\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Mr Justice Dove :

IntroductionThe Claimant applies pursuant to section 288 of the Town and Country Planning Act 1990 to quash the decision of the First Defendant made on 12th November 2018 in relation to appeals against the refusal of planning permission by the Second Defendant. Appeal A was an application for the construction of up to 600 dwellings, marina facilities, retail and cafe uses together with other ancillary hard and soft landscaping. Appeal B was an application for residential development with associated hard and soft landscaping including open space and drainage infrastructure. For simplicity the appeals before the First Defendant will hereafter be referred to as the appeal.

The history of the matter was that appeal A had its origin in an application for planning permission dated 9th April 2013. The Claimant appealed against the refusal of that application; on the 30th December 2013 the First Defendant recovered the appeal for his own determination. A decision in relation to appeal A was made by way of a decision letter dated 26th March 2015. The Claimant challenged that decision, and by order of this court it was quashed on 28th July 2016. In the meantime the Claimant had submitted another application which was also the subject of an appeal. The First Defendant concluded that a new inquiry was required in order to determine the appeal and that inquiry occurred in February and March 2018.

Following the inquiry, the Inspector recommended in his report to the First Defendant dated 11th July 2018, that planning permission should be refused. The First Defendant accepted that recommendation, and refused the appeal. The Claimant's case in this challenge raises numerous concerns in relation to the approach taken to the application of policy from the development plan within the context of national planning policy set out in the National Planning Policy Framework. This judgment examines firstly, the policies of the development plan which were relevant to the decision together with the elements of the Framework, in both the 2012 and 2018 versions, which were pertinent to the First Defendant's decisions. The judgment then proceeds to consider the conclusions which were reached by the Inspector and, thereafter, the First Defendant in relation to the issues, and particularly the policy issues, raised by the appeal. The Claimant's grounds are then set out followed by an analysis of the legal principles which are involved in the evaluation of those grounds. Finally, the judgment sets out the court's assessment of the merits of those grounds against the background of the submissions made by all parties.

The relevant planning policiesThe statutory development plan for the appeal site was comprised by the saved policies of the City of Salford Unitary Development Plan 2004-2016 ('the UDP'). For the purposes of the inquiry it was agreed that there were around 40 policies of the UDP which were relevant to the appeal. Three policies of the UDP particularly featured in the debate before the Inspector. Firstly, policy EN2, which is a policy concerned with the Worsley Greenway and which provides as follows:

'Policy EN 2

Worsley Greenway

Development will not be permitted where it would fragment or detract from the openness and ***continuity*** of the Greenway, or would cause unacceptable harm to its character or its value as an amenity, wildlife, ***agricultural*** or open recreation resource.

Reasoned justification

12.7 The Worsley Greenway is a strategically important 'green wedge' within the Worsley area. It covers some 195 hectares, and is of great value to the city and local area. It provides amenity open space, recreational land and facilities, attractive landscapes, farmland, water features such as Old Warke Dam, public access, strategic recreation routes, areas of ecological importance, attractive woodland, features of historic and heritage importance, and relief within an urban area. It also provides the setting for the settlements of Worsley, Roe Green, Beesley Green, and the Bridgewater Canal, and is an essential element of their historic character. The protection and enhancement of Worsley Greenway, in its entirety, is therefore of great strategic and local importance.'

In addition to this policy, particular focus in the decision was placed upon policy R4, which is a policy related to Key Recreation Areas and which contains the following provisions:

'Policy R 4

Key Recreation Areas

Planning permission will only be granted for development within, adjoining or directly affecting a key recreation area where it would be consistent with the following objectives:

i. the protection and enhancement of the existing and potential recreational use of the area;

ii. the protection and improvement of the amenity of the area;

iii. the protection of existing trees, woodlands and other landscape features;

iv. where appropriate, the provision, improvement and maintenance of new areas of woodland planting;

v. the provision, improvement and maintenance of public access where appropriate, for walking, cycling, horse riding and water-based recreational activities;

vi. the provision, improvement and maintenance of accessible, open land recreation uses; and

vii. the protection, provision, improvement and maintenance of the quality and diversity of wildlife habitats.

Reasoned justification

14.16 The city council has identified a series of key recreation areas, which are of city-wide importance and are linked by the network of strategic recreation routes. These key recreation areas include areas of Green Belt, open land and the Worsley Greenway, which have great potential to help meet the demand for recreational uses, in a sustainable way, by providing formal and informal recreational opportunities close to where a large number of residents live. It may not be possible to provide unrestricted public access across the whole of the key recreation areas, but such access will be maximised as far as possible. Parts of the key recreation areas also lie within the wider Core Forest Areas identified in the Red Rose Forest Plan.

14.17 Some of the key recreation areas comprise neglected and underused land, which is to be the recipient of ***funding*** under the Newlands Programme. This will help to achieve transformations in the landscape of a scale that will change the image of the city and secure substantial local benefits. A number of the key recreation areas have the potential to form an important green gateway to Salford and to contribute to the objectives of the Regional Park (Policy R 3 'Regional Park').

14.18 There are eight key recreation areas, and these are shown on the proposals map:

…

7. Worsley Woods and Greenway;'

The third policy which was particularly the subject of contention at the inquiry was policy EN9, a policy related to wildlife corridors which, again, provides as follows:

'Policy EN 9

Wildlife Corridors

Development that would affect any land that functions as a wildlife corridor, or that provides an important link or stepping stone between habitats, will not be permitted where it would unacceptably impair the movement of flora and fauna. Where development is permitted, conditions or planning obligations may be used to secure the protection, enhancement and/or management measures designed to facilitate the movement of flora and fauna across or around the site.'

For the purposes of the Claimant's submissions, it is important to note that because the UDP was adopted in 2006 it was necessary for the Second Defendant to apply to the First Defendant for a direction under paragraph 1(3) of Schedule 8 of the Planning and Compulsory Purchase Act 2004 for a direction that policies in the UDP should be saved and have continuing effect. The policies referred to above were amongst those that were saved by the direction. The First Defendant made certain observations at the time of giving the direction on 26 February 2009 in the following terms:

'Local planning authorities should not suppose that a regulatory local plan style approach will be supported in forthcoming Development Plan Documents. LPAs should adopt a positive spatial strategy led approach to DPD preparation and not seek to reintroduce the numerous policies of many local plans.

The exercise of extending saved policies is not an opportunity to delay DPD preparation. LPAs should make good progress with local development frameworks according to the timetables in their local development schemes. Polices have been extended in the expectation that they will be replaced promptly and by fewer policies in DPDs. Maximum use should be made of national and regional policy especially given the development plan status of the Regional Spatial Strategy.

Following 21st June 2009 the extended policies should be read in context. Where policies were adopted some time ago, it is likely that material considerations, in particular the emergence of new national and regional policy and also new evidence, will be afforded considerable weight in his decisions. In particular, we would draw your attention to the importance of reflecting policy in Planning Policy Statement 3 Housing and Strategic Housing Land Availability Assessments in relevant decisions.'

The Claimant notes in particular that certain policies of the UDP were not saved by the First Defendant. The policies which were not saved included policies ST2, ST11 and H2. Those policies were related particularly to the supply and distribution of housing and provided as follows:

'Policy ST2

Housing Supply

An adequate supply of housing will be secured through the:

1. refurbishment and improvement of existing dwellings;

2. achievement of an average annual rate of housing provision, net of clearance, of 530 dwellings per year during the ***period*** up to 2016;

3. control of the type of dwellings provided as part of new residential developments; and

4. selective clearance, and where appropriate the replacement, of dwellings that are unfit, obsolete or suffer from low demand.

…

Policy ST11

Location of New Development

Sites for development will be brought forward in the following order:

1. the re-use and conversion of existing buildings.

2. previously-developed land in locations that:

i. are, or as part of any development would be made to be, well-served by a choice of means of transport, particularly walking, cycling and public transport; and

ii. are well related to housing, employment, services and infrastructure.

3. previously-developed land in other locations, provided that adequate levels of accessibility and infrastructure provision could be achieved.

4. previously undeveloped land in locations that:

i. are, or as part of any development would be made to be, well-served by a choice of means of transport, particularly walking, cycling and public transport; and

ii. are well related to housing, Employment, services and infrastructure.'

…

Policy H2

Managing the Supply of Housing

The release of land for housing development will be managed in accordance with the sequential approach set out in Policy ST 11 'Location of New Development'. Where there is evidence of an unacceptable actual or potential oversupply of housing, planning permission for housing development will only be granted in the following circumstances:

a. the development is considered to be an essential component in the regeneration of the local area;

b. the development is considered to be essential to the implementation of the UDP strategy;

c. the development would satisfy an important identified housing need; or

d. the development would be exceptional in terms of sustainable design and technology.

An actual or potential oversupply will only be considered to be unacceptable if there is clear evidence that the oversupply is having, or is likely to have, an unacceptable adverse impact on:

i. the achievement of the overall strategy of Regional Spatial Strategy for the north west, and of any subsequent Regional Spatial Strategy;

ii. the regeneration of the regional pole of Manchester/Salford;

iii. the Housing Market Renewal Initiative in Manchester and Salford and in Oldham/Rochdale;

iv. the achievement of other regeneration priorities within Salford; or

v. the adequate provision of infrastructure and other services.

Reasoned justification

7.6 Policy ST 2 'Housing Supply' makes sufficient provision to ensure that the supply of new housing meets the target of an average of 530 new dwellings per annum net of clearance, as set out in the Regional Spatial Strategy for the north west (RPG13). The nature of the sites means that they are likely to be developed reasonably evenly over the plan ***period***. Some will almost certainly come forward later in the plan ***period***, for example because they are currently occupied or suffer from infrastructure or contamination constraints, whereas others are immediately available for development. Nevertheless, it will be important for the city council to control the granting of planning permissions in order to ensure that there is not a significant over- or undersupply of new dwellings in relation to the Regional Spatial Strategy target.'

The effect, therefore, of the saving direction was that whilst certain policies concerned with environmental protection were saved for the purposes of development control decision-taking, the strategic policies to be read alongside them and addressing questions of the amount of housing to be developed, where that housing was to be located and how the supply of housing was to be managed in the context of the policies of the plan, were no longer in existence or part of the development plan.

Against the background of these circumstances pertaining to the UDP it was the Claimant's contention both at the inquiry and in this case that the plan itself, and in particular certain of its policies including especially policy EN2, was out-of-date. The significance of a conclusion that a development plan policy is out-of-date arises from the provisions of the Framework. The relevant policy in the Framework at the time of the inquiry, the 2012 edition of the Framework, provided at paragraph 14 as follows:

'14. At the heart of the National Planning Policy Framework is a presumption in favour of sustainable development, which should be seen as a golden thread running through both plan-making and decision-taking.

…

For decision-taking this means:

Approving development proposals that accord with the development plan without delay; and

Where the development plan is absent, silent or relevant policies are out-of-date, granting permission unless:

i) any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole or;

ii) specific policies in this Framework indicate development should be restricted.'

After the inquiry had closed, but prior to the decision of the First Defendant on the appeal, the First Defendant published a revised version of the Framework in July 2018. As will become evident, the First Defendant sought the parties' views in relation to the implications for the decision of the revised Framework. In particular, the following paragraphs of the 2018 Framework were pertinent to the issues before the inquiry, and also have a direct bearing on the grounds of the claim brought by the Claimant. Firstly, there were revisions to the presumption in favour of sustainable development. Paragraph 11 of the 2018 Framework (together with its accompanying explanatory footnotes) provides as follows:

'The presumption in favour of sustainable development

11. Plans and decisions should apply a presumption in favour of sustainable development.

…

For decision-taking this means:

c) approving development proposals that accord with an up-to-date development plan without delay; or

d) where there are no relevant development plan policies, or the policies which are most important for determining the application are out-of-date7, granting permission unless:

i. the application of policies in this Framework that protect areas or assets of particular importance provides a clear reason for refusing the development proposed6; or

ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

6 The policies referred to are those in this Framework (rather than those in development plans) relating to: habitats sites (and those sites listed in paragraph 176) and/or designated as Sites of Special Scientific Interest; land designated as Green Belt, Local Green Space, an Area of Outstanding Natural Beauty, a National Park (or within the Broads Authority) or defined as Heritage Coast; irreplaceable habitats; designated heritage assets (and other heritage assets of archaeological interest referred to in footnote 63); and areas at risk of flooding or coastal change.

7 This includes, for applications involving the provision of housing, situations where the local planning authority cannot demonstrate a five year supply of deliverable housing sites (with the appropriate buffer, as set out in paragraph 73); or where the Housing Delivery indicates that the delivery of housing was substantially below (less than 75% of) the housing requirement over the previous three years. ***Transitional*** arrangements for the Housing Delivery Test are set out in Annex 1.'

One of the objectives espoused by the First Defendant in the 2018 Framework is to significantly boost the supply of homes. An instrument of that policy is the requirement noted in footnote 7 to paragraph 11 of the 2018 Framework, the maintenance of a deliverable five year supply of housing land. The provisions of the 2018 Framework relating specifically to the policy of delivering a sufficient supply of homes and the maintenance of the five year housing land supply is set out in the following key paragraphs:

'59. To support the Government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.

60. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conduct using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.

61. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes).

…

67. Strategic policy-making authorities should have a clear understanding of the land available in their area though the preparation of strategic housing land availability assessment. From this, planning policies should identify a sufficient supply a mix of sites, taking into account their availability, suitably and likely economic viability. Planning policies should identify a supply of:

a) specific, deliverable sites for years one to five of the plan ***period***; and

b) specific, developable sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15 of the plan.

…

73. Strategic policies should include a trajectory illustrating the expected rate of housing delivery over the plan ***period***, and all plans should consider whether it is appropriate to set out the anticipated rate of development for specific sites. Local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing against their housing requirement set out in adopted strategic policies36, or against their local housing need where the strategic policies are more than five years old37. The supply of specific deliverable sites should in addition include a buffer (moved forward from later in the plan ***period***) of:'

a) 5% to ensure choice and competition in the market for land; or

b) 10% where the local planning authority wishes to demonstrate a five year supply of deliverable sites through an annual position statement or recently adopted plan, to account for any fluctuations in the market during that year; or

c) 20% where there has been significant deliverable under delivery of housing over the previous three years, to improve the prospect of achieving the planned supply.

…

35 The delivery of large scale developments may need to be extend beyond an individual plan ***period***, and the associated infrastructure requirements may not be capable of being identified fully at the outset. Anticipated rates of delivery and infrastructure requirements should, therefore, be kept under review and reflected as policies are updated.

36 For the avoidance of doubt, a five year supply of deliverable sites for travellers- as defined in Annex 1 to Planning Policy for Traveller Sites- should be assessed separately, in line with the policy in that document.

37 Unless these strategic policies have been reviewed and found not to require updating'

This policy framework formed the backdrop to the decision-making process, and also the Claimant's contentions that there were errors of law in the decision-making process.

Both the 2012 and the 2018 Framework contained policies dealing with the approach to be taken to whether or not a policy in the development plan should be considered out-of-date. The approach to this term (at the time in the 2012 edition of the Framework) was considered by this court in the case of Bloor Homes East Midlands v SSCLG [2014] EWHC 754; [2017] PTSR 1783 which is set out below. The relevant provisions contained within the 2012 Framework were as follows:

'210. Planning law requires that applications for planning permission must be determined in accordance with the development plan unless material considerations indicate otherwise.

211. For the purposes of decision-taking, the policies in the Local Plan (and the London Plan) should not be considered out-of-date simply because they were adopted prior to the publication of this Framework.

212. However, the policies contained in this Framework are material consideration which local planning authorities should take into account from the day of its publication. The Framework must also be taken into account in the preparation of plans.

213. Plans may, therefore, need to be revised to take into account the policies in this Framework. This should be progressed as quickly as possible, either through a partial review or by preparing a new plan.

214. For 12 months from the day of publication, decision-takers may continue to give full weight to relevant policies adopted since 2004 even if there is a limited degree of conflict with this Framework.

215. In other cases and following this 12-month ***period***, due weight should be given to relevant policy's in existing plans according to their degree of consistency with this framework (the closer the polices in the plan to the policies in the Framework, the greater the weight that may be given).'

The provisions of the 2018 Framework in relation to whether policies should be considered out-of-date was set out in paragraph 213 as follows:

'213. However, existing policies should not be considered out-of-date simply because they were adopted or made prior to the publication of this Framework. Due weight should be given to them, according to their degree of consistency with this Framework (the closer the policy's in the plan to the policies in the Framework, the greater the weight that may be given).'

The decision-making processAs set out above the First Defendant appointed an Inspector to undertake a public inquiry and produce a report with a recommendation as to whether or not the Claimant's appeal should be allowed. In that report at paragraphs 28-32 the Inspector identified the centrality to the decision of policy EN2, policy R4 and policy EN9, and also noted that a significant number of other UDP policies were relevant to his decision (amounting, as set out above, to no less than 40 relevant policies). To assist the ***smooth*** running of the inquiry a Statement of Common Ground ('the SOCG') was agreed between the Claimant and the Second Defendant. In relation to policy in the UDP the SOCG recorded as follows:

'Policy

50. The proposals comply with all relevant saved policies of the SUDP except Policies EN 2 and R 4. The proposals accord with the parts of Policy EN 2 that relate to wildlife and ***agricultural*** resources. The proposals accord with criteria iii) to vii) of Policy R 4.

51. It is agreed that Policy EN 2, relating to the designation of the Worsley Greenway, was formulated in the context of a development plan housing requirement of 530 dwellings per annum as set out in Policy ST 2 of the SUDP. This is less than one third of the most recently adopted housing requirement for Salford. The housing requirement in Policy ST 2 originated from Policy UR7 of the North West Regional Planning Guidance (RPG13) published in March 2003. This housing requirement was itself informed by 1996-based Government Household Projections. It was intended to cover the ***period*** 2002 to 2006.

52. Policy ST 2 of the SUDP was intended to cover the ***period*** April 2004 to March 2016. The policy was not saved beyond 21 June 2009 and has not formed part of the development plan for over eight years.

53. Salford does not have an up-to-date development plan policy regarding housing need. The SUDP does not contain any saved policies directly relating to a housing requirement or distribution. Policies in relation to housing mix, type, affordability and design are saved.

54. Part of the Greenway subject of SUDP Policy EN 2 is included in the draft SLP as an allocation for 60 dwellings.'

In addition to this it was agreed between the Claimant and the Second Defendant that there was a need for higher quality and higher value family housing within the Second Defendant's administrative area, and that Worsley was an area capable of accommodating higher quality and aspirational family housing owing to its strong property market and popularity.

The case made by the Claimant in respect of policy EN2 was comprised of a number of strands of argument, but pertinent to the present case it was submitted that policy EN2 was out-of-date for the following reasons recorded by the Inspector in his report as the Claimant's case:

'112. Policy EN 2 is out of date because it was conceived in a different policy context, when far fewer houses were needed in the area and at a time when needs could be met through urban regeneration, favouring brownfield sites first. Its rigid application is preventing Salford's full housing needs being met. The Council now accepts that housing needs can no longer be met through brownfield sites alone and proposes the allocation of greenfield land, including in the Worsley area and on part of the Greenway. The policy allows no balancing of any adverse impacts with positive benefits of development and is drafted in a form which is inconsistent with the Framework and the presumption in favour of sustainable development.

113. Policy EN 2 is out of date and very little weight can be placed on its provisions in the determination of these appeals.'

It was also key to the Claimant's case before the Inspector that the Second Defendant's housing land supply was defective in that it was heavily dominated by a supply of apartments. Indeed 85% of the dwellings counted by the Second Defendant in their five year supply were said by the Claimant to be apartments, and 82% of these dwellings were located in but two of the wards in the Second Defendant's administrative area. The Claimant also contended that the five year housing land supply was defective in relation to its failure to provide for affordable dwellings.

In his conclusions the Inspector noted that the Second Defendant had not pursued its second reason for refusal associated with prematurity. The two main issues, therefore, for the Inspector to determine were, firstly, whether the proposals were in accordance with the development plan and, if not, whether material considerations indicated that planning permission should be granted and, secondly, whether the council's housing land supply could be considered to meet the requirements of the Framework.

The Inspector analysed at length the relationship between the appeal's housing proposals and the objectives and purpose of policy EN2. The Inspector concluded, in short, that the proposed development would be at odds with the objectives of policy EN2 and have a significant effect on the character of the area designated under the policy; indeed he concluded that the character of the area designated would be 'changed beyond all recognition and this would not significantly alter as landscaping established'. He found that unacceptable harm in terms of the conflict with policy EN2 would result from the development, which was also identified as amounting to a conflict with policy R4.

The Inspector then went on to grapple with the Claimant's argument that policy EN2 was out-of-date. His conclusions in that connection were set out in his report in the following terms:

'366. The appellant argues that the development plan is out of date for a number of reasons, specifically Policy EN 2. The SUDP was adopted in 2006 with a plan ***period*** expiring in 2016. It can certainly be said that it was produced in a different policy context and in light of different evidence and circumstances to those existing today. However, this does not necessarily mean that the plan or any individual policy should be considered out of date as it may very well continue to be effective in delivering its original objectives and those relevant today. The fact that a policy is saved means that it remains part of the development plan and must be applied unless material considerations indicate otherwise. The question is not one of time but consistency with the Framework and, ultimately, results on the ground.

367. Policy EN 2 protects the Greenway for reasons that have already been identified. There is no reason to think that those reasons are any less relevant or important than they were within the plan ***period***. Paragraph 157 of the Framework positively promotes that Local Plans should, amongst other things, identify land where development would be inappropriate, for instance because of its environmental or historic significance. That is exactly what Policy EN 2 seeks to do and there is nothing inconsistent with the Framework in that approach, even if the development plan does not currently fulfil all other requirements of the Framework. Whilst the first part of the policy seeks to prevent development in absolute terms this is unsurprising given its objective to protect openness and ***continuity*** and it does not alter the need to undertake a statutory balancing exercise against material considerations.

368. It was argued that the Greenway was only protected because the land was not needed to meet the housing requirement for the area at the time and that there was a greater emphasis on the use of, and availability of, brownfield land at that time. There is simply no evidence to support this proposition. To the contrary, the policy and reasoned justification are quite clear about the reasons for protection and these are not diminished by a greater need for housing.

369. The fact that part of the Greenway might be allocated for development in the emerging SLP is of little relevance given the size and peripheral location of the Lumber Lane site. Furthermore, the emerging SLP is yet to be tested at Examination, is subject to objections and might yet change. The document itself states that its policies currently attract very limited weight. In any case, there is nothing to suggest that the appeal sites might be allocated. The draft SLP in fact anticipates increased protection of the area. These are squarely matters for the Local Plan Examination. Any potential release of the Greenway envisaged as part of the Core Strategy is similarly of little relevance given that the CS was withdrawn many years ago. In addition, the fact that there is a recognised need to release greenfield land and/or Green Belt to meet future housing needs in the draft SLP and GMSF demonstrates an emerging strategy to deal with the issue. For the same reasons I have set out above, such recognition attracts little weight in the context of these proposals.

370. For all of these reasons I do not consider that Policy EN 2 is in any way out of date. It is an adopted development plan policy which has statutory force. I have found it to be consistent with the Framework and I attach the identified fundamental conflict with the policy full and substantial weight.

371. It is common ground that the development plan no longer contains any policies relating to the need for or distribution of housing in the area. At the previous inquiry, the Council accepted that these policies were out of date and this position of common ground between the parties was adopted by the Inspector and the SoS. The Council now argues, having reconsidered its position, that this cannot be so as the policies are not saved; they do not exist and therefore cannot be out of date. DT accepted in xx that the policies for the need and distribution of housing could not be out of date because they simply do not exist in the development plan.

372. In this case the development plan contains no policies for the need for and distribution of housing and the Council is not seeking to apply any such policies. Policy EN 2 relates specifically to the appeal sites in question and is unambiguous in restricting development of the type proposed. In these circumstances, it cannot be said that the development plan is absent, silent or relevant policies are out of date. Having regard to the cases of Bloor and Barker Mill Estates, there remains a plan in place and so it is not absent; there remains a policy for the land in question which is sufficient to establish that the developments are unacceptable in principle and so the plan is not silent; and given the forgoing, the fact that there are no policies for the need and distribution of housing bears little on the outcome where the development plan is continuing to deliver an appropriate quantity of housing, the relevant policies for these appeals are not out of date.'

The Inspector then moved to consider the arguments raised by the Claimant in relation to housing land supply. He noted that it was common ground that the Council could demonstrate a numerical five year housing land supply in accordance with the requirements of the Framework. He set out and engaged with the Claimant's arguments about the nature of the housing land supply, and the implications of that in policy terms, together with his conclusions on these issues in the following paragraphs:

'374. The appellant suggests that this does not amount to a five year housing land supply in accordance with Part 6 of the Framework in that it does not provide the full objectively assessed needs for market and affordable housing or a wide choice of high quality housing. This is because the identified supply would not meet the need for all types of housing, specifically family and affordable houses. In my view, that is not what is required for individual planning appeals. The second limb of paragraph 47 relates to decision-taking in that local planning authorities must identify and update annually a supply of deliverable sites sufficient to provide five years' worth of housing. That is a purely numerical exercise, which is agreed to be met in this case. The Court of Appeal held in the Gladman case that the other limbs of paragraph 47 relate purely to plan-making and have no implications for decision-taking where the second limb is met. In my view, the same applies for paragraph 50 which talks of planning for a mix of housing and setting policies. As such, whilst it is of little consequence in light of my conclusion above, I do not consider that relevant policies for the supply of housing should be considered out of date via paragraph 49 of the Framework.

375. That is not to say that an identified deficiency in particular types of housing is not a material consideration. The appellant produced three housing-related witnesses and I heard a great deal about the need for family and aspirational housing in the area, the acute lack of affordable housing and the Council's poor record in meeting these needs, particularly in Worsley. It is also abundantly clear from the detailed evidence that the five year housing land supply will not address these needs, being largely concentrated in the city centre, given the very high proportion of apartments as opposed to houses and the limited number of affordable units anticipated in relation to the identified need. Despite the copious amounts of evidence, very little of this was in dispute by the Council and much of the detailed figures are agreed in SoCG1 and its Addendum. The dispute is largely a matter of weight in the planning balance as opposed to matters of detail.

376. All scenarios put forward by the Council demonstrate a five year housing land supply and even using the worst case scenario put forward, a comfortable supply of 8.5 years is shown to exist. In fact neither of the parties favoured this methodology and based on the appellant's approach a supply of 9.2 years would result, compared to 11.8 years if the Council's preferred approach is used. The appellant considered that a higher proportion of houses compared to apartments would be needed in the supply in order to address current needs and the accumulated shortfall but again, this does not affect the overall existence of a deliverable five year housing land supply.

377. The Council's current housing land supply position represents a marked improvement since the time of the previous inquiry, when not even half of the required supply existed. This being the case, it cannot be said that Policy EN 2 is impeding delivery or that the development plan as a whole is failing to deliver the necessary number of residential units.

378. Whilst this is so, the Council is clearly not meeting the needs of the housing market as a whole and there are significant deficiencies in the number of larger/aspirational family houses and wider issues in the area in respect of homelessness and affordability. Some 85% of the Council's housing land supply comprises apartments and there would be a shortfall of at least 997 houses during the five year ***period*** against the Council's preferred GM SHMA requirement, deriving from 'Dwelling Type Mix 4'. This would be in addition to a shortfall in delivery of 102 houses since the GM SHMA base date (2014). The appellant suggests, based on the GM SHMA's higher estimates of housing need (Dwelling Type Mix 1) that the shortfall since 2014 could be as high as 762 houses, with a deficiency in the five year supply as much as 2,097 houses. The supply is heavily focused upon the central parts of Salford, in the wards of Ordsall and Irwell Riverside and so it unsurprising that higher density apartment schemes are predominant, but that does not lessen the need for houses in the wider area.

379. In addition, the Council recognises that there are wider social and economic benefits in the provision of larger family and aspirational housing, likely to attract skilled and economically active people that would support the local workforce. It is also accepted that Worsley is an area which can assist in meeting these needs. There are currently relatively few areas of Salford where the market can support this type of provision.

…

381. It is pertinent that the Council is seeking to address these issues through the local plan process and it is anticipated that new greenfield sites will need to be released to accommodate needs. No one scheme will be able to rebalance the Council's housing stock or meet the identified needs for various types of housing, certainly not either of the appeal schemes. It is therefore vital that the Council progresses the local plan as swiftly as possible to ensure that this issue is dealt with on a planned and comprehensive basis. The appellant does not anticipate the emerging SLP being adopted until at least 2020, but the agreed housing land supply makes provision well beyond this ***period*** and, quantitatively, should be sufficient to maintain supply until the SLP designates new sites. The plan-making process is clearly the most appropriate manner in which to effectively address the issue. That said, no definitive time scale for this was established during the inquiry and, for now, individual speculative schemes are the only way in which to begin to address such needs.

382. All of this is a material consideration to be weighed in the overall planning balance. The identified need for family and affordable housing is significant whichever parties' detailed figures are favoured and both appeal schemes would make a limited but valuable contribution to the need in these areas. I attach the contribution towards meeting the needs for family/aspirational housing and affordable housing significant weight. This is based on the appellant's worst case scenario in respect of the need for houses but this would remain a matter of significant weight even having regard to the Council's position.'

The Inspector's conclusions in relation to the overall planning balance were set out by him as follows:

'Planning Balance and Overall Conclusion

414. Although there is compliance with most development plan policies in these cases, there is a clear and fundamental conflict with the development plan in respect of Policies EN 2 and R 4, policies which I do not consider to be out of date or inconsistent with the Framework. In these circumstances, the tilted balance of Framework paragraph 14 does not apply. I attach substantial weight to the harm that arises from conflict with these policies, which are fundamental to the plan taken as a whole.

415. There would be some benefits from the proposals, including a contribution towards meeting recognised needs for different types of housing, specifically larger family and affordable housing, though the contribution to the identified need would be relatively small. There would also be some benefit from the provision of school land, a marina, certain open space typologies, net gains in biodiversity, economic benefits, improved accessibility/sustainable transport provision, highway improvements and flood risk reduction. However, even cumulatively, the benefits or other material considerations to which I have been referred would not outweigh the harm that I have found or indicate a decision other than in accordance with the development plan.'

In the light of these conclusions the Inspector recommended to the First Defendant that planning permission should be refused. He went on to advise that if the First Defendant disagreed with his conclusion that the tilted balance was not engaged for whatever reason, he would nevertheless recommend that the appeals be dismissed and that planning permission be refused, as a result of his conclusion that the adverse impacts of the appeal proposals would significantly and demonstrably outweigh their benefits.

Following the close of the inquiry, and after the Inspector had completed his report but prior to it being placed in the public domain, the First Defendant wrote to the parties seeking their submissions in relation to the effect of the publication of the 2018 Framework on the cases made by the parties at the inquiry. The Claimant's solicitors responded by letter dated the 29th August 2018. So far as pertinent to the matters relating to this challenge that letter made the following observations:

'Material considerations

The Appellant presented evidence in relation to a number of important material considerations which should be afforded substantial weight in these appeals. Any implications of the new Framework for these considerations are addressed below.

1. Weight to be given to the Salford Unitary Development Plan (SUDP)

The Appellant's evidence demonstrates that the SUDP as a whole and Policy EN2 in particular are seriously out of date and can be afforded very little weight. Nothing in the new Framework, which takes into account the outcome of the Suffolk Coastal decision in the Supreme Court, contradicts this evidence.

There is no aspect of the new Framework that suggests that the SUDP or provisions of Policy EN2 should be afforded anything other than very little weight as evidenced by the Appellant

…

The new Framework reaffirms the importance of fully meeting housing needs. For example it notes that 'to support the Government's objective of significantly boosting the supply of homes it is important that a sufficient supply and variety of land can come forward where it is needed [and] that the needs of groups with specific housing requirements are addressed.....'(59).

It adds that 'within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing [and] families with children..' (61).

In addressing the identification of land for homes the new Framework requires strategic policy-making authorities (which include Salford City Council) to have a clear understanding of their supply and 'from this, planning policies should identify a sufficient supply and mix of sites....' (67). In considering density it specifically requires decisions to take account of the 'identified need for different types of houses' (122a).

These statements are consistent with the approach taken in paragraphs 47-50 of the 2012 Framework and support the Appellant's case that housing size, type, mix and tenure are all relevant to consideration of housing supply whether in plan-making or decision-making (see for example APP/AP/1: 2.1 — 2.26).

The new Framework (73) is consistent with the requirements of the second bullet point of paragraph 47 of the 2012 Framework in making clear that local policy authorities should be able to demonstrate a five year supply of deliverable sites 'against their housing requirements set out in strategic policies or local housing need where strategic policies are more than five years old'.

The Appellant's evidence demonstrates clearly that the Council and others have repeatedly recognised the importance of more family and affordable homes to the future regeneration, economic growth, and sustainability of Salford... Nothing in the new Framework changes this position.'

The letter concluded that the 2018 Framework had no material effect on the substance of the Claimant's case.The Second Defendant also responded to the First Defendant's letter. Having addressed a number of issues associated with housing land supply the submission then reflected upon issues associated with whether or not policies EN2 and R4 were out-of-date. In that connection the contentions of the Second Defendant were set out as follows:

'Matters arising from the 2018 Framework

4.4 Paragraph 213 of the 2018 Framework states:

'…existing policies should not be considered out-of-date simply because they were adopted or made prior to the publication of this Framework. Due weight should be given to them, according to their degree of consistency with this Framework (the closer the policies in the plan to the policies in the Framework, the greater the weight that may be given).'

4.5 The approach set out above effectively mirrors that of the 2012 Framework.

4.6 There are various examples within the 2018 Framework which support the City Council's view that saved policies EN2 and R4 are consistent with the Framework and should be afforded full weight in decision taking.

4.7 In reference to policy EN2, Paragraph 17 of the 2018 Framework indicates that:

'The development plan must include strategic policies to address each local planning authority's priorities for the development and use of land in its area.'

4.8 Further to this paragraph 20 states that

'Strategic policies should set out an overall strategy for the pattern, scale and quality of development, and make sufficient provision for: inter alia

d) conservation and enhancement of the natural, built and historic environment, including landscapes and green infrastructure, and planning measures to address climate change mitigation and adaptation. (Our emphasis)

4.9 Paragraph 23 of the 2018 Framework indicates that Development Plans should, amongst other things identify:

'Broad locations for development should be indicated on a key diagram, and land-use designations and allocations identified on a policies map.'

4.10 This point was raised at paragraph 3.8 of Simon Wood's Proof of Evidence which broadly mirrors paragraph 157 bullet point 4 of the 2012 Framework.

4.11 Further to this Paragraph 171 of the 2018 Framework states that:

'Plans should: distinguish between the hierarchy of international, national and locally designated sites; allocate land with the least environmental or amenity value, where consistent with other policies in this Framework; take a strategic approach to maintaining and enhancing networks of habitats and green infrastructure; and plan for the enhancement of natural capital at a catchment or landscape scale across local authority boundaries. (Our emphasis)

4.12 In respect of policies EN2 and R4, it is considered that paragraphs 96 and 170 support's the City Council's assertion that these policies are consistent with the 2018 Framework.

4.13 Paragraph 96 of the 2018 Framework states that:

'Access to a network of high quality open spaces and opportunities for sport and physical activity is important for the health and well-being of communities.'

4.14 This approach largely mirrors that which was presented in Section 8 of the 2012 Framework in relation to the promotion of healthy communities and the contribution that high quality open spaces can make to health and well-being of communities.

4.15 Paragraph 170 of the 2018 Framework states that:

'Planning policies and decisions should contribute to and enhance the natural and local environment by:

a) protecting and enhancing valued landscapes, sites of biodiversity or geological value and soils (in a manner commensurate with their statutory status or identified quality in the development plan);

b) recognising the intrinsic character and beauty of the countryside, and the wider benefits from natural capital and ecosystem services – including the economic and other benefits of the best and most versatile ***agricultural*** land, and of trees and woodland;' (our emphasis)

4.16 Criterion a) mirrors that which was set out in paragraph 109 of the 2012 Framework whilst criterion b) largely mirrors bullet point 5 of the 2012 Framework. The Greenway is evidently valued by the local community and the City Council alike given priority by the City Council to protect this tract of land in the past, present and future development plans, and also the strength of value placed on its on-going retention as an important amenity space by the local community.

4.17 Given the above passages it is considered that saved policies EN2 and R4 are consistent with the 2018 Framework and should continue to be given full weight by the Secretary of State in the consideration of these appeals.'

On the 14th September 2018 the Claimant's solicitors responded to the representations which had been made by the Second Defendant. In addition to engaging with the observations made about housing land supply the following was included in the Claimant's representation responding specifically to the paragraphs set out above:

'7. Section 4 of the Council's comments sets out its claim that Policies EN2 and R4 of the UDP are consistent with the new Framework. It highlights a number of sections of the new Framework to support this position. Those sections referred to are not materially different from equivalent provisions of the 2012 Framework, though in a number of cases these were not previously being relied upon in the Council's evidence to the inquiry. For example:

Paragraph 4.8 of the Council's submission refers to paragraph 20 of the new Framework . This generally replicates provisions already contained in paragraph 156 of the 2012 Framework which Mr Wood's proof does not refer to as being relevant to his case that Policies EN2 and R4 are is consistent with the 2012 Framework.

Paragraph 4.11 of the Council's submission refers to para 171 of the new Framework. These provisions are generally captured in paragraphs 113 and 114 of the 2012 Framework but again Mr Wood's proof does not refer to these as being relevant to his case that Policies EN2 and R4 are consistent with the 2012 Framework.

Paragraph 4.15 of the Council's submission refers to paragraph 170 of the new Framework. The provisions referred to were also captured in paragraph 109 and the fifth bullet of para 17 of the 2012 Framework but again Mr Wood's proof does not refer to these as being relevant to his case that Policies EN2 and R4 are consistent with the 2012 Framework.

To the extent that the Council's submission seeks to introduce matters not previously referred to in evidence these matters should be ignored, there has not been the opportunity to cross examine the Council on these matters so that any reliance on them would be prejudicial to the Appellants. In any event, the Council concludes that the relevant parts of the new Framework essentially mirror provisions within the 2012 Framework so even if relevant they should not alter the decision in these appeals.'

Once more it was contended by the Claimant's solicitors in conclusion that the new Framework had no material effect on the substantial weight that should be accorded to the substance of the Claimant's case, and that the appeals should be allowed. In particular it was contended as follows:

'The fact that the development plan is out of date and that the Council cannot demonstrate a five year supply of deliverable housing against its housing requirements or local needs mean that that the presumption in favour of sustainable development and the 'tilted balance' (11d)) are engaged. The adverse impacts of the developments do not significantly and demonstrably outweigh the benefits of the developments and as such the appeals should be allowed.

Even if the view is taken that the tilted balance is not engaged, the serious shortcomings in the housing supply of Salford; the adverse social and economic impacts this is having on the City; and the significant and weighty benefits of the development comprise material considerations that justify the grant of planning permission notwithstanding minor conflict with the development plan.'

On the 12th November 2018 the First Defendant published his decision letter alongside the Inspector's report. At paragraph 5 of the decision letter he accepted and agreed with the Inspector's recommendation that the appeals should be dismissed and planning permission refused. The First Defendant recorded that he considered that the development plan policies of most relevance to the case were those set out at paragraphs 29-32 of the Inspector's report (see paragraph 11 of the decision letter). In respect of the main issues, and starting with those associated with the development plan, the First Defendant concluded as follows:

'Development plan

15. The Secretary of State has gone on to consider whether policy EN 2 of the SUDP is out of date. For the reasons given at IR366-367, the Secretary of State agrees that the policy remains part of the development plan, and is not inconsistent with the Framework. For the reasons given by the Inspector at IR368-369, he concludes that the recognition of the need to release greenfield land and/or Green Belt to meet future housing needs attracts little weight in the context of these proposals.

16. For the reasons given at IR371-371, the Secretary of State agrees that even in the absence of policies for the need and distribution of housing, there remains a plan in place, and a policy for the land in question which is sufficient to establish that the developments are unacceptable in principle, and so the plan is in line the paragraph 11(d) of the Framework. He concludes, in agreement with the Inspector at IR370, that Policy EN 2 is not out of date.

17. He has gone on to consider the impact of the proposals on the Greenway. For the reasons given at IR345-IR350, the Secretary of State agrees that the developments would detract from openness of the Greenway and that there would therefore be a breach of Policy EN2. He further agrees, for the reasons given at IR351-IR352, that the proposal would fragment and detract from the ***continuity*** of the Greenway. For the reasons set out by the Inspector at IR353-IR359, he agrees that the proposals would impact negatively on the character and appearance of the Greenway.

18. The Secretary of State agrees, for the reasons given at IR360-1R361, that in spite of the potential benefits which would provide some mitigation, there would be a small but unacceptable harm to the recreation and amenity value of the Greenway, in conflict with Policy EN 2. However, he agrees with the Inspector and the parties [IR362] that there would be no harm to the Greenway as a wildlife or ***agricultural*** resource, and in that respect it does not conflict with Policy EN 2 or Policy EN 9 of the SUDP.

19. However, overall he finds for the reasons above that the developments would fragment and detract for the openness and ***continuity*** of the Greenway and would cause unacceptable harm to its character and its value as an amenity and open recreational recourse, and as such that there would be a clear and fundamental conflict with Policy EN 2 of the SUDP, in agreement with the Inspector at IR363. For the reasons set out by the Inspector at IR364-365, the Secretary of State also agrees that the proposals conflict with the first two criteria of the SUDP Policy R 4. As such, and given his findings above, he affords the fundamental conflict with the policy substantial weight.'

Turning to the questions associated with housing land supply the First Defendant set out that, having had regard to the Inspector's analysis at paragraphs 373-376 of his report, he had gone on to recalculate the housing land supply in line with the requirements of paragraph 73 of the 2018 Framework. His conclusions in respect of the housing land supply were set out as follows:

'22. As such, the Secretary of State has gone on to calculate housing land supply. Using the methodology set out the in Guidance, the Secretary of State concludes that Local Housing Need is 1,084. As that is not 40% more than recent annual housing requirement of 785 dpa, he does not apply a cap to this figure. He has gone on to consider paragraph 73 of the Framework. While he has had regard to the Council's representations at IR 233-238 as regards mitigation, he concludes that there has been significant underdelivery in two of the three preceding years. As such he applies a 20% buffer, thus finding a five year housing land supply of 6,504.

23. Against this he sets the Council's deliverable housing supply of 17,788 dwellings. As such he finds that the council can demonstrate a housing land supply of over 13 years.

24. However, the Secretary of State further notes that even were he to make use of a housing land supply figure based on a method predating the Framework, as the Inspector did at IR376, or calculated using the standard method but reflecting the 2014 household growth figures, the Council would be able to demonstrate comfortably a five year housing land supply, so it would not make a difference to his overall conclusion.

25. As such he concludes, in agreement with the Inspector [IR377], that Policy EN 2 is not impeding delivery, nor the development plan as a whole failing to deliver the necessary number of houses needed.

26. However, for the reasons set out at IR375 and IR378-IR380, the Secretary of State agrees that the Council is not meeting the needs of the housing market as a whole, and that there are significant deficiencies in the number of larger/aspirational family homes, and wider issues with homelessness and affordability. While the Council is seeking to address this through the local plan process, the Secretary of State agrees [IR381] that at present individual schemes are the only way in which to begin to address such needs.

27. As such, for the reasons given at IR382, he gives significant weight in favour of the appeals to their contribution towards meeting the needs for family/aspirational housing and affordable housing. For the reasons given at IR383, he agrees that the additional provision of affordable housing does not meet the tests for planning obligations and as such he affords no additional weight to the proposed provision beyond a 20% contribution.'

The planning balance and overall conclusion were set out in the decision letter as follows, leading to the dismissal of the Claimant's appeals:

'40. For the reasons given above, the Secretary of State considers that the appeal schemes are not in accordance with Policies EN 2 and R 4 of the development plan, and are not in accordance with the development plan overall. He has gone on to consider whether there are material considerations which indicate that the proposals should be determined other than in accordance with the development plan.

41. In favour of the appeals, the Secretary of State weighs the provision of affordable and aspirational housing, which attract significant weight. He also takes into account the transport improvements offered by the proposals, which he affords very limited weight. He affords moderate weight to the improvements in relation to flood risk. He attaches minimal weight to the benefits in terms of sports pitches and play areas. Further limited weight accrues to the socioeconomic benefits of the proposals. As regards Appeal A, he adds moderate weight to the provision of a shuttle bus. As regards Appeal B, he also gives further limited weight to the education provision provided by the scheme.

42. Against the proposals he weighs the impact on the character and appearance, and openness and ***continuity***, of the Greenway. He affords these harms, and the resulting conflict with development plan policy, substantial weight. He also gives limited weight to the harm by way of increased air pollution.

43. As such the Secretary of State concludes that there are no material considerations sufficient to justify determining the appeals other than in line with the Development Plan.

44. The Secretary of State therefore concludes that the appeals should be dismissed and planning permission refused.'

The Claimant's grounds in briefThe Claimant identifies ten grounds of challenge in its skeleton argument, however it became clear at the outset of the hearing that in truth grounds 9 and 10 were effectively dimensions of the earlier 6 grounds and not free-standing. Grounds 1 and 2 of the Claimant's case relate to the approach which should have been taken to whether or not policy EN2 was out-of-date. In both the written and oral argument Mr Martin Kingston QC, on behalf of the Claimant, commenced by addressing ground 2 prior to turning to ground 1, although it will be seen they are related. Ground 2 is the contention that the First Defendant failed to correctly interpret and apply paragraph 11d of the 2018 Framework. Mr Kingston submits that EN2 was a constituent policy within a development plan document which, as a whole, had passed its expiry date and was thereby automatically out-of-date and thus the tilted balance should apply. In making these submissions he draws parallels with the circumstances in the case of Suffolk Coastal DC v Hopkins Homes [2017] UKSC 37; [2017] 1 WLR 1865, and in particular an observation made by Lord Carnwath at paragraph 63 of his judgment which is set out below. The Claimant submits that the First Defendant made no reference to the end date of the plan and its crucial significance in the decision letter, and failed to appreciate that the expiration of the plan ***period*** for the UDP rendered its policies out-of-date for the purposes of paragraph 11d.

Ground 1 is also related to paragraph 11d of the Framework and the consideration given to the question of whether policy EN2 was out-of-date by the Inspector, which was subsequently adopted by the First Defendant in his decision letter. In particular, it is submitted that the First Defendant failed to identify that policy EN2 had been significantly overtaken by events since adoption, in that it was based upon a plan grounded in economic, demographic and other evidence of development needs which had long since been superseded.

Three particular features of the Inspector's report relied upon by the First Defendant are the subject of particular criticism under this ground. Firstly, the Inspector's reliance within paragraph 366 of the Inspector's report upon the point that the question of whether or not policy EN2 was out-of-date was 'not one of time'. The Claimant contends that the elapse of time is central to the question of whether a policy is out-of-date, and that the Inspector's subsequent reference to 'results on the ground' was entirely opaque and unexplained. Further the Claimant criticises the observations in paragraph 370 of the Inspector's report that policy EN2 was not in any way out-of-date. In effect, therefore, the Inspector excluded the end date of the plan in his consideration of whether or not it was out-of-date. Finally, at paragraph 377 of the Inspector's report, the Claimant criticises the observation made by the Inspector that policy EN2 was 'not impeding delivery, nor the development plan failing to deliver the necessary number of houses needed.' This was an observation which was flat contrary to earlier observations that there was a shortfall of houses of the required type and quality in the housing land supply. In effect, as a result of the effluxion of time, the UDP had been shorn of the substantial strategic parts of the plan addressing, for instance, housing requirements and economic needs, and deprived of this context it was of necessity out-of-date. Indeed, as the Inspector noted, the Second Defendant had been obliged in its emerging plan to allocate housing on the area covered by policy EN2 demonstrating the significance of the absence of a context relating to housing requirements.

In grounds 3 to 5 the Claimant turns to criticisms of the decision based upon the conclusions in relation to whether or not policy EN2 was out-of-date in the context of the application of paragraph 213 of the 2018 Framework. Ground 3 contends that the First Defendant failed to properly interpret paragraphs 11d and 213 of the 2018 Framework, by equating the task of identifying whether the policy was out-of-date with solely an assessment of consistency with the Framework. This left out of account other factors which needed to be taken into account in order to decide whether or not the policy was out-of-date.

Ground 4 is the failure to identify any policy provisions or paragraphs within the 2018 Framework with which policy EN2 was actually in conformity, so as to justify the conclusion that it was not out-of-date. The Framework had been revised and re-published since the Inspector's report had been written, and the First Defendant did not undertake any assessment measured against the 2018 Framework.

Ground 5 is the allegation that the First Defendant's decision letter failed to recognise that policy EN2 was in fact inconsistent with the housing policies of the Framework which, in particular, addressed the need for a balanced supply of housing including family housing and affordable housing within the available supply. Again, the Inspector's assessment was measured against the 2012 Framework, rather than the revised 2018 Framework which was available to the First Defendant.

The Claimant was not granted permission to argue grounds 6, 7 and 8. However, at the hearing the application for permission to apply to argue grounds 6, 7 and 8 was renewed. Mr Kingston presented these three grounds by commencing with ground 7. Ground 7 is the contention that the First Defendant erred in law in basing his findings on the Inspector's findings as to housing provision and, in particular, the finding at paragraph 377 of the Inspector's report that policy EN2 was 'not impeding delivery'. This was a conclusion which the First Defendant relied upon at paragraph 25 of his decision. Mr Kingston draws attention to the Inspector's finding that Worsley was an area which could assist in the provision of large and aspirational family housing (see paragraph 379 of the report), and also that the Second Defendant was allocating parts of the area designated under policy EN2 to meet future housing needs. The inevitable conclusion was that in the light of these factors policy EN2 was actively preventing housing, and the First Defendant's conclusion that it was not impeding delivery was one which failed to have regard to material considerations and was irrational.

Linked to ground 7, ground 8 is a contention that in paragraph 25 of the decision letter the First Defendant erred in failing to recognise that at paragraph 381 of the Inspector's report the Inspector's conclusions were inconsistent with the abandonment by the Second Defendant of its prematurity reason for refusal, and further failed to address the fact that the preparation of a replacement development plan for the UDP had been substantially delayed, leading to ongoing deficiencies in housing supply in the meantime. There was therefore an error of law in the First Defendant's approach to the local plan process and prematurity.

Finally, ground 8 is the contention that the First Defendant erred in law in identifying that the Second Defendant was able to demonstrate a qualifying housing land supply for the purposes of paragraph 73 of the 2018 Framework. It was incorrect for the Second Defendant to rely purely upon a mathematical quantification of the housing land supply. There was a qualitative housing land supply shortfall in terms of the significant deficit in the number of larger family aspirational homes, as well as in terms of the provisions of affordable housing. The First Defendant failed to have regard to the housing policies set out above in particular at paragraphs 59-61 of the Framework in relation to the provision of an adequate and deliverable qualitative housing land supply.

The LawSection 70(2) of the 1990 Act requires a decision-taker to have regard to the provisions of the development plan so far as the material to any application for planning permission that is being determined. Section 38(6) of the 2004 Act requires that the determination of a planning application 'must be in accordance with the plan unless material considerations indicate otherwise'. The 2004 Act also contains provisions in relation to the matters which must be addressed in the preparation of a local development document. In particular section 19 of the 2004 Act contains the following provisions:

'19 Preparation of local development documents

…

(1B) Each local planning authority must identify the strategic priorities for the development and use of land in the authority's area.

(1C) Policies to address those priorities must be set out in the local planning authority's development plan documents (taken as a whole).'

Under section 17(7)(za) the First Defendant has power to make regulations in relation to the form and content of local development documents. That power has been exercised, and the current version of the regulations made under this power are the Town and Country Planning (Local Planning) (England) Regulations 2012. Regulation 5 of the 2012 Regulations provides as follows:

'Local development documents

5(1). For the purposes of section 17(7)(za) of the Act the documents which are to be prepared as local development documents are:

(a) any document prepared by a local planning authority individually or in cooperation with one or more other local planning authorities which contain statements regarding one or more of the following-

(i) the development and use of land which the local planning authority wish to encourage during any specified ***period***;

(ii) the allocation of sites for a particular type of developmental use;

(iii) any environmental, social, design and economic objectives which are relevant to the obtainment of the development and use of land mentioned in paragraphs (1) and;

(iv) development management and site allocation policies, which are intended to guide the determination of applications for planning permission;'

The jurisdiction of the court in relation to a statutory challenge brought, as this challenge is, under section 288 of the 1990 Act is an error of law jurisdiction. As Sullivan J observed in the case of Newsmith Stainless Limited v Secretary of State for the Environment, Transport and the Regions [2001] EWHC Admin 74; [2017] PTSR 1126 whilst an allegation that a conclusion of the planning merits is irrational or Wednesbury unreasonable is, in principle, available to a Claimant mounting a section 288 challenge, it will be a high hurdle to surmount (see paragraphs 5 and 6 of the judgment).

Following the decision of the Supreme Court in Tesco Stores Limited v Dundee City Council [2012] UKSC 13; [2012] PTSR 983 the question of the textual interpretation of a planning policy is question of law for the court to determine. The Framework, in addition to being an obvious material consideration to which regard must be had in accordance with the statutory decision-taking regime, is also an element of policy the interpretation of which is a question of law for the court. As noted in the case of Canterbury City Council v SSCLG and Gladman Developments Limited [2018] EWHC 1611 (Admin) the following principles emerge from the authorities to govern the resolution of questions of planning policy:

'23. In my view in the light of the authorities the following principles emerge as to how questions of interpretation of planning policy of the kind which arise in this case are to be resolved:

i) The question of the interpretation of the planning policy is a question of law for the court, and it is solely a question of interpretation of the terms of the policy. Questions of the value or weight which is to be attached to that policy for instance in resolving the question of whether or not development is in accordance with the Development Plan for the purposes of section 38(6) of the 2004 Act are matters of judgment for the decision-maker.

ii) The task of interpretation of the meaning of the planning policy should not be undertaken as if the planning policy were a statute or a contract. The approach has to recognise that planning policies will contain broad statements of policy which may, superficially, conflict and require to be balanced in ultimately reaching a decision (see Tesco Stores at paragraph 19 and Hopkins Homes at paragraph 25). Planning policies are designed to shape practical decision-taking, and should be interpreted with that practical purpose clearly in mind. It should also be taken into account in that connection that they have to be applied and understood by planning professionals and the public for whose benefit they exist, and that they are primarily addressed to that audience.

iii) For the purposes of interpreting the meaning of the policy it is necessary for the policy to be read in context: (see Tesco Stores at paragraphs 18 and 21). The context of the policy will include its subject matter and also the planning objectives which it seeks to achieve and serve. The context will also be comprised by the wider policy framework within which the policy sits and to which it relates. This framework will include, for instance, the overarching strategy within which the policy sits.

iv) As set out above, policies will very often call for the exercise of judgment in considering how they apply in the particular factual circumstances of the decision to be taken (see Tesco Stores at paragraphs 19 and 21). It is of vital importance to distinguish between the interpretation of policy (which requires judicial analysis of the meaning of the words comprised in the policy) and the application of the policy which requires an exercise of judgment within the factual context of the decision by the decision-taker (see Hopkins Homes at paragraph 26).'

Dealing with the question of reasons in the determination of an appeal under section 78 of the 1990 Act by the First Defendant, rule 18 of the Town and Country Planning (Inquiries Procedure)(England) Rules 2000 provides as follows:

'Notification of decision

18(1) The Secretary of State shall, as soon as practicable, notify his decision on an application or appeal, and his reasons for it in writing to- (a) all persons entitled to appear at the inquiry who did appear, and (b) any other person who, having appeal at the inquiry, has asked to be notified of the decision.'

It follows from Rule 18 of the 2000 Rules that in reaching his decision the First Defendant is under a duty to provide reasons for the decision. The question which arises is as to whether or not those reasons are legally adequate. There are two dimensions to the consideration of that issue: the first is the question of the correct approach to the reading and examination of decisions in section 288 challenges, and second is the allied question of whether or not the reasons provided in the decision are legally adequate. So far as the approach to the reading and examination of decision letters in challenges under section 288 of the 1990 Act is concerned, Lindblom LJ in St Modwen v SSCLG [2017] EWCA Civ 1643 summarised 7 principles to be applied in considering such cases (derived from his earlier judgment in Bloor Homes), at paragraph 19 of his judgment as follows:

'19. The relevant law is not controversial. It comprises seven familiar principles:

1) Decisions of the Secretary of State and his inspectors in appeals against the refusal of planning permission are to be construed in a reasonably flexible way. Decision letters are written principally for parities who know what the issues between them are and what evidence and argument has been deployed on those issues. An inspector does not need to 'rehearse every argument relating to each matter in every paragraph'

2) The reasons for an appeal decision must be intelligible and adequate, enabling one to understand why the appeal was decided as it was and what conclusions were reached on the 'principle important controversial issues'. An inspector's reasoning must not give rise to a substantial doubt as to whether he went wrong in law, for example by misunderstanding a relevant policy or by failing to reach a rational decision on relevant grounds. But the reasons need refer only to the main issue in the dispute, not to every material consideration.

3) The weight to be attached to any material consideration and all matters of planning judgment are within the exclusive jurisdiction of the decision-maker. They are not for the court. A local planning authority determining an application for planning permission is free, 'provided that it does not lapse into Wednesbury irrationality' to give material considerations 'whatever weight [it] thinks fit or no weight at all'

4) Planning policies are not statutory or contractual provisions and should not be construed as if they were. The proper interpretation of planning policy is ultimately a matter of law for the court. The application of relevant policy is for the decision-maker. But statements of policy are to be interpreted objectively by the court in accordance with the language used and in its proper context. A failure to properly understand and apply relevant policy will constitute a failure to have regard to a material consideration, or will amount to having regard to an immaterial consideration.

5) When it is suggested that an inspector has failed to grasp a relevant policy one must look at what he thought the important planning issues were and decide whether it appears from the way he dealt with them that he must have misunderstood the policy in question.

6) Because it is reasonable to assume that national planning policy is familiar to the Secretary of State and his inspectors, the fact that a particular policy is not mentioned in the decision letter does not necessarily mean that it has been ignored.

7) Consistency in decision-making is important both to developers and local planning authorities, because it serves to maintain public confidence in the operation of the development control system. But it is not a principle of law that like cases must always be decided alike. An inspector must exercise his own judgment on this question, if it arises.'

So far as the test for the adequacy for reasons is concerned the principles are set out (albeit not necessarily exhaustively) in the speech of Lord Brown in South Bucks v Porter (No.2) [2004] 1 WLR 1953 at paragraph 36 (which cross refers to the second principle from St Modwen) in which he provided as follows:

'36. The reasons for a decision must be intelligible and they must be adequate. They must enable the reader to understand why the matter was decided as it was and what conclusions were reached on the principle important controversial issues, disclosing how any issue of law or fact was resolved. Reasons can be briefly stated, the degree of particularity required depending entirely on the nature of the issues falling for decision. The reasoning must not give rise to a substantial doubt as to whether the decision-maker erred in law, for example by misunderstanding some relevant policy or some other important matter or by failing to reach a rational decision on relevant grounds. But such adverse inference will not readily be drawn. The reasons need refer not to the main issues in the dispute, not to every material consideration. They should enable disappointed developers to assess their prospects of obtaining some alternative development permission, or, as the case may be, their unsuccessful opponents to understand how the policy or approach underlying the grant of permission may impact upon such future application. Decision letters must be read in a straightforward manner, recognising that they are addressed to parties well aware of the issues involved and the arguments advanced. A reasons challenge will only succeed if the party aggrieved can satisfy the court that he has genuinely been substantially prejudiced by the failure to provide an adequately reasoned decision.'

It will have been noted from the citation of the policies of both the 2012 and 2018 Framework that the concept of a policy being out-of-date is one which was originally formulated in the 2012 Framework, and then reiterated in the 2018 Framework. None of the parties to this case suggested, in my view entirely correctly, that the pre-2018 Framework authorities were not material to the question of the correct interpretation of the 2018 Framework in relation to the determination whether policies were out-of-date.

The case law relating to the current interpretation of the policy relating to the question of whether or not a policy is out-of-date commences with the decision of Lindblom J (as he then was) in Bloor Homes East Midlands Limited v SSCLG [2014] EWHC 754 (Admin); [2017] PTSR 1283. The first ground raised by the Claimant in that case was the contention that the Inspector had failed to properly interpret and apply paragraph 14 of the 2012 Framework, and in particular engage with the question of whether or not the relevant policy of the development plan was 'absent' or 'silent', or provide reasons for any conclusion in that regard. It was submitted that the relevant policy in the core strategy was 'absent' or 'silent' on the location of housing needed in the settlement to which the development was adjacent. Lindblom J observed that the consideration of this ground required the court to consider the correct interpretation of paragraph 14 of the Framework. He set out his conclusions in respect of paragraph 14 as follows:

'44. In the context of decision-taking paragraph 14 identifies three possible shortcomings in the development plan, any one of which would require the authority to grant planning permission unless it is clear in the light of the policies of the NPPF that the benefits of doing so would be 'significantly and demonstrably' outweighed by 'any adverse impacts', or there are specific policies in the NPPF indicating that 'development should be restricted'. The three possible shortcomings are the absence of the plan, its silence, and its relevant policies having become out of date.

45. These are three distinct concepts. A development plan will be 'absent' if none has been adopted for the relevant area and the relevant ***period***. If there is such a plan, it may be 'silent' because it lacks policy relevant to the project under consideration. And if the plan does have relevant policies these may have been overtaken by things that have happened since it was adopted, either on the ground or in some change in national policy, or for some other reason, so that they are now 'out-of-date'. Absence will be a matter of fact. Silence will be either a matter of fact or a matter of construction, or both. And the question of whether relevant policies are no longer up to date will be either a matter of fact or perhaps a matter of both fact and judgment.'

The question of when policies might be out-of-date again arose in the case of Gladman Developments Limited v Daventry District Council and SSCLG [2016] EWCA Civ 1146. The case concerned an appeal in relation to residential development, and the application of two policies from a saved Local Plan. The first policy was HS22 which provided criteria to govern the grant of residential development within the existing confines of 'Restricted Infill Villages'. The second policy was policy HS24 which applied to proposals for residential development in the open countryside, and directed that planning permission would not be granted for residential development other than in a restricted number of categories in the open countryside. The Claimant had contended at the planning inquiry into the appeal proposals that policies HS22 and HS24 should have reduced or no weight on the basis that they were out-of-date. The end date of the Local Plan had passed and the evidence base upon which the policies had been grounded was long since superseded. Sales LJ, giving the leading judgment in the Court of Appeal, upheld Lang J's decision at first instance quashing the Inspector's grant of planning permission, on the basis that the Inspector had failed, as required by paragraph 215 of the 2012 Framework, to analyse in what way and to what extent policies HS22 and HS24 were or were not consistent with the policies set out in the 2012 Framework. Sales LJ expressed his conclusions in the following paragraphs:

'35. …Even reading the DL benevolently, as is appropriate for planning decisions of this kind; adopting the proper approach of avoiding nit-picking analysis of a decision letter with a view to trying to identify errors when in substance there are none; and also bearing in mind the expertise of the Inspector and his likely familiarity with the NPPF, it is clear that the Inspector has failed to grapple as he should have done with the issue posed by para. 215 of the NPPF.

36. This is not just a matter of a failure to give reasons. It is clear from the DL read as a whole that the Inspector has not sought to assess the issue of the weight to be accorded to policies HS22 and HS24 under the approach mandated by para. 215 at all. As the judge correctly identified, this appears from the deficiencies of the Inspector's reasoning at DL68 and his excessively narrow focus on paras. 47 and 49 of the NPPF, to the exclusion of other relevant policies in the NPPF which ought to have been brought into account in any proper analysis of the consistency of policies HS22 and HS24 with the policies in the NPPF. I add that it is a notable feature of the DL that, after making the necessary correction for the Inspector's slip in DL15 in referring to para. 215 of the NPPF when he meant para. 113, the DL makes no reference at all to para. 215, even though that was the provision in the NPPF which set out the approach which the Inspector ought to have followed.'

That conclusion, as Sales LJ noted, sufficed to indicate that the appeal should be dismissed and the Inspector's decision quashed. However, Sales LJ went on to consider the approach to be taken to old policies. He provided as follows:

'40. I would formulate the position in this way:

i) Since old policies of the kind illustrated by policies HS22 and HS24 in this case are part of the development plan, the starting point, for the purposes of decision-making, remains section 38(6) of the 2004 Act. This requires that decisions must be made in accordance with the development plan - and, therefore, in accordance with those policies and any others contained in the plan - unless material considerations indicate otherwise. The mere age of a policy does not cause it to cease to be part of the development plan; see also para. 211 of the NPPF, set out above. The policy continues to be entitled to have priority given to it in the manner explained by Lord Clyde in City of Edinburgh Council v Secretary of State for Scotland [1997] 1 WLR 1447, HL, at 1458C-1459G.

ii) The weight to be given to particular policies in a development plan, and hence the ease with which it may be possible to find that they are outweighed by other material considerations, may vary as circumstances change over time, in particular if there is a significant change in other relevant planning policies or guidance dealing with the same topic. As Lord Clyde explained:

'If the application does not accord with the development plan it will be refused unless there are material considerations indicating that it should be granted. One example of such a case may be where a particular policy in the plan can be seen to be outdated and superseded by more recent guidance' (p. 1458E).

iii) The NPPF and the policies it sets out may, depending on the subject-matter and context, constitute significant material considerations. Paragraph 215 sets out the approach to be adopted in relation to old policies such as policies HS22 and HS24 in this case, and as explained above requires an assessment to be made regarding their consistency with the policies in the NPPF. The fact that a particular development plan policy may be chronologically old is, in itself, irrelevant for the purposes of assessing its consistency with policies in the NPPF.

iv) Since an important set of policies in the NPPF is to encourage plan-led decision-making in the interests of coherent and properly targeted sustainable development in a local planning authority's area (see in particular the section on Plan-making in the NPPF, at paras. 150ff), significant weight should be given to the general public interest in having plan-led planning decisions even if particular policies in a development plan might be old. There may still be a considerable benefit in directing decision-making according to a coherent set of plan policies, even though they are old, rather than having no coherent plan-led approach at all. In the present case, it is of significance that the Secretary of State himself decided to save the Local Plan policies in 2007 because he thought that ***continuity*** and coherence of approach remained important considerations pending development of appropriate up-to-date policies.

v) Paragraph 49 of the NPPF creates a special category of deemed out-of-date policies, i.e relevant policies for the supply of housing where a local planning authority cannot demonstrate a five-year supply of deliverable housing sites. The mere fact that housing policies are not deemed to be out of date under para. 49 does not mean that they cannot be out of date according to the general approach referred to above.

41. In the particular circumstances of this case Mr Kimblin submitted (i) that the facts that policies HS22 and HS24 appeared in a Local Plan for the ***period*** 1991-2006, long in the past, and were tied into the Structure Plan (in particular, in relation to policy HS24, as set out in the explanatory text at para. 4.97 of the Local Plan), which is now defunct, meant that very reduced weight should be accorded to them; (ii) that the Local Plan policies in relation to housing supply, which include policies HS22 and HS24, are 'broken' and so again should be accorded little weight; and (iii) that policies HS22 and HS24 have been superseded by more recent guidance, in the form of para. 47 of the NPPF, and so should be regarded as being outdated in the manner explained by Lord Clyde in City of Edinburgh Council I do not accept these submissions.

42. As to (i), policies HS22 and HS24 were saved in 2007 as part of a coherent set of Local Plan policies judged to be appropriate for the Council's area pending work to develop new and up-to-date policies. There was nothing odd or new-fangled in the inclusion of those policies in the Local Plan as originally adopted in 1997. It is a regular feature of development plans to seek to encourage residential development in appropriate centres and to preserve the openness of the countryside, and policies HS22 and HS24 were adopted to promote those objectives. Those objectives remained relevant and appropriate when the policies were saved in 2007 and in general terms one would expect that they remain relevant and appropriate today. At any rate, that is something which needs to be considered by the planning inspector when the case is remitted, along with the question of the consistency of those policies with the range of policies in the NPPF under the exercise required by para. 215 of the NPPF. The fact that the explanatory text for policy HS24 refers to the Structure Plan does not detract from this. It is likely that the Structure Plan itself was formulated to promote those underlying general objectives and the fact that it has now been superseded does not mean that those underlying objectives have suddenly ceased to exist. As the judge observed at [49], 'some planning policies by their very nature continue and are not 'time-limited', as they are re-stated in each iteration of planning policy, at both national and local levels.'

43. As to (ii), the metaphor of a plan being 'broken' is not a helpful one. It is a distraction from examination of the issues regarding the continuing relevance of policies HS22 and HS24 and their consistency with the policies in the NPPF. As Mr Kimblin developed this submission, it emerged that what he meant was that it appears that the Council has granted planning permission for some other residential developments in open countryside, i.e treating policy HS24 as outweighed by other material circumstances in those cases, and that it relies on those sites with planning permission, among others, in order to show that it has a five year supply of deliverable residential sites for the purposes of para. 47 (second bullet point) and para. 49 of the NPPF. Mr Kimblin says that this shows that the saved policies of the Local Plan, if applied with full rigour and without exceptions, would lead the Council to fail properly to meet housing need in its area, according to the standard laid down in paras. 47 and 49 of the NPPF. Therefore, he says, no or very reduced weight should be accorded to policies HS22 and HS24.

44. In my view, this argument is unsustainable. We were shown nothing by Mr Kimblin to enable us to understand why the Council had decided to grant planning permission for development of these other sites. So far as I can tell, the Council granted planning permission in these other cases in an entirely conventional way, being persuaded on the particular facts that it would be appropriate to treat material considerations as sufficiently strong to outweigh policy HS24 in those specific cases. Having done so, there is no reason why the Council should not bring the contribution from those sites into account to show that it has the requisite five year supply of sites for housing when examining whether planning permission should be granted on Gladman's application for the site in the present case. The fact that the Council is able to show that with current saved housing policies in place it has the requisite five year supply tends to show that there is no compelling pressure by reason of unmet housing need which requires those policies to be overridden in the present case; or – to use Mr Kimblin's metaphor – it tends positively to indicate that the current policies are not 'broken' as things stand at the moment, since they can be applied in this case without jeopardising the five year housing supply objective. In any event, an assessment of the extent of the consistency of policies HS22 and HS24 with the range of policies in the NPPF is required, as set out in para. 215 of the NPPF, before any conclusion can be drawn whether those policies should be departed from in the present case.'

The next case in which issues of this kind arose was the decision of the Supreme Court in Hopkins Homes Limited v SSCLG and Another [2017] UKSC 37; [2017] 1 WLR 1865. In this case issues associated with the correct interpretation of both paragraph 14 and 49 of the 2012 Framework arose. In respect of the interpretation of paragraph 14, Lord Carnwath reached the following conclusions:

'Interpretation of paragraph 14

54. The argument, here and below, has concentrated on the meaning of paragraph 49, rather than paragraph 14 and the interaction between the two. However, since the primary purpose of paragraph 49 is simply to act as a trigger to the operation of the 'tilted balance' under paragraph 14, it is important to understand how that is intended to work in practice. The general effect is reasonably clear. In the absence of relevant or up-to-date development plan policies, the balance is tilted in favour of the grant of permission, except where the benefits are 'significantly and demonstrably' outweighed by the adverse effects, or where 'specific policies' indicate otherwise. (See also the helpful discussion by Lindblom J in Bloor Home East Midlands Ltd v Secretary of State for Communities and Local Government [2014] EWHC 754 (Admin), paras 42ff)

55. It has to be borne in mind also that paragraph 14 is not concerned solely with housing policy. It needs to work for other forms of development covered by the development plan, for example employment or transport. Thus, for example, there may be a relevant policy for the supply of employment land, but it may become out-of-date, perhaps because of the arrival of a major new source of employment in the area. Whether that is so, and with what consequence, is a matter of planning judgement, unrelated of course to paragraph 49 which deals only with housing supply. This may in turn have an effect on other related policies, for example for transport. The pressure for new land may mean in turn that other competing policies will need to be given less weight in accordance with the tilted balance. But again that is a matter of pure planning judgement, not dependent on issues of legal interpretation.

56. If that is the right reading of paragraph 14 in general, it should also apply to housing policies deemed 'out-of-date' under paragraph 49, which must accordingly be read in that light. It also shows why it is not necessary to label other policies as 'out-of-date' merely in order to determine the weight to be given to them under paragraph 14. As the Court of Appeal recognised, that will remain a matter of planning judgement for the decision-maker. Restrictive policies in the development plan (specific or not) are relevant, but their weight will need to be judged against the needs for development of different kinds (and housing in particular), subject where applicable to the 'tilted balance'.'

The Claimant emphasises in its submissions the parallels between the position in the Cheshire East case, which was considered alongside the Hopkins Homes Limited case by the Supreme Court, and in particular the fact that the relevant Local Plan in the Cheshire East case, the Crewe and Nantwich Replacement Local Plan, was adopted in 2005 with an end date of 2011, and was then the subject of a saving direction in 2009 which rendered it relevant to the inquiry involved in the Cheshire East case which occurred in June 2014. The comparable facts in relation to the UDP in the present case were that it was adopted in 2006 with an end date of 2016 and, as set out above, a saving direction in 2009 and no replacement at the date of the inquiry in 2018. When Lord Carnwath turned to that facts of the particular cases before the Supreme Court he provided the following observations in relation to the Cheshire East case (which was concerned with a site at Willaston):

'63. It is convenient to begin with the Willaston appeal, where the issues are relatively straightforward. On any view, quite apart from paragraph 49, the current statutory development plan was out of date, in that its ***period*** extended only to 2011. On my understanding of paragraph 49, the council and the inspector both erred in treating policy NE.2 ('Countryside') as 'a policy for the supply of housing'. But that did not detract materially from the force of his reasoning (see the summary in paras 44-45 above). He was clearly entitled to conclude that the weight to be given to the restrictive policies was reduced to the extent that they derived from 'settlement boundaries that in turn reflect out-of-date housing requirements' (para 94). He recognised that policy NE.4 had a more specific purpose in maintaining the gap between settlements, but he considered that the proposal would not cause significant harm in this context (para 95). His final conclusion (para 101) reflected the language of paragraph 14 (the tilted balance). There is no reason to question the validity of the permission.'

Finally, reference was made to the decision in Gladman Developments Limited v SSHCLG and Central Bedfordshire [2019] EWHC 127 (Admin). This was another case concerned with a challenge to an Inspector's decision on an appeal. In particular, the issue raised was the question of whether or not a policy from the Central Bedfordshire Core Strategy and Development Management Policies Document was out-of-date. Earlier Inspectors in appeal decisions had concluded both for and against the policy being found to be out-of-date. By the time of the appeal decision under challenge being considered the most recent conclusion of an appeal Inspector (in a decision on a site at a settlement called Meppershall), which took account of and provided careful reasons in relation to the earlier decisions, had concluded that the policy should be found to be out-of-date. In the appeal under challenge the Inspector concluded that the policy was not out-of-date and therefore the tilted balance under paragraph 14 of the Framework was not engaged. The challenge was upheld on the basis of the failure of the Inspector to provide legally adequate reasons to explain why he had reached a different conclusion from his predecessors, and in particular his most immediate predecessor who had, taking account of the earlier decisions, reached a properly reasoned conclusion that the policy was out-of-date. Furthermore, however, concern arose as to the reasons which the Inspector had provided in relation to whether the policy was out-of-date irrespective of the earlier decisions. These concerns were set out as follows, and dealt with the earlier decision in Daventry and how it should be applied:

'34. The acid test in relation to whether or not a policy is out of date is, it will be recalled, the extent to which it is consistent with the Framework. In paragraph 40 (following from earlier reasoning from paragraph 36) the Inspector accepts that there is 'some discrepancy' between policy DM4 and paragraph 113 of the Framework. It will be recalled that the Inspector in the Meppershall appeal had noted this conflict, and also that the policy went beyond the policy of the Framework set out in the fifth bullet point of paragraph 17 of the Framework. The Inspector appears not to accept the decision of the Meppershall Inspector in this respect in paragraph 36 of the decision letter when he states, 'the Framework also makes clear in paragraph 17 that the intrinsic character and beauty of the countryside should be recognised'. He does not deal with this aspect of inconsistency with the Framework when he deals with the discrepancy which he has found between the policy and the Framework in paragraph 40, as he limits his observations to paragraph 113. The inconsistency of policy DM4 with the fifth bullet point of paragraph 17 of the Framework is, again, a further and important aspect of the Meppershall appeal decision which the Inspector does not grapple with. If he is disagreeing with the conclusion that the policy DM4 goes beyond the Framework policy in the fifth bullet point of paragraph 17 that is not clear, and if that were the case he has failed to explain why he has formed a different view from the Meppershall Inspector. It is clear that this element of inconsistency with Government policy was a matter which formed part of the justification for the Meppershall Inspector concluding that policy DM4 was out of date. The Inspector's reasons are therefore, again, legally inadequate in respect of this departure from the decision reached by the Meppershall Inspector.

35. For all of these reasons I am satisfied that the second element of Ground 1 is made out and, in effect, I agree with the reasons provided by the First Defendant for concluding that the Inspector erred in law. In those circumstances it is not necessary to consider in detail the further submission that the Inspector misconstrued and misapplied the decision of the Court of Appeal in Daventry. In my view the precise position in relation to the Claimants' submissions is unclear. I have already observed that the Inspector's reference to the Daventry case does not provide adequate reasoning to explain his departure from the earlier decisions. In so far as he was drawn to the reasoning in paragraphs 41-46 of Sales LJ's judgment as providing some kind of support for his conclusions, as I have already observed, those paragraphs did not form the substance of the decision of the Court of Appeal's decision and Sales LJ observations were obiter.

36. Furthermore, Sales LJ was careful to express his conclusions in a contingent manner, since how the judgement on whether or not policies HS 22 and HS 24 were out of date was going to be resolved would depend upon the evidence available to the decision-taker at the redetermination. I will confine myself to the following observations in respect of those obiter remarks. Firstly, in so far as paragraph 42 of the judgement is concerned, and the reference to those policies being in place 'to preserve the openness of the countryside' (in addition to encouraging residential development at appropriate centres) it is important to observe that in the case of Policy DM4 the Meppershall Inspector (and indeed earlier Inspectors) had concluded that the previous national policy of simply protecting the countryside for its own sake had given way to a more sophisticated policy reflected in the fifth bullet point of paragraph 17 and paragraph 113 of the Framework. This reinforces the need when arguments arise as to whether or not a policy is out of date to carefully apply paragraph 215, and examine the circumstances of the particular policy and the evidence pertaining to it to determine the extent to which it is consistent with the Framework. In a similar manner the conclusions of Sales LJ in paragraph 44 need to be put in the context that Sales LJ ultimately left the conclusion as to whether or not policies HS 22 and HS 24 were consistent with the policy of the Framework to an evaluation in the redetermination of that case.

36. It appears to me that in paragraph 44 of his judgment all that Sales LJ was suggesting was that the fact that the council had granted planning permission for some of the sites in the five-year housing land supply on sites in breach of policy HS 24 would not in and of itself justify a conclusion that that policy was out of date. That was an issue which would require, again, careful evaluation against the background of the terms of the policy, the available evidence as to its performance and scrutiny of its consistency with the Framework. That will inevitably be a case-sensitive exercise. In the present case Ms Sheikh accepted, in my view correctly, that the decision which the Meppershall Inspector had reached in relation to whether or not policy DM4 was out of date was one which was rationally open to him, and which demonstrated the way in which a rational planning judgement can be formed on the facts of a particular case. It further demonstrates that Sales LJ was not laying down any legal principle in what he observed in paragraph 44 of his judgement.'

Submissions and conclusionsI commence the consideration of the grounds raised by the Claimant, as Mr Kingston did in his submissions, with ground 2. Under this ground Mr Kingston submits that the entire UDP was properly to be understood to be out-of-date, on the basis that the plan had passed its end date of 2016 without having been replaced, and therefore by operation of law and as a consequence of the end date being passed the plan was out-of-date. This submission was founded on a number of contentions. Firstly, Mr Kingston emphasised the provision of regulation 5(1)(a)(i) of the 2012 Regulations which determines as a characteristic of the development plan that it is prepared for a 'specified ***period***'. The introduction of this legal requirement founded the conclusion that once the end date of the plan had passed it was as a totality out-of-date, as it would be inconsistent with the provisions of the 2012 Regulations in relation to the timescales of the plan. Furthermore, Mr Kingston emphasised and placed reliance upon the observation of Lord Carnwath in paragraph 63 of Hopkins Homes that the Local Plan in that case was out-of-date as a consequence of it being beyond its end date. In relation to the observations of Lindblom J in Bloor Homes Mr Kingston submitted that the law, and in particular the requirements of the 2012 Regulations, were a key requirement of governing force in determining that the plan was out-of-date. Thus, he submitted that it was an error of law for the First Defendant to have failed to identify that as the UDP was as a whole out-of-date because it had passed its expiry date and therefore policy EN2, as a constituent policy of the UDP, was out-of-date.

In response to these submissions Mr Richard Honey, on behalf of the First Defendant, and Mr Christopher Katkowski QC on behalf of the Second Defendant, contend that the question of whether or not a policy is out-of-date is a question of fact and judgment as Lindblom J observed in the Bloor Homes case. Further, they submit that the sentence extracted from Lord Carnwath's judgment at paragraphs 63 in the Hopkins Homes case does not establish as a matter of law that once the end date of a plan has been passed it must be deemed to be out-of-date.

In my view the starting point of the evaluation of these submissions must be an understanding that at the heart of this issue is a question of interpretation of planning policy, and in particular the planning policy contained in paragraph 11d and 213 of the 2018 Framework. That is because the notion of a policy being out-of-date is one which exists within the structure of the Framework and which exists for particular purposes, namely the question of whether or not the tilted balance should apply and the weight which should be attached to the policy in the decision-taking process. In my judgment it is critical to note that there is nothing in the relevant provisions of the Framework to suggest that the expiration of a plan ***period*** requires that its policies should be treated as out-of-date. Indeed, to the contrary, the provisions of paragraph 213 specifically contemplate that older policies which are consistent with the Framework should be afforded continuing weight. Furthermore, I would entirely accept and adopt the formulation of the approach to the question of whether a policy is out-of-date given by Lindblom J in Bloor Homes. It will be a question of fact or in some cases fact and judgment. The expiration of the end date of the plan may be relevant to that exercise but it is not dispositive of it, nor did Lindblom J suggest that was the case. In so far as reliance is placed by the Claimant on the observation of Lord Carnwath in paragraph 63 of Hopkins Homes, I accept the submissions made by the First and Second Defendants that it is an obiter remark which does not lay down any legal principle, or provide a gloss on Lindblom J's approach. It is important to note that Lord Carnwath had endorsed Lindblom J's views at an earlier part of the judgment and it would be inconsistent with that endorsement to read the sentence in paragraph 63 as a further gloss on Lindblom J's conclusions. In short, this sentence from the judgment is quite incapable of bearing the forensic weight which the Claimant seeks to ascribe to it. Lord Carnwath was not identifying a legal principle that when a plan's end date has been passed its policies are out-of-date in the terms of the policy of the Framework.

I am unable to accept the submission that the provisions of the 2012 Regulations also demand that once a plan ***period*** has expired the plan must be deemed out-of-date when applying the policy of the Framework. Firstly, the provisions of the 2012 Regulations are addressing the matters which need to be included when a local development document is being prepared and adopted or which defines a document as such. The Regulations are not designed, nor do they purport, to govern the application of the Framework's term out-of-date for the purposes of paragraph 11 of the Framework. Indeed, as I have already emphasised, that is a policy concept to be interpreted and applied within the context of the Framework and is not, therefore, to be defined by elements of the statutory framework which are not referred to by the Framework in this connection at all. Indeed, the statutory framework is consistent with the provisions of paragraph 213 of the Framework in that this statutory material does not, for instance, suggest that once the plan ***period*** for an element of the development plan has expired that plan ceases to be part of the development plan for the purposes of exercising the statutory discretion as to whether or not to grant planning permission, or should be treated differently in the decision-taking process. In short, therefore, I have reached the conclusion that the Claimant's ground 2 is not made out.

I turn then to the contentions raised under ground 1. They are to some extent linked to ground 2 in that they relate to criticisms of the First Defendant's analysis of whether or not policy EN2 was out-of-date, in particular, in failing to identify consistently with the approach of Lindblom J in Bloor Homes and Lord Carnwath in Hopkins Homes that policy EN2 had been clearly overtaken by events since its adoption. In particular, it is submitted that it was formulated in an entirely different national and local planning context and based on long superseded evidence of the Second Defendant's economic, demographic and development needs. As set out above, three particular features of the First Defendant's reliance upon the Inspector's report are criticised. Firstly, the observation in paragraph 366 of the Inspector's report that the question of out-of-date was not a question of time but rather consistency with the Framework; secondly, the Inspector's conclusion that policy EN2 was not 'in any way' out-of-date which excluded consideration of the end date of the plan; and thirdly the observation at paragraph 377 of the Inspector's report that policy EN2 was 'not impeding delivery', when it was plain that there was a conspicuous shortfall in larger aspirational family housing and affordable housing.

In response to these submissions Mr Honey and Mr Katkowski again rely upon the conclusion of Lindblom J in Bloor Homes that the question of whether or not EN2 was out-of-date is a question of fact, or fact and judgment, and that the First Defendant's adoption in paragraph 15 and 16 of the decision letter of the Inspector's conclusions at paragraphs 366, 367, 371 and 372 of the report provide a perfectly satisfactory exercise of judgment to reach the conclusion that policy EN2 was not out-of-date. Mr Honey emphasises that the observation that the question was not one of time but consistency with the Framework indicated a proper appreciation of the Bloor Homes test, in the sense that passage of time per se is not sufficient to conclude that a policy is out-of-date, but the question properly understood was whether or not the passage of time had led to the policy being overtaken by events. Thus the Inspector was entitled to conclude as he did that the policy was not in any way out-of-date. He was further entitled to conclude that, as a matter of planning judgment, policy EN2 was not impeding the delivery of homes.

Again, in my view the starting point for the evaluation of these submissions must be the provisions of the 2018 Framework, and in particular paragraph 213, alongside the conclusions of Lindblom J in Bloor Homes. It is perfectly clear from paragraph 366 of the Inspector's report that he was very clearly mindful of the contentions of the Claimant that policy EN2 had been shorn of its strategic policy context, and that the evidence base upon which it had been grounded was no longer current. Furthermore, it is clear from paragraph 369 that the Inspector was alive to the existence of an emerging allocation in the area designated as subject to policy EN2 and, in paragraphs 371 and 372 that the development plan no longer contained policies for the need and distribution of housing since those policies had not been saved in 2009. The factors stressed by the Claimant in the current challenge in respect of the datedness of policy EN2 were, therefore, all in front of and taken account of by the Inspector.

In reaching the judgment that he did I am unable to conclude that he, and in turn the First Defendant, misinterpreted or misapplied the relevant provisions of the Framework. Applying the provisions of the Framework, and in particular paragraph 213, and the approach to the question of whether or not EN2 was out-of-date consistent with the Bloor Homes analysis, it is clear that the Inspector concluded, firstly, that policy EN2 continued to be effective in delivering its original objectives and, secondly, that the reasons for policy EN2's protection were not only no less relevant than they had been within the plan ***period*** but also that they remained consistent with paragraph 157 of the 2012 Framework. These were planning judgments which the Inspector was entitled to reach and portray no error of law in the approach to whether or not policy EN2 was out-of-date.

The Inspector went on to consider the implications of the absence of policies for the need for and distribution of housing and, on the facts, was entitled to conclude that the development plan was continuing to deliver an appropriate quantity of housing, and Policy EN2 had therefore not been overtaken by events in terms of the failure to save the policies of the UDP in relation to the housing need and distribution. Again, this was a planning judgment founded upon the particular circumstances of the case and were conclusions which the Inspector was entitled to reach and the First Defendant entitled to adopt.

Turning to the particular criticisms raised by the Claimant, in my view the observation of the Inspector and the question of whether or not the policy was 'not one of time but consistency with the Framework' was one which was a fair reflection of the requirements both of paragraph 213 of the Framework and Lindblom J in Bloor Homes. As the Inspector observes in the preceding sentences, a policy may continue to be effective in delivering its original objectives and, moreover, may have been saved as the present policy was, and thus remain part of the development plan to be applied in accordance with the statutory Framework. Thus, the exercise required by paragraph 213 of the Framework and the Bloor Homes test is not one which is dictated simply by the passage of time, but rather an assessment of consistency of the Framework, and the factual circumstances in which the policy is being applied including, amongst other things, what the Inspector characterised as 'results on the ground'. In the particular circumstances of this case that was, as he reflected in paragraph 372 of the report, whether or not an appropriate quantity of housing was continuing to be delivered through the application of the remaining elements of the development plan which had not been saved. He concluded that in the light of the findings in relation to the five year supply of deliverable housing that it was. This observation does not in my judgment found any suggestion that the Inspector and in turn the First Defendant fell into error in connection with this issue. Moreover, in the light of the conclusions which preceded paragraph 370 of the Inspector's report I accept the submission made by Mr Honey that the Inspector was entitled to conclude that policy EN2 was not 'in any way out-of-date'. Finally, the observation about not impeding delivery in paragraph 377 has to be read in the context of the Inspector's conclusions, and for these reasons and the reasons set out below in relation to ground 7, I am satisfied that the reasoning given by the Inspector is clear and is an obvious exercise of planning judgment.

Both in the circumstances of this case, and also generally, the conclusions reached in relation to both ground 1 and 2 are not especially surprising. It is very far from uncommon to have policies in a plan related to environmental protection whose objectives will, and are intended to, continue well beyond the end of a plan ***period***. Whilst, of course, when a local development document is formulated it is formulated as a whole, and is intended to present as a coherent suite of policies, that objective is not inconsistent with the inclusion of some environmental policies being intended and designed to operate on a longer time scale than that which may be contemplated by the plan ***period***. The kind of policies to which this might apply are policies such as Green Belt (one of the characteristics of which is its 'permanence'), or policies pertaining to environmental assets such as those relating to heritage assets or internationally protected and irreplaceable habitats. It would be both counter-intuitive, and contrary to long standing provisions of national policy, if policies in a development plan protecting these interests were deemed out-of-date at the expiration of a plan ***period***. There is no warrant in the provisions of paragraph 11d and 213 of the Framework or the Bloor Homes test for such a conclusion. It is significant to note the Inspector's lengthy analysis and clear conclusions that the land designated as EN2 continued to be a valued landscape, open space and recreational resource continuing to serve the amenity and countryside recreation purposes which justified its original designation. He identified that this purpose remained consistent with the poilcies of the 2012 Framework. These conclusions coupled with his conclusions in relation to the existence of a deliverable five year housing land supply were consistent with the provisions of paragraphs 11d and 213 of the Framework and the application of the Bloor Homes test. This was a planning judgment properly open to the Inspector and the First Defendant.

I turn to consider the Claimant's ground 3 which relates to the contention that the First Defendant, at paragraph 15 of the decision letter, erroneously equated the task of the identification of whether or not EN2 was out-of-date as being solely related to the assessment of whether or not it was consistent with the Framework. The Claimant submits that the effect of Bloor Homes is clear, namely that other issues apart from consistency with the Framework are at stake when the assessment of whether or not a policy is out of date is undertaken. Furthermore, the Claimant refers to paragraph 30 of Sales LJ's judgment in Daventry and, for instance, the importance of considering whether or not policies which had been saved continued to represent a coherent set of plan policies or had been overtaken by events (see paragraph 40(iv) of Sales LJ's judgment).

As set out above, it is undoubtedly right that the requirements of paragraph 213 of the 2018 Framework, taken together with the observations of Lindblom J in paragraph 45 of Bloor Homes, represent the correct approach to determining whether a particular policy is out-of-date. In my view the difficulty with the Claimant's submission in relation to ground 3 is that it seeks to take what the First Defendant said in paragraph 15 of the decision letter in isolation. This paragraph needs to be read along with the whole of the decision letter including, in particular, paragraph 16. Both paragraphs 15 and 16 cross-refer to the relevant paragraphs in the Inspector's report. In my view it is clear from those paragraphs to which the First Defendant cross-refers that the appropriate interpretation of the Framework in relation to whether not a policy is out-of-date has been applied. The assessment of the Inspector, adopted and acknowledged by the First Defendant, addressed both the issue of consistency with the Framework (and therefore the policy's continuing validity as a proper reflection of national planning policy) but also whether or not, as the Claimant contended, the policy had been overtaken by the demise of the policies relating to the need and distribution of housing and the current evidence in relation to housing need and supply. Both the Inspector's conclusions and paragraphs 15 and 16 of the decision letter deal directly with the question of whether or not the policy is consistent with the Framework and also whether it has been overtaken by events, and in particular the absence of policies for the need and distribution of housing and the current position in relation to the evidence of housing need and supply. In these circumstances in my view there is no substance in the Claimant's contentions under ground 3 and this ground cannot succeed.

Ground 4 of the Claimant's case is that when undertaking his assessment of whether or not policy EN2 was consistent with the Framework, the First Defendant failed to identify the particular policies of the 2018 Framework with which polices EN2 and R4 were consistent. It was not legitimate, the Claimant contends, for the First Defendant to rely upon the Inspector's conclusions which were based upon the superseded policies of the 2012 Framework.

In my judgement, as pointed out in the submissions of Mr Honey and Mr Katkowski, there are a number of difficulties in the way of the Claimant in advancing this case. Firstly, it will be apparent from what has been set out above, that the Claimant did not contend, in responding to the First Defendant's consultation about the issuing of the 2018 Framework, that there was any change in the Framework between the 2012 Framework which subsisted at the time of the Inspector's report and the 2018 Framework which had been published prior to the First Defendant's decision which would justify a different planning policy analysis. Indeed, it was a consistent theme of the Claimant's submissions that, so far as the appeal proposals were concerned, the 2018 Framework mirrored the provisions of the 2012 Framework. In particular, this was a position taken by the Claimant in response to the Second Defendant's contentions in its post-inquiry correspondence that policies EN2 and R4 remained consistent with the 2018 Framework in the same way that they have been consistent with provisions of the 2012 Framework, since similar provisions were incorporated in both of the editions of the Framework. Thus, in the representations before the First Defendant it was not contended by the Claimant that there was, in respect of the question of consistency with National Planning Policy, any material difference between the substance of the 2012 and the 2018 editions of the Framework. As the Claimant's solicitor's correspondence observed, the sections referred to by the Second Defendant in support of the contention that policies EN2 and R4 remained consistent with the Framework 'are not materially different from equivalent provisions of the 2012 Framework'. Against the backdrop of this material provided to the First Defendant it is difficult to see how the criticism raised by the Claimant under ground 4 could arise.

Secondly, in the course of his submissions, the only feature of the 2018 Framework which Mr Kingston placed reliance upon were those policies relating to the qualitative features of an available supply of housing. It is clear, however, that this element of national policy in relation to the qualitative requirements for a satisfactory supply of housing were all matters debated before the Inspector in the context of the 2012 Framework, and dealt with in the paragraphs set out above. Furthermore, as set out above the absence of policies for the need for and distribution of housing was a factor expressly taken into account in reaching conclusions as to whether or not policy EN2 was out-of-date. Thus, in circumstances where there was no suggestion that the substance of the policies in the Framework had in fact changed between 2012 and 2018, and where there were in truth no significant differences which could be identified between the pertinent provisions of the Framework in respect of the issues in play, the First Defendant was entitled to rely upon the reasons provided by the Inspector without more. I can detect no error of law in the approach which the First Defendant took.

Turning to ground 5, and as a development of ground 4, the Claimant contends that the First Defendant erred in failing to recognise that policy EN2 was inconsistent with the provisions of the 2018 Framework in respect of the need for a balanced supply of housing including family and affordable housing. The Claimant draws attention to the fact that in its post-inquiry submissions the Claimant's solicitors emphasised the importance afforded by the 2018 Framework to the need for a variety of land to come forward so as to provide for the size type and tenure of housing needed for different groups in the community (see paragraph 61), and for a mix of sites alongside the necessity to provide for the needs for those who require affordable housing. Mr Kingston submits on behalf of the Claimant that the First Defendant missed the focus in his newly revised policy on the requirement for a quality and mix of supply and delivery of homes, and failed to appreciate, therefore, that the restraint of policy EN2 was inconsistent with this newly emerged policy.

Again, in my judgment, this submission has to be put in context. The first piece of important context is that it had been an important part of the Claimant's case before the Inspector that significant weight should be attached to the failure of the Second Defendant to secure a balanced supply of housing in qualitative terms and an adequate supply of affordable homes. The absence of policies in respect of the need for and distribution of housing was a matter clearly before the Inspector and taken into account in his assessment of whether or not policy EN2 was out-of-date. Further, a second important piece of context is to note that the Claimant's solicitors emphasised that the statements to which they referred in the 2018 Framework about the qualitative requirement of the housing supply were 'consistent with the approach taken in paragraphs 47-50 of the 2012 Framework'. Thus, this again was another area where the provisions of the 2018 Framework reflected or mirrored those which had featured in the 2012 Framework. It was not being suggested that the inclusion of these issues within the 2018 Framework was a new initiative or an innovation to national planning policy.

In these circumstances, akin to ground 4, the First Defendant was in my judgment quite entitled to refer to the detailed analysis which had been undertaken by the Inspector leading to the Inspector's conclusion that policy EN2 was not out-of-date. Moreover, and this point is pertinent to ground 4 and ground 5, the reasons given by the Inspector, which the First Defendant was entitled to rely upon, engaged with the main issues raised by the Claimant to substantiate its conclusion that policy EN2 was out-of-date as recorded by the Inspector in paragraph 112 of the Inspector's report. Those main issues were addressed and responded to by the Inspector in his report and accepted in substance by the First Defendant in reaching his decision. I am unable to accept that there is an error in law of the kind claimed in ground 5 of the claim in the First Defendant's decision.

I turn now to consider grounds 6, 7 and 8 for which permission has not been granted. Mr Kingston commenced his submissions in respect of these grounds by starting with ground 7. It will be recalled that ground 7 is the contention that the Inspector, and thereafter the First Defendant, failed to correctly identify that policy EN2 was in fact impeding delivery. The conclusion in paragraph 377 of the Inspector's report (relied upon by the First Defendant at paragraph 25 of the decision letter) was in error. The Claimant contends that this can be simply demonstrated from a number of uncontroversial propositions. Firstly, the Inspector accepted that the needs of the housing market as a whole in terms of larger or aspirational family homes were not being met by the available supply of housing, and it was not meeting the requirements in respect of affordability either (see paragraph 378 of the Inspector's report). Thus, the Inspector accepted that a five year housing land supply would not meet all the needs of the housing market. It was accepted both that the area designated EN2 was one of the few areas available to meet these needs and it was already being allocated to do so in the emerging local plan. No alternative sites were offered to meet the need and therefore it was unaccountable that the Inspector should conclude as he did that policy EN2 was not impeding delivery. Thus, the Inspector's analysis was internally inconsistent and irrational and failed to reflect the policy objectives of the Framework.

In my judgment in making this submission the Claimant fails to read the decision letter either fairly or as a whole. The observation made by the First Defendant in paragraph 25 of the decision that 'policy EN2 was not impeding delivery, nor the development plan as a whole failing to deliver the necessary number of houses needed' is clearly a reference to the quantitative housing supply. Paragraph 25 follows on from a sequence of paragraphs in which the First Defendant updates the calculation of the five year housing land supply bearing in mind changes to the 2018 Framework, and then concludes that the land supply is over 13 years, and thus the phrase complained of is undoubtedly, when the decision letter is read fairly and as a whole, a reference to the five year land supply and the delivery of the number of homes required, quantitively, to meet the Framework's requirement that the Council demonstrates a deliverable five year supply of housing.

Similarly, when read in context, the observation of the Inspector in relation to policy EN2 not impeding delivery is also a remark made in the context of the five year supply of housing and the significant exceedance of five years that the Second Defendant could demonstrate. There is no substance in the Claimant's complaints since they have taken a phrase out of the context in which it is expressed and, thereby, misread both the Inspector and the First Defendant's reasons. The issues in relation to meeting the needs of the housing market as a whole and in particular the need for larger or aspirational family homes and affordable homes was addressed separately to the discussion of whether or not policy EN2 was impeding delivery of the necessary number of homes. I do not consider that ground 7 is arguable and for these reasons permission is refused.

Ground 8 is the contention that the First Defendant erred in law in failing to recognise the error of the Inspector's analysis in paragraph 381 of his report, in particular in the Inspector's reliance upon the plan making process as the most appropriate manner to address the issue as to the type and mix of housing required to rebalance the Second Defendant's housing stock. The Second Defendant had disavowed prematurity as a reason for refusal as it was untenable.

In my judgment the Claimant's contentions again involve a misreading of both the Inspector's reasoning and the First Defendant's conclusions. Neither the Inspector nor the Second Defendant were relying upon prematurity as an objection to the scheme nor, indeed, relying upon opportunities through the plan making process as being material to the planning balance in the decision being made on the appeal as a point adverse to the Claimant. Both at paragraph 381 of the Inspector's report and paragraph 26 of the First Defendant's decision it is noted that at the time of decision-taking individual speculative schemes were the only way in which to start to address the need to rebalance the Second Defendant's housing stock, and provide for both family and aspirational housing and the needs of those who require affordable housing. That observation then feeds into the conclusions reached by the Inspector at paragraph 382 of his report, and the First Defendant in paragraph 27 of the decision letter, that significant weight should be afforded to the contribution which the appeal would make to meeting the needs for family or aspirational housing and affordable housing. That significant weight was taken into account in striking the overall planning balance. On analysis I do not accept that the point raised under ground 8 is one which is properly arguable, and I refuse permission for it.

The final ground presented by the Claimant is ground 6. This is the contention that the First Defendant erred in law in concluding that a qualifying five year land supply could exist when it was demonstrated solely on a quantitative or mathematical basis. As set out above, a significant strand of the housing policies contained within the 2012 and 2018 Framework were those which required a qualitative assessment of the type of units and the nature of the tenure of the housing provided by the housing land supply. The Claimant submits that this material should have been brought to bear on whether or not the Second Defendant could demonstrate a qualifying five year housing land supply which was compliant with the Framework. On the basis of the conclusion that the Second Defendant's five year housing land supply was a monoculture of very large city centre flats or apartments, without material provision for affordable housing, both the Inspector and the First Defendant erred in interpreting the Framework so as to conclude that the Second Defendant had a qualifying housing land supply.

I am unable to accept that the either the Inspector or the First Defendant failed to properly interpret the Framework in connection with a qualifying five year housing land supply, or reached a conclusion which was either irrational or improperly reasoned in respect of this issue. In my view the provisions both of the 2012 Framework (in paragraphs 47 and 49) and, as set out above, in the 2018 Framework (in paragraph 73), are clear. The requirement to demonstrate a deliverable five year housing land supply is one which is purely quantitative. It involves a calculation of the deliverable number of units within the five year time ***period***, and nowhere in the text of the policy pertinent to how the five year housing land supply is to be assessed is there any suggestion that the qualitative nature of that supply (including its mix of house type or tenure) has any part to play in determining whether there is a qualifying five year housing land supply available to a local planning authority. That is not to say that that those qualitative issues are not relevant to the planning balance. As the Inspector observed at paragraph 375 of his report, an identified deficiency in the qualitative mix of housing is a matter which is relevant to the exercise of the planning balance and may, as in the present case, give rise to significant weight being attributed to this issue in support of planning permission being granted. The policies of the 2012 and 2018 Framework in relation to the need for a qualitative mix of type and tenure to be provided in the housing land supply were taken into account. The qualitative shortcomings of the Second Defendant's deliverable five year supply of deliverable housing land had no bearing on how the five year housing land supply was to be calculated; it had a clear bearing upon the weight to be put in the positive pan of the planning balance in respect of the resolution of the decision in the appeal given the contribution towards rebalancing the supply that the appeal proposals would achieve. It follows from the foregoing that I am unable to detect any legal error in the approach taken by either the Inspector or the First Defendant in respect of the five year housing land supply and qualitative housing land supply issues and in effect, I do not consider that ground 6 is arguable or that permission should be granted in relation to it.

ConclusionsIt follows from the forgoing that having analysed the various grounds upon which the Claimant's case has been brought I am satisfied that permission should be refused for grounds 6, 7 and 8 and that grounds 1, 2, 3, 4 and 5 should be dismissed.

**Load-Date:** September 5, 2019

**End of Document**



[***Council of the European Union:Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the action of the Union following its accession to the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications - Outcome of the European Parliament's first reading and Corrigendum procedure (Strasbourg, 16 April 2019 and 17 September 2019) PDF document ST 8490 2019 INIT24-09-2019***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5X4T-M4K1-F0YC-N0DS-00000-00&context=1516831)

Impact News Service

September 25, 2019 Wednesday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 8579 words

**Body**

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

8490/19 AS/gj 1GIP.2 ENCouncil of theEuropean UnionBrussels, 24 September 2019(OR. en)8490/19CODEC 921PI 68PE 181Interinstitutional File:2018/0189(COD)INFORMATION NOTEFrom: General Secretariat of the CouncilTo: Permanent Representatives Committee/CouncilSubject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT ANDOF THE COUNCIL on the action of the Union following its accession to theGeneva Act of the Lisbon Agreement on Appellations of Origin andGeographical Indications- Outcome of the European Parliament's first reading and Corrigendumprocedure(Strasbourg, 16 April 2019 and 17 September 2019)I. INTRODUCTIONIn accordance with the provisions of Article 294 of the TFEU and the Joint Declaration on practicalarrangements for the codecision procedure1, a number of informal contacts have taken placebetween the Council, the European Parliament and the Commission with a view to reaching anagreement on this legislative file at first reading.1 OJ C 145, 30.6.2007, p.58490/19 AS/gj 2GIP.2 ENThis file was expected2 to undergo the Corrigendum procedure3 in the new European Parliament after adoption by the previous Parliament of its position at first reading.II. VOTESAt its sitting of 16 April 2019, and following informal interinstitutional negotiations, the European Parliament adopted the amendment number 20 (without legal linguistic revision) to the Commission proposal and a legislative resolution with a view to the adoption of the abovementioned proposal, constituting the European Parliament's position at first reading. It reflects what had been previously agreed between the Institutions.After finalisation of the adopted text by the legal linguists, on 17 September 2019 the European Parliament approved a corrigendum to the position adopted at first reading.With this corrigendum, the Council should be able to approve the position of the European Parliament as set out in the Annex4 hereto, thus bringing to a close the first reading for both institutions.The act would then be adopted in the wording which corresponds to the Parliament's position.2 8507/193 Rule 241, EP Rules of Procedure.4 The text of the amendments adopted and the European Parliament's legislative resolution are set out in the Annex. The amendments are presented in the form of a consolidated text, where changes to the Commission's proposal are highlighted in bold and italics. The symbol ' ▌' indicates deleted text.8490/19 AS/gj 3ANNEX GIP.2 ENANNEXAction of the Union following its accession to the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications \*\*\*IEuropean Parliament legislative resolution of 16 April 2019 on the proposal for a regulation of the European Parliament and of the Council on the action of the Union following its accession to the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications (COM(2018)0365 – C8-0383/2018 – 2018/0189(COD))(Ordinary legislative procedure: first reading)The European Parliament,– having regard to the Commission proposal to Parliament and the Council (COM(2018)0365),– having regard to Article 294(2) and Article 207 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0383/2018),– having regard to Article 294(3) of the Treaty on the Functioning of the European Union,– having regard to the opinion of the European Economic and Social Committee of 12 December 20181,– having regard to the provisional agreement approved by the committee responsible under Rule 69f(4) of its Rules of Procedure and the undertaking given by the Council representative by letter of 20 March 2019 to approve Parliament’s position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,– having regard to Rule 59 of its Rules of Procedure,– having regard to the report of the Committee on Legal Affairs and the opinions of the Committee on International Trade, the Committee on the Environment, Public Health and Food Safety and the Committee on ***Agriculture*** and Rural Development (A8-0036/2019),1. Adopts its position at first reading hereinafter set out;2. Takes note of the three statements by the Commission annexed to this resolution, the first and second of which will be published in the L series of the Official Journal of the European Union together with the final legislative act;3. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;4. Instructs its President to forward its position to the Council, the Commission and the national parliaments.1 OJ C 110, 22.3.2019, p.55 8490/19 AS/gj 4ANNEX GIP.2 ENP8\_TC1-COD(2018)0189Position of the European Parliament adopted at first reading on 16 April 2019 with a view to the adoption of Regulation (EU) 2019/… of the European Parliament and of the Council on the action of the Union following its accession to the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical IndicationsTHE 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 207 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 Committee6,Acting in accordance with the ordinary legislative procedure7,6 OJ C 110, 22.3.2019, p. 55.7 Position of the European Parliament of 16 April 2019.8490/19 AS/gj 5ANNEX GIP.2 ENWhereas:(1) In order for the Union to be fully able to exercise its exclusive competence in relation to its common commercial policy, and in full compliance with its commitments under the Agreement on the Trade-Related Aspects of Intellectual Property Rights (TRIPS) of the World Trade Organization, it will become a Contracting Party to the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications ('the Geneva Act') pursuant to Council Decision (EU) …/…8+ which also authorises Member States to ratify the Geneva Act or accede to it in the interest of the Union. The contracting parties to the Geneva Act are members of a Special Union created by the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration ('Special Union'). In accordance with Decision (EU)…/…++, the Union and the Member States that have ratified the Geneva Act or acceded to it are to be represented by the Commission in the Special Union as regards the Geneva Act.8 Council Decision (EU) …/… of … on the accession of the European Union to the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications (OJ L […], […], p. […]).+ OJ: Please insert in the text the number of the Decision contained in document ST 6929/19 and insert the number, date, title and OJ reference of that Decision in the footnote.++ OJ: Please insert in the text the number of the Decision contained in document ST 6929/19.8490/19 AS/gj 6ANNEX GIP.2 EN(2) It is appropriate to lay down rules allowing the Union to ▌exercise the rights and to fulfil the obligations laid down in the Geneva Act, on its behalf and on behalf of the Member States which ratify or accede to that Act.(3) The Geneva Act protects appellations of origin, including designations of origin within the meaning of Regulations (EU) No 1151/20129 and (EU) No 1308/201310 of the European Parliament and of the Council, as well as geographical indications within the meaning of Regulations (EU) No 1151/2012, (EU) No 1308/2013, (EU) No 251/201411 and (EU) 2019/78712 of the European Parliament and of the Council ▌, which are together referred to as 'geographical indications' in this Regulation.9 Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for ***agricultural*** products and foodstuffs (OJ L 343, 14.12.2012, p. 1).10 Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in ***agricultural*** products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007 (OJ L 347, 20.12.2013, p. 671).11 Regulation (EU) No 251/2014 of the European Parliament and of the Council of 26 February 2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatized wine products and repealing Council Regulation (EEC) No 1601/91 (OJ L 84, 20.3.2014, p. 14).12 Regulation (EU) 2019/787 of the European Parliament and of the Council of 17 April 2019 on the definition, description, presentation and labelling of spirit drinks, the use of the names of spirit drinks in the presentation and labelling of other foodstuffs, the protection of geographical indications for spirit drinks, the use of ethyl alcohol and distillates of ***agricultural*** origin in alcoholic beverages, and repealing Regulation (EC) No 110/2008 (OJ L 130, 17.5.2019, p. 1).8490/19 AS/gj 7ANNEX GIP.2 EN(4) Upon the accession of the Union to the Geneva Act and thereafter on a regular basis, the Commission should ▌file with the International Bureau of the World Intellectual Property Organization ('the International Bureau') applications for the international registration of ▌geographical indications originating and protected in the territory of the Union in the register of the International Bureau (‘the International Register’). Such applications should be based on notifications from Member States that act on their own initiative or at the request of a natural person or legal entity as referred to in point (ii) of Article 5(2) of the Geneva Act or of a beneficiary as defined in point (xvii) of Article 1 thereof. When preparing the notifications, Member States should consider the economic interest in international protection of the geographical indications concerned and take into account, in particular, the production value and the export value, protection under other agreements, as well as current or potential misuse in third countries.8490/19 AS/gj 8ANNEX GIP.2 EN(5) The registration of geographical indications in the International Register should serve the purposes of providing quality products, fair competition and consumer protection. Given their significant cultural and economic value, the registration of geographical indications should be assessed with respect to the value created for local communities, with a view to supporting rural development and promoting new job opportunities in production, processing and other related services.(6) In order to establish an ongoing dialogue with relevant stakeholders, the Commission should use existing mechanisms to consult Member States, trade associations and Union producers regularly.(7) Appropriate procedures should be established for the Commission to assess geographical indications originating in the Contracting Parties to the Geneva Act that are not Member States ('third Contracting Parties'), and registered in the International Register, in order to take decisions with regard to protection in the Union and to invalidate such protection, where relevant.8490/19 AS/gj 9ANNEX GIP.2 EN(8) Enforcement by the Union of the protection of geographical indications that originate in third Contracting Parties and that are registered in the International Register should be carried out in accordance with Chapter III of the Geneva Act, in particular with Article 14 thereof, which requires each Contracting Party to make effective legal remedies available for the protection of registered geographical indications and provide that legal proceedings for ensuring protection of such indications can be brought by a public authority or by any interested party, whether a natural person or a legal entity, whether public or private, in accordance with that Contracting Party's legal system and practice.(9) With a view to ensuring the protection of Union, regional and national trade marks alongside geographical indications, having regard to the safeguard in respect of prior trade mark rights as set out in Article 13(1) of the Geneva Act, coexistence of prior trade marks and geographical indications registered in the International Register which are granted protection or used in the Union should be safeguarded.(10) Given the exclusive competence of the Union in relation to the common commercial policy, Member States which are not already party to the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration of 1958 as revised at Stockholm on July 14, 1967 and amended on September 28, 1979 (“the Lisbon Agreement”), should not ratify or accede to that Agreement.8490/19 AS/gj 10ANNEX GIP.2 EN(11) The Member States which are already party to the Lisbon Agreement should be allowed to remain as such, in particular to ensure the ***continuity*** of rights granted under, and the fulfilment of obligations laid down in, that agreement. However, they should act solely in the interest of the Union and in full respect of the exclusive competence of the Union. Those Member States should therefore exercise their rights and obligations under the Lisbon Agreement in full compliance with the authorisation granted by the Union pursuant to this Regulation. In order to respect the uniform protection system for geographical indications established in the Union as regards ***agricultural*** products and in order to further enhance the harmonisation within the internal market, those Member States should not register under the Lisbon Agreement any new appellations of origin for products falling within the scope of Regulation (EU) No 1151/2012, (EU) No 1308/2013, (EU) No 251/2014 or (EU) 2019/787.(12) The Member States which are already party to the Lisbon Agreement have registered appellations of origin under the Lisbon Agreement. ***Transitional*** arrangements should be provided for so as to make continued protection of those appellations of origin possible, subject to the requirements of that agreement, the Geneva Act and Union law.8490/19 AS/gj 11ANNEX GIP.2 EN(13) The Member States which are already party to the Lisbon Agreement protect appellations of origin of third parties to that agreement. In order to provide them with the means to fulfil their international obligations assumed before the accession of the Union to the Geneva Act, a ***transitional*** arrangement, which should produce effects at national level only and have no effect on intra-Union or international trade, should be provided for.(14) It is appropriate that the fees to be paid under the Geneva Act and the Common Regulations under the Lisbon Agreement and the Geneva Act of the Lisbon Agreement (the 'Common Regulations') for filing an application with the International Bureau for the international registration of a geographical indication, as well as the fees to be paid in respect of other entries in the International Register and for the supply of extracts, attestations, or other information concerning the contents of that international registration should be borne by the Member State in which the geographical indication originates, by a natural person or legal entity as referred to in point (ii) of Article 5(2) of the Geneva Act or by a beneficiary as defined in point (xvii) of Article 1 thereof. Member States should have the option to require that natural person, legal entity or beneficiary to pay some or all of the fees.8490/19 AS/gj 12ANNEX GIP.2 EN(15) In order to defray any shortfall in relation to the operating budget of the Special Union, the Union should be able to provide, within the means available for this purpose in the annual budget of the Union, for a special contribution as decided by the Assembly of the Special Union pursuant to Article 24(4) of the Geneva Act, given the economic and cultural value of geographical indications protection.8490/19 AS/gj 13ANNEX GIP.2 EN(16) In order to ensure uniform conditions for the implementation of the Union's membership of the Special Union, implementing powers should be conferred on the Commission to establish a list of geographical indications to be included in the application to be filed for their international registration with the International Bureau upon accession to the Geneva Act and for any subsequent filing of an application , to reject an opposition, to decide whether to grant protection of a geographical indication registered in the International Register, to withdraw the refusal of the effects of an international registration, to request the cancellation of an international registration, to notify the invalidation of the protection in the Union of a geographical indication registered in the International Register, as well as to authorise Member States to provide for any necessary modifications in respect of the appellation of origin for a product which is protected under Regulation (EU) No 1151/2012, (EU) No 1308/2013, (EU) No 251/2014 or (EU) 2019/787 and to notify the International Bureau thereof. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council13.(17) In accordance with the principle of proportionality, it is necessary and appropriate for the achievement of the basic objective of enabling the Union to participate in the Special Union in a way which will ensure efficient protection of EU geographical indications at international level, to lay down rules and procedures concerning actions of the Union following its accession to the Geneva Act. This Regulation does not go beyond what is necessary in order to achieve the objective pursued, in accordance with Article 5(4) of the Treaty on European Union.13 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).8490/19 AS/gj 14ANNEX GIP.2 EN(18) It is important to ensure that the Commission monitors and evaluates the participation of the Union in the Geneva Act over time. In order to conduct such an evaluation, the Commission should, inter alia, take into account the number of geographical indications protected and registered under Union law for which applications for international registration have been submitted, cases where protection has been rejected by third Contracting Parties, the evolution of the number of third countries participating in the Geneva Act, the action taken by the Commission to increase that number, as well as the impact of the current state of Union law as regards geographical indications on the attractiveness of the Geneva Act to third countries, and the number and type of geographical indications that originate from third Contracting Parties and that have been rejected by the Union,HAVE ADOPTED THIS REGULATION:8490/19 AS/gj 15ANNEX GIP.2 ENArticle 1 Subject matter1. This Regulation establishes rules and procedures concerning actions of the Union following its accession to the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications (‘the Geneva Act’).2. For the purpose of this Regulation, the term 'geographical indications' covers appellations of origin within the meaning of the Geneva Act, including designations of origin within the meaning of Regulations (EU) No 1151/2012 and (EU) No 1308/2013, as well as geographical indications within the meaning of Regulations (EU) No 1151/2012, (EU) No 1308/2013, (EU) No 251/2014 and (EU) 2019/787.Article 2 International registration of geographical indications ▌1. Upon the accession of the Union to the Geneva Act and thereafter on a regular basis, the Commission shall, in its capacity as Competent Authority within the meaning of Article 3 of the Geneva Act, file applications for the international registration of geographical indications protected and registered under Union law and pertaining to products originating in the Union pursuant to Article 5(1) and (2) of the Geneva Act with the International Bureau of the World Intellectual Property Organization ('the International Bureau').8490/19 AS/gj 16ANNEX GIP.2 EN2. For the purpose of paragraph 1, Member States may request the Commission to register in the International Register geographical indications that originate in their territory and that are protected and registered under Union law. Such requests shall be based on:(a) a request by a natural person or legal entity as referred to in point (ii) of Article 5(2) of the Geneva Act or by a beneficiary as defined in point (xvii) of Article 1 of the Geneva Act, or(b) their own initiative.3. On the basis of such requests, the Commission shall adopt implementing acts listing the ▌ geographical indications referred to in ▌ paragraph 1 of this Article. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 15(2).▌8490/19 AS/gj 17ANNEX GIP.2 ENArticle 3 Cancellation of a geographical indication that originates in a Member State and is registered in the International Register1. The Commission shall adopt an implementing act in order to request the International Bureau to cancel a registration in the International Register of a geographical indication originating in a Member State in any of the following circumstances:(a) the geographical indication is no longer protected in the Union;(b) at the request of the Member State in which the geographical indication originates, based on:(i) a request by a natural person or legal entity as referred to in point (ii) of Article 5(2) of the Geneva Act or by a beneficiary as defined in point (xvii) of Article 1 of the Geneva Act; or(ii) its own initiative.8490/19 AS/gj 18ANNEX GIP.2 EN2. The implementing act referred to in paragraph 1 of this Article shall be adopted in accordance with the examination procedure referred to in Article 15(2).3. The Commission shall, without delay, notify the International Bureau of the request for cancellation.Article 4 Publication of third country geographical indications registered in the International Register1. The Commission shall publish any international registration notified by the International Bureau pursuant to Article 6(4) of the Geneva Act, that:(a) concerns geographical indications registered in the International Register in respect of which the Contracting Party of Origin, as defined under point (xv) of Article 1 of the Geneva Act, is not a Member State; and(b) relates to a product in respect of which protection at Union level of geographical indications is provided.2. The international registration referred to in paragraph 1 shall be published in the C series of the Official Journal of the European Union. The publication shall include a reference to the product type and country of origin.8490/19 AS/gj 19ANNEX GIP.2 ENArticle 5 Assessment of third country geographical indications registered in the International Register1. The Commission shall assess any international registration notified by the International Bureau pursuant to Article 6(4) of the Geneva Act concerning the geographical indications registered in the International Register and in respect of which the Contracting Party of Origin, as defined under point (xv) of Article 1 ▌ of the Geneva Act, is not a Member State, in order to determine whether it includes the mandatory contents laid down in Rule 5(2) of the Common Regulations under the Lisbon Agreement and the Geneva Act (the 'Common Regulations'), and the particulars concerning the quality, reputation or characteristics as laid down in Rule 5(3) of the Common Regulations, and to verify whether the publication referred to in Article 4 relates to a product in respect of which protection at Union level of geographical indications is ▌provided.8490/19 AS/gj 20ANNEX GIP.2 EN2. The assessment referred to in paragraph 1 shall be carried out within four months from the date of the registration of the geographical indication in the International Register and shall not include an assessment of other specific Union provisions relating to the placing of products on the market and, in particular, to sanitary and phytosanitary standards, marketing standards or food labelling.▌Article 6 Opposition procedure for third country geographical indications registered in the International Register1. Within four months from the date of publication of the international registration in accordance with Article 4, the authorities of a Member State or of a third country other than the Contracting Party of Origin as defined under point (xv) of Article 1 of the Geneva Act, or a natural or legal person having a legitimate interest and established in the Union or in a third country other than the Contracting Party of Origin, may lodge an opposition with the Commission.The opposition shall be in one of the official languages of the institutions of the Union.8490/19 AS/gj 21ANNEX GIP.2 EN2. The opposition referred to in paragraph 1 of this Article shall be admissible only if it is lodged within the time limit set out in paragraph 1 of this Article and if it is based upon one or more of the following grounds:(a) the geographical indication registered in the International Register conflicts with a name of a plant variety or an animal breed and is likely to mislead the consumer as to the true origin of the product;(b) the geographical indication registered in the International Register is wholly or partially homonymous with a geographical indication already protected in the Union and there is insufficient distinction in practice between the conditions of local and traditional usage and presentation of the geographical indication proposed for protection and the geographical indication already protected in the Union, taking into account the need to ensure equitable treatment of the producers concerned and not to mislead consumers;8490/19 AS/gj 22ANNEX GIP.2 EN(c) the protection in the Union of the geographical indication registered in the International Register would infringe a prior trade mark right at Union, regional or national level;(d) the protection in the Union of the third country geographical indication would jeopardise the use of an entirely or partly identical name or the exclusive nature of a trade mark at Union, regional, or national level or the existence of products which have been legally placed on the market for at least five years preceding the date of the publication of the international registration in accordance with Article 4;(e) the geographical indication registered in the International Register relates to a product in respect of which protection at Union level of geographical indications is ▌ not provided;(f) the name for which registration is requested is a generic term in the territory of the Union;8490/19 AS/gj 23ANNEX GIP.2 EN(g) the conditions referred to in points (i) and (ii) of Article 2(1) of the Geneva Act are not complied with;(h) the geographical indication registered in the International Register is a homonymous name which misleads the consumer into believing that products come from another territory, even if the name is accurate as far as the actual territory, region or place of origin of the products in question is concerned.3. The grounds for opposition set out in paragraph 2 shall be assessed by the Commission in relation to the territory of the Union or part thereof.Article 7 Decision on protection in the Union of third country geographical indications registered in the International Register1. Where, based on the assessment carried out pursuant to Article 5, the conditions laid down in that Article are fulfilled and no opposition or no admissible opposition has been received, the Commission shall, as appropriate, by means of an implementing act, reject any inadmissible opposition and decide to grant protection of the geographical indication. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 15(2).8490/19 AS/gj 24ANNEX GIP.2 EN2. Where, based on the assessment carried out pursuant to Article 5, the conditions laid down in that Article are not fulfilled or an admissible opposition as set out in Article 6(2) has been received, the Commission shall, by means of an implementing act, decide whether to grant protection of a geographical indication registered in the International Register. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 15(2). In respect of geographical indications covering products not falling within the competence of the committees provided in Article 15(1), the decision whether to grant protection shall be adopted by the Commission ▌.3. The decision to grant protection of a geographical indication in accordance with paragraph 1 or 2 of this Article shall set out the scope of protection granted and may include conditions which are compatible with the Geneva Act, and in particular grant a defined ***transitional*** ***period*** as specified in Article 17 of the Geneva Act and Rule 14 of the Common Regulations.8490/19 AS/gj 25ANNEX GIP.2 EN4. In accordance with Article 15(1) of the Geneva Act, the Commission shall notify the International Bureau of the refusal of the effects of the international registration concerned in the territory of the Union, within one year from the receipt of the notification of international registration in accordance with Article 6(4) of the Geneva Act, or, in the cases referred to in the first paragraph of Article 5 of Decision (EU) .…/… +, within two years from the receipt of that notification.5. The Commission may, on its own initiative or following a duly substantiated request by a Member State, a third country or a natural or legal person having a legitimate interest, withdraw, in whole or in part, by means of an implementing act, a refusal previously notified to the International Bureau. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 15(2).The Commission shall notify the International Bureau of such withdrawal without delay.+ OJ: Please insert in the text the number of the Decision contained in document ST 6929/19.8490/19 AS/gj 26ANNEX GIP.2 ENArticle 8 Use of geographical indications1. The implementing acts adopted by the Commission pursuant to Article 7 shall apply without prejudice to other specific Union provisions relating to the placing of products on the market and, in particular, to the common organisation of ***agricultural*** markets, sanitary and phytosanitary standards, and food labelling. ▌2. Subject to paragraph 1, geographical indications protected pursuant to this Regulation may be used by any operator marketing a product in accordance with the international registration of those geographical indications.Article 9 Invalidation of effects in the Union of a third country geographical indication registered in the International Register1. The Commission may, on its own initiative or following a duly substantiated request by a Member State, a third country or a natural or legal person having a legitimate interest, invalidate, in whole or in part, by means of an implementing act, the effects of protection in the Union of a geographical indication, in one or more of the following circumstances:8490/19 AS/gj 27ANNEX GIP.2 EN(a) the geographical indication is no longer protected in the Contracting Party of Origin;(b) the geographical indication is no longer registered in the International Register;(c) compliance with the mandatory contents laid down in Rule 5(2) of the Common Regulations or with the particulars concerning the quality, reputation or characteristics as laid down in Rule 5(3) of the Common Regulations is no longer ensured.2. The implementing acts referred to in ▌paragraph 1 of this Article shall be adopted in accordance with the examination procedure referred to in Article 15(2) and only after the natural persons or legal entities as referred to in point (ii) of Article 5(2) of the Geneva Act or the beneficiaries as defined in point (xvii) of Article 1 of the Geneva Act have been given an opportunity to defend their rights.3. Where the invalidation is no longer subject to appeal, the Commission shall notify the International Bureau without delay of the invalidation of the effects in the territory of the Union of the international registration of the geographical indication ▌in accordance with point (a) or (c) of paragraph 1.8490/19 AS/gj 28ANNEX GIP.2 ENArticle 10 Relationship with trade marks1. The protection of a geographical indication shall not prejudice the validity of a prior trade mark at Union, regional or national level applied for or registered in good faith, or acquired through use in good faith in the territory of a Member State, regional union of Member States or the Union.2. A geographical indication registered in the International Register shall not be protected in the territory of the Union where, in the light of a trade mark's reputation and renown and the length of time it has been used, protection of that geographical indication in the territory of the Union would be liable to mislead the consumer as to the true identity of the product.8490/19 AS/gj 29ANNEX GIP.2 EN3. Without prejudice to paragraph 2, a ▌trade mark which has been applied for or registered in good faith, or acquired through use, if that possibility is provided for by the applicable law, in good faith within the territory of a Member State, regional union of Member States, or the Union, before the date on which the International Bureau has notified the Commission of the publication of the International Registration of the geographical indication, and the use of which would contravene the protection of the geographical indication, may continue to be used and renewed for the product concerned notwithstanding the protection of the geographical indication, provided that no grounds for invalidity or revocation exist under Regulation (EU) 2017/1001 of the European Parliament and of the Council14 or under Directive (EU) 2015/2436 of the European Parliament and the Council15. In such cases, both the use of the geographical indication and the use of the trade mark concerned shall be permitted.14 Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (OJ L 154, 16.07.2017, p. 1).15 Directive (EU) 2015/2436 of the European Parliament and the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (OJ L336, 23.12.2015, p. 1).8490/19 AS/gj 30ANNEX GIP.2 ENArticle 11 ***Transitional*** provisions for appellations of origin originating in Member States already registered under the Lisbon Agreement1. In respect of each appellation of origin originating in a Member State which is party to the Lisbon Agreement, for a product that is protected under one of the Regulations referred to in Article 1 of this Regulation, the Member State concerned shall, on the basis of a request by a natural person or legal entity as referred to in point (ii) of Article 5(2) of the Geneva Act or a beneficiary as defined in point (xvii) of Article 1 of the Geneva Act, or on its own initiative, choose to request either:(a) the international registration of that appellation of origin under the Geneva Act, if the Member State concerned has ratified or acceded to the Geneva Act pursuant to the authorisation referred to in Article 3 of Decision (EU) .…/…. +, or(b) the cancellation of the registration of that appellation of origin in the International Register.+ OJ: Please insert in the text the number of the Decision contained in document ST 6929/19.8490/19 AS/gj 31ANNEX GIP.2 ENThe Member State concerned shall notify the Commission of the choice referred to in the first subparagraph by … [three years from the date of the entry into force of this Regulation].In the situations referred to in point (a) of the first subparagraph, the Member State concerned shall, in coordination with the Commission, verify with the International Bureau whether there are any modifications to be made under Rule 7 (4) of the Common Regulations for the purpose of registration under the Geneva Act.The Commission shall, by means of an implementing act, authorise the Member State concerned to provide for the necessary modifications and to notify the International Bureau. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 15(2).8490/19 AS/gj 32ANNEX GIP.2 EN2. In respect of each appellation of origin originating in a Member State which is party to the Lisbon Agreement, for a product falling within the scope of one of the Regulations referred to in Article 1(2) of this Regulation, but not protected under any of those Regulations, the Member State concerned shall, on the basis of a request by a natural person or legal entity referred to in point (ii) of Article 5(2) of the Geneva Act or a beneficiary as defined in point (xvii) of Article 1 of the Geneva Act, or on its own initiative, choose to request either:(a) the registration of that appellation of origin under the Regulation concerned, or(b) the cancellation of the registration of that appellation of origin in the International Register.The Member State concerned shall notify the Commission of the choice referred to in the first subparagraph, and lodge the respective request, by … [three years from the date of the entry into force of this Regulation].8490/19 AS/gj 33ANNEX GIP.2 ENIn the situations referred to in point (a) of the first subparagraph, the Member State concerned shall request the international registration of that appellation of origin under the Geneva Act, if that Member State has ratified or acceded to the Geneva Act pursuant to the authorisation referred to in Article 3 of Decision (EU) .…/…. +, within one year from the date of registration of the geographical indication under the applicable Regulation. The third and fourth subparagraphs of paragraph 1 shall apply.If the request for registration under the applicable Regulation is refused and related administrative and judicial remedies have been exhausted, or if the request for registration under the Geneva Act has not been made pursuant to the third subparagraph of this paragraph, the Member State concerned shall, without delay, request the cancellation of the registration of that appellation of origin in the International Register.+ OJ: Please insert in the text the number of the Decision contained in document ST 6929/19.8490/19 AS/gj 34ANNEX GIP.2 EN3. In respect of appellations of origin for products not falling within the scope of one of the Regulations referred to in Article 1(2) of this Regulation, in respect of which protection at Union level of geographical indications is not provided, a Member State which is already party to the Lisbon Agreement may maintain any existing registration in the International Register.Such a Member State may also submit further applications for registration in the International Register under the Lisbon Agreement of such appellations of origin originating in its territory if the following conditions are met:(a) the Member State concerned notified the Commission of the draft application for registration of such appellations of origin ; such notification shall include evidence that the application satisfies the requirements for registration under the Lisbon Agreement; and8490/19 AS/gj 35ANNEX GIP.2 EN(b) the Commission has not issued a negative opinion within two months of such notification; a negative opinion may only be issued after consultation with the Member State concerned, and in the exceptional and duly justified cases where the evidence required under point (a) does not sufficiently substantiate that the requirements for registration under the Lisbon Agreement are met, or if the registration would have an adverse impact on the Union trade policy.In the case of a request for further information from the Commission on the notification made under point (a) of the second subparagraph, the deadline for the Commission to act shall be one month from the receipt of the information requested.The Commission shall immediately inform the other Member States about any notification made under point (a) of the second subparagraph.8490/19 AS/gj 36ANNEX GIP.2 ENArticle 12 ***Transitional*** protection for appellations of origin originating in a third country registered under the Lisbon Agreement1. The Member States which were party to the Lisbon Agreement before the accession of the Union to the Geneva Act may continue to protect appellations of origin originating in a third country which is party to the Lisbon Agreement ▌ by means of a national protection system, with effect from the date on which the Union becomes a contracting party to the Geneva Act, as regards appellations of origin registered by that date under the Lisbon Agreement.2. The protection referred to in paragraph 1 shall:(a) be superseded by protection under the Union protection system for a particular appellation of origin if it is provided by a decision taken under Article 7 of this Regulation subsequent to the accession of the third country concerned to the Geneva Act, on condition that the protection provided by a decision taken under Article 7 of this Regulation preserves the ***continuity*** of protection of the respective appellation of origin in the respective Member State;8490/19 AS/gj 37ANNEX GIP.2 EN(b) cease for a particular appellation of origin when the effects of international registration end.3. Where an appellation of origin originating in a third country ▌is not registered under this Regulation, or the national protection is not superseded in accordance with point (a) of paragraph 2, the consequences of such ▌national protection ▌ shall be the sole responsibility of the Member State concerned.4. The measures taken by Member States under paragraph 1 shall have effects at national level only, and they shall have no effect on intra-Union or international trade.5. The Member States referred to in paragraph 1 shall transmit to the Commission any notification made by the International Bureau under the Lisbon Agreement. The Commission shall then transmit that notification to all other Member States.8490/19 AS/gj 38ANNEX GIP.2 EN6. The Member States referred to in paragraph 1 of this Article shall declare to the International Bureau that they cannot ensure national protection of an appellation of origin for a product falling within the scope of one of the Regulations referred to in Article 1(2) of this Regulation, registered and notified to them under the Lisbon Agreement from the date on which the Union becomes a Contracting Party to the Geneva Act.Article 13 FeesFees to be paid under Article 7 of the Geneva Act, as specified in the Common Regulations, ▌shall be borne by the Member State in which the geographical indication originates, or by a natural person or legal entity as referred to in point (ii) of Article 5(2) of the Geneva Act or by a beneficiary as defined in point (xvii) of Article 1 of the Geneva Act. Member States may require that natural person or legal entity or a beneficiary pay some or all of the fees.▌8490/19 AS/gj 39ANNEX GIP.2 ENArticle 14 Special financial contributionIf the income from the Special Union is derived in accordance with point (v) of Article 24(2) ▌ of the Geneva Act, the Union may make a special contribution within the means available for that purpose from the annual budget of the Union.Article 15 Committee procedure1. The Commission shall be assisted by the following committees within the meaning of Regulation (EU) No 182/2011, in respect of the following products:(a) for wine-sector products falling within the scope of Article 92(1) of Regulation (EU) No 1308/2013, by the Committee for the Common Organisation of the ***Agricultural*** Markets established by Article 229 of that Regulation;(b) for aromatised wine products as defined in Article 3 of Regulation (EU) No 251/2014, ▌by the Committee on aromatised wine products established by Article 34 of that Regulation;8490/19 AS/gj 40ANNEX GIP.2 EN(c) for spirit drinks as defined in Article 2 of Regulation (EC) No 110/2008 of the European Parliament and of the Council16, ▌ by the Committee for Spirit Drinks referred to in Article 47 of Regulation (EU) 2019/787 ;(d) for ***agricultural*** products and foodstuffs falling within the scope of the first subparagraph of Article 2(1) of Regulation (EU) No 1151/2012, by the ***Agricultural*** Product Quality Policy Committee established by Article 57 of that Regulation.2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.Article 16 Monitoring and reviewBy … [two years from the date of the entry into force of this Regulation], the Commission shall assess the participation of the Union in the Geneva Act and submit a report on the main findings to the European Parliament and to the Council. The assessment shall be based, inter alia, on the following aspects:16 Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89 (OJ L 39, 13.2.2008, p. 16), partly in force until 24 May 2021.8490/19 AS/gj 41ANNEX GIP.2 EN(a) the number of geographical indications which are protected and registered under Union law and for which applications for international registration have been submitted, and the cases in which the protection was rejected by third Contracting Parties;(b) the evolution in the number of third countries participating in the Geneva Act and the action taken by the Commission to increase that number, as well as the impact of the current state of Union law as regards geographical indications on the attractiveness of the Geneva Act to third countries; and(c) the number and type of third country geographical indications which have been rejected by the Union.8490/19 AS/gj 42ANNEX GIP.2 ENArticle 17 Entry into forceThis Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.This Regulation shall be binding in its entirety and directly applicable in all Member States.Done at …For the European Parliament For the CouncilThe President The President\_\_\_\_\_\_\_\_\_\_\_\_\_\_8490/19 AS/gj 43ANNEX GIP.2 ENANNEX TO THE LEGISLATIVE RESOLUTIONCommission statement on the possible extension of EU geographical indication protection to non-***agricultural*** productsThe Commission takes note of the European Parliament resolution of 6 October 2015 on the possible extension of EU geographical indication protection to non-***agricultural*** products.The Commission launched a study in November 2018 to get further economic and legal evidence on the protection of non-***agricultural*** GIs within the Single Market, as a complement to a study of 2013, and to obtain further data on issues such as competitiveness, unfair competition, counterfeiting, consumer perceptions, costs/benefits as well as on the effectiveness of non-***agricultural*** GI protection models in light of the proportionality principle.In accordance with the principles of Better Regulation and to the commitments laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making, the Commission will examine the study as well as the report on the participation of the Union in the Geneva Act as referred to in the Article on monitoring and review of the Regulation on the action of the Union following its accession to the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications and consider any possible next steps.Commission statement on the procedure set out in Article 9a(3) of the Regulation8490/19 AS/gj 44ANNEX GIP.2 ENThe Commission notes that whilst the procedure set out in Article 9a(3) of the Regulation is a legal necessity given the exclusive competence of the Union it can nevertheless state that in the context of the current EU acquis any such intervention of the Commission would be exceptional and duly justified. During consultations with a Member State, the Commission will make every effort in order to resolve together with the Member State any concerns in order to avoid the issuing of a negative opinion. The Commission notes that any negative opinion would be notified in writing to the Member State concerned and pursuant to Article 296 TFEU would state the reasons on which it was based. The Commission would further note that a negative opinion would not preclude the submission of a further application concerning the same appellation of origin, if the reasons for the negative opinion have been duly addressed thereafter or are no longer applicable.Commission statement concerning the proposal for a Council Decision on the accession of the European Union to the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical IndicationsThe Commission notes that the Union has exclusive external competence on geographical indications and is acceding to the Geneva Act of the Lisbon Agreement as a Party on its own right. This follows from the ruling of the European Court of Justice of 25/10/2017 (case C-389/15- Commission v. Council). Given the EU’s exclusive external competence, Member States are prevented from becoming Parties to the Geneva Act in their own right and should no longer themselves protect geographical indications newly registered by third country members of the Lisbon system. The Commission, mindful of the exceptional circumstances given that seven Member States have been Parties to the Lisbon Agreement for a long time, that they have extensive intellectual property registered under it and that a ***smooth*** transition is needed, would exceptionally have been ready to agree that, in this particular case, Bulgaria, Czechia, Slovakia, France, Hungary, Italy, Portugal could have been authorised to accede to the Geneva Act in the interest of the EU.The Commission strongly objects to the Council’s continued insistence on the possibility for all EU Member States which wish to do so to be authorized to ratify or accede to the Geneva Act alongside8490/19 AS/gj 45ANNEX GIP.2 ENthe Union, while giving as a reason the regularisation of the Union’s voting rights in view of point (b)(ii) of Article 22(4) of the Geneva Act rather than the aforesaid exceptional circumstances.Further, the Commission would like to recall that, given that the Union has exercised its internal competence for ***agricultural*** geographical indications, the EU Member States cannot have national ***agricultural*** GI protection systems of their own.Therefore the Commission reserves its rights including the right to avail itself of legal remedies against the Council's decision and, in any event, considers that this case cannot constitute a precedent for any other existing or future international/WIPO agreements, in particular but not only where the EU has already ratified international agreements by itself on the basis of its exclusive competence.

**Load-Date:** September 27, 2019

**End of Document**



[***Projects, programs and events as potential future-forming city identity assets***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:67FK-JB31-F0C0-3231-00000-00&context=1516831)

Place Branding and Public Diplomacy

December 2018

Copyright 2018 Springer Nature Limited All Rights Reserved

**Section:** Pg. 6-17; Vol. 16; No. 1; ISSN: 1751-8040,1751-8059

**Length:** 8389 words

**Byline:** [*marco.bevolo@gmail.com*](mailto:marco.bevolo@gmail.com)

**Body**

Introduction

As place branding is a field where selected scholars themselves (Boisen et al. , p. 5) expressed their doubts on who should take the lead between scholars and practitioners in systemically providing conceptual synthesis, the authors perceive their multidisciplinary mix of academic, consulting and civil service backgrounds as beneficial to cast new light on this complex domain. Both “places” and “products/services” fit with the concise definition of what a brand is, as written by John Grant in his 1999 “New Marketing Manifesto”: “A brand is an idea people live by” (cited in: Bevolo and Brand , p. 34). Such hypothetical convergence—that might appear outdated—is actually proposed as limited to the cultural scope of branding. In the last two decades, a wealth of publications and a great number of scholars generated instead a corpus of works on “what” place branding specifically is (e.g. as a limited preliminary reference: Anholt ; Govers and Go ; Zenker and Braun ), and how theoretically, methodologically and operationally this field of both practice and reflexivity deviates and differs from the traditional canons of product branding and brand marketing. As a part of this stream of reflections, in 2011 already, Lau and Leung (cited in: Dinnie, Ed.

, pp. 131–137) have described nearly a decade ago their place branding process in a case study on Chongqing, PRC. They highlighted the greater relevance of politics, stakeholder management and of a participatory dialog with citizens, over any form of graphic design individual expertise.

In line with recent and relevant literature, this paper aims at analysing lighting projects, programs and events as facets of the identity of the city of Eindhoven, The Netherlands. It does so by reconnecting these manifestations from “past practice” through an urban futures tool, within given scenario narratives, in order to explore their thematic potential and to underline their future-forming potential as everyday constituents of city identity. Namely, the reframing of the past as a seed for the future, beyond its inert nature of time gone by, was set as epistemological reference for this paper. Retrospective terms apply to this analysis, executed within a given conceptual framework. The main ambitions of this case study paper were captured in its key research question:

What is a future-oriented, coherent description of light-related projects, programs and events in a specific place (Eindhoven), analyzed as future-forming constituencies towards the construction of a city identity?

One might start our journey from the statement: “All imaginings about future cities bear the signatures of time, place and urban regime” (Gold, cited in: Hannigan and Richards , p. 518). In line with this notion, as a red thread across this case study. It might be stated that by reading the city anew as a “large systemic object” with semiotic qualities this paper will stretch the analytical possibilities of a foresight methodology, beyond its original generative power. In particular, past manifestations will be mapped and analysed “as if” they were “posits” designed to envision possible future constituencies of the city identity, in a short circuit between what has been and what could be. Although the authors might engage in theoretical and epistemological debate, the related sections below should be considered ancillary and functional to the presentation of the case study. It should be anticipated that the authors of this paper recognize citizen participation and stakeholder involvement as among the most valuable approaches in urban planning and innovation. Citizen involvement is paramount in Eindhoven, according to the Quadruple Helix principle that frames innovation as the outcome of governmental, academic, entrepreneurial and societal orchestrated involvement (Jolly , p. 109; and additional references in the paragraph below). However, the specific approach adopted as methodological reference for this place branding and city identity paper is a business-to-business based on co-creation and open innovation principles, where only professionals (e.g. architects, urban planners, lighting designers) were involved in its twenty years of existence, with one documented exception only over in Wroclaw, Poland (Bevolo , p. 225). This paper should therefore be framed and interpreted as a reflexive exercise by the authors, operating with a co-creative foresight tool designed and deployed for professional stakeholders, yet in a “backcasting” modality, without involvement of any third party, and specifically of citizens.

Theoretical framework: from place-making to place branding to city identity

“Place Branding” as a practice leverages theoretical and methodological notions of Brand Design, stakeholder management and other disciplines, in order to pursue the promotion, profiling and positioning of the city as an intellectual, narrative and visual construct based on metaphors, images and experiences, with internal and external audiences. Its peculiar paradox is, however, the need to find a balance between the necessity to standardize and narratively communicate uniqueness memorably, versus the representation of the complex organism that every city is, to its multiple, diverse and diversified stakeholders. There is a perceived weakness of theoretical reflection and scientific analysis on Place Branding (Zenker and Braun , p. 271). At scientific level: “…theoretical frameworks are not based on studies of actual policies of cities but translated from corporate frameworks devised for products, services and companies”. (Boisen et al. , p. 5). At a practitioner level: “Unfortunately, city marketers often believe… that they can deploy a “one size fits all” city brand for their city brand communication.” (Zenker and Braun , p. 271). Embracing the complexity of the city in the wider horizon of “place-making”, e.g. from a geographical viewpoint (Kavaratzis and Kalandides , p. 1.368) is a way to address the “conceptual confusion” (Boisen et al. , p. 4). From a place-making perspective, Richards () refers to Lefevbre or Soja to refer to the necessity to incorporate multiple dimensions within the constituencies and descriptions of urban experience. This both at social processes level as well as at architectural and experiential levels or both at static level as well as at dynamic level (Richards ). One might notice, how “as well as” semantically opposes to the above “versus”, describing the conceptual tension.

Investigating the interplay of manifestations within such urban complexity, Stoner () acquires from DeCerteau (Stoner , p. 16) the definition of “space” as “…practiced place”. While “place” represents the stability of elements co-existing in mutual relationship according to a clear configuration, “space” is “…a polyvalent unity of conflictual programs or contractual proximities” (DeCerteau 1984, p. 117). Stoner imports from Deleuze and Guattari on Kafka the notion of “Minor Literature”. A form of narrative where “minor” stands for a “…condition that exists at the bottom of power structures, yet it holds an extraordinary potential for power” (Stoner , p. 3). “Minor Architecture” implies a “…reframing” of design “…from the making of buildings with materials of nature to the making of spaces within the already built” (Stoner , p. 16). Within this context, ancillary objects, e.g. infrastructures, or experiences, e.g. functional lighting or minor events, assume a new narrative potential. Here “discourse defines identity”, starting from spatial and architectural manifestations. Ultimately, the city is at the natural crossroads where “…processes of meaning-making” (Slaughter , p. 133) anticipate the future by cradling new narratives (Bevolo et al. , p. 169). From this perspective, urban space might be interpreted as “…a texture of practices resulting in…”; “…the future of a great city” (DeCerteau 1984, p. 41). In order to proactively work towards such future, marketeers leverage those assets like urban space, socio-cultural practices and the excellence of local competencies, that underpin any place identity.

As based on a recent scientific conceptualization (Boisen et al. , p. 10), “Place Branding” might be described as a process focused on principles of affection, designed and deployed in order to influence people’s attitude by improving the perception and reputation of a place. (Boisen et al. , pp. 9–10). The mandate of practitioners is image orchestration across complex networks, hence a task that might require the skills and competencies of participatory stakeholder management (Kavaratzis and Kalandides , p. 1377). While “Place Identity” is sometimes presented as an elusive concept (Kavaratzis and Kalandides , p. 1372), it is surely based on place-making assets that are intrinsic, therefore forming the place brand perceptions on inside out terms: “In contrast to place promotion and place marketing, place branding is identity-driven… It represents an inside-out approach that seeks to express selected values and narratives of the place in question” (Boisen et al. , p. 9). Govers and Go provide a taxonomic classification of Place Branding subdivided into three constituencies: “Place Experience”, based on physical/sensorial immersion or vicarious images (Govers and Go , p. 17); “Place Image”, based on the “dominant view” aligned to the perceived identity but relatively fragile, as always exposed to change (Govers and Go , p. 18); and “Place Identity”, that is “constructed through historical, political, religious and cultural discourses; through local knowledge and influenced by power struggles” (Govers and Go , p. 17). The latter “Place Identity” is defined by the authors as the “anchor” based on the constructed reality of the “host”. Focusing on Authenticity & History; Natural & Physical Environment; Knowledge; Culture/Religion (Govers and Go , p. 41).

Epistemological note: on the links between history and future

The starting assumption of this paper is that existing city manifestations (projects, programs and events) might be activated and leveraged as concepts for future storytelling towards urban development, however, narratively inert before. Urban manifestations might be seen as related to the “present” from semiotic viewpoint, because they already exist in the city. However, they become the semantic trigger and the narrative seed for a different “future”, where their “historical” record of functions, meanings and associations might be reframed and repurposed. A radical example of such is proposed by Fry () as: “…platforming: a (late 1960’s) strategy that maintains existing economic activity and work culture, while building a new direction and products and services that are based on futuring”. As an applied example thereof, “…metrofitting” is the related design process. Beyond currently standardized notions of sustainability, “metrofitting” aims at looking at the city as a “semiosphere” (Fry , p. 77). The epistemological challenge of researching through the past, the present and the future, then arises, from history to futures research. The past is no longer in existence, therefore the historian must create a (textual) object that can stand in its place (Staley , p. 2).

Compared to historians, who also have to deal with a time displacement, futurists adopt an equivalent approach of linguistic reconstruction: “…the scenario method shares many similarities with the historical method… Both rely on evidence, both methods draw inferences from that evidence, both methods produce narratives or stories. Both a history and a future scenario are specific ways of using language that share many common properties” (Staley , p. 2). In essence, both historians and futurists operate an interpretation in their present time of either past or future events, facts and factoids, based on documents, sources and references. Such interpretation of the past is not fixed, on the contrary it is dynamic because it is contextual, cultural and eminently historical, as much as its departing points of concrete evidence might be considered fixed. While a historian will work on the basis of artefacts or records of experiences that were generated in the time under his examination (with their authenticity that can be experimentally tested and validated by means of scientific procedures), a futurist might have to do without such anchors. One might think of archaeology, with the additional challenge created by the absence of actual objects, and with the need to factor the possibility of unforeseen events disrupting the linearity of trends. In order to address this kind of specific challenge, futurists might adopt a critical realist approach, with the benefit to define “posits”, validate them, select from a corpus of such “posits” the most robust to develop them into knowledge surrogates. Posits or knowledge surrogates are ***transitional*** constructs designed to stand for “future objects”, in inevitable absence of the latter: “…a posit is a statement that we treat as true although we do not know whether it is so… Posits include statements about the future on which people might or could act appropriately if certain circumstances were to prevail” (Bell –2003, Vol. I, p. 224). It is not a matter of binary falsifiability at play, like in positivism, it is instead a challenge of envisioning what might be possible.

Methodology: the urban futures matrix as an analytical tool

When it comes to professional practice, in a specific approach to designing brands for the long term, as based on futures research (Bevolo and Brand , pp. 35–36), the adaptive flexibility of tools to fulfil a dual intent is validated as an asset in the consulting process. E.g. firstly as an analytical mapping base for the assessment of current mutual positioning of brands in a given sector and secondly, as a dynamic framework for strategic decision-making. Anholt (, p. 26) conceived his Competitive Identity approach by incorporating steering and managing six constituencies of place branding. Anholt himself (, pp. 59–62) extended the concept from nation to city reputation measurement (analytically) and potential development (generatively), with a derivative tool, the City Brands Index Hexagon. Although he established quantitative metrics, with a short list of 30 surveyed cities, this approach opens the place, nation and city branding valuation to soft dimensions, such as “People” or otherwise neglected dimensions for example, events, lifestyle and nightlife (“Pulse”), and to perspectives like “Potential” for future growth. By making the city come alive in its wider identity pillars, Anholt’s concept of ‘Competitive Identity’ supports the appreciation of “minor” manifestations in the consulting context, as described by Stoner and evoked by Richards (see above references). Although Anholt’s Competitive Identity tool was not adopted as a methodological asset in the context of this case study, a concise reference to its existence in the consulting practice provides evidence of the adoption of tools with dual modality of use, both analytical at the level of diagnostics or mapping a current status quo, as well as generative or projective of potential lines of development of each constituency of the city identity for the future of the city. Such duality represents the methodological intent of adopting a foresight tool for the study of this case, where existing, or “historical”, urban manifestations are presented “as if” they were “posits” of potential futures. Hence, offering the opportunity to map existing manifestations, on a tool, as the potential narrative cores of future strategies.

High design and its urban futures application

Between 1991 and 2011, High Design was a corporate design approach integrating elements from humanities and social sciences at the very heart of corporate processes (Bevolo et al. , pp. 188–189). High Design has historically focused on future-making, specifically on preferable futures. The origin of such future orientation lies within the circumstances that saw High Design emerge in a High Tech, scientific research-driven corporation (Bevolo , pp. 123, 124). A specific urban outdoors application of generic High Design principles was articulated in the mid-1990s by Stefano Marzano, then CEO of Philips Design, under the flagship name of city.people.light (Bevolo , pp. 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159). This Design Research approach is based on constructivist principles and co-creative processes, involving thought leaders (qualitative research) and professional stakeholders (innovation workshops). It still exists and is currently an asset of Signify, formerly Philips Lighting, as publicly communicated online (see Google, when digiting: “city.people.light”). Since the mid-1990s, city.people.light has been positioned as a multipurpose platform created and facilitated as an open forum for reflection about the future of cities.

The urban futures matrix

The Urban Futures Matrix, originally conceived by FutureConceptLab of Milan in the mid-1990s, is the tool that governs city.people.light and all its derivative research (Bevolo , pp. 139, 148, 219). It is indeed worth reiterating that in principle this matrix is a foresight tool, at times exceptionally repurposed into an analytical modality. Within this case study, this extension of the Urban Futures Matrix, in terms of modality, will be leveraged. Namely, the analytical modality will be applied to existing city manifestations. Operationally, the matrix was leveraged to generate and manage futures research at different phases, namely

in the phase of a preliminary qualitative study, semantically, by establishing a pre-figured coding framework for the processing of expert interview transcripts;

in the phase of co-creative workshops with professional users, generatively, by inspiring and aligning semantic analysis of emerging concepts.

The constituencies of the Urban Futures Matrix are as follows:

Horizontal Axis: Socio-cultural drivers Futures research “black boxes” where trends, data and weak signals are aggregated along long-term lines of possible futures forecast, with focus on societal values and narratives.

Vertical Axis: City strategies Strategies that might be adopted by a city at any moment in time in history, in order to manage it at the level of positioning, profiling and planning. This both from the spatial perspective (objects) as well as from the dynamic perspective (policies).

Scenarios Narrative constructs that articulate each converging point of any given horizontal and vertical parameter, uniquely triggering a possible vision of the future city.

It must be clarified that in this context, “scenarios” do not directly or mechanically relate to Scenario Planning theory or methodologies but purely represent narrative constructs with instrumental function in the city.people.light foresight process, in line with the flexibility that is typical of futures research: “Although …“scenarios” provide a unity to futurist methodologists, there is considerable diversity in the futures field…” (Bell –2003, Vol. I, pp. 240–241). Additionally, the city.people.light scenarios are not to be considered archetypes or archetypical, as they represent the intersection of socio-cultural and strategic city parameters at a given moment in time (in this case, 2011–2016), when research programs were designed and executed.

Through two waves of research activities, a global one (Bevolo et al. , p. 13) and a European one (Bevolo and Rosenius , p. 16), specific program-related adaptations of the original 1996 Urban Futures Matrix resulted in the definition of the following socio-cultural drivers to populate the horizontal axis of the matrix (Bevolo et al. , pp. 11–12):

identity;

exploration;

belonging; and

sustainability.

It must be specified that a different epistemological principle led to the design of the vertical axis. This is populated by fixed “urban strategies”, describing potential ways to organize and profile a city, regardless of the moment in history:

“Accelerator City” describes cities organized as catalyzers for economic growth and commercial exchange, e.g. Singapore.

“Memory City” sees contemporary urban centres that might choose the re-qualifying strategy of investing in their past and history. Hence, embodying the need to preserve the cities of yesterday for the future, e.g. Turin, Italy.

“Iconic City” describes cities where notable investments are made to create new physical objects to stand as signs and signifiers, e.g. Bilbao, Spain.

“Connecting City” defined to report on the open circulation of people and goods in globalized times, with the resulting need for change in infrastructure and urban design, e.g. Los Angeles, California.

With this configuration, the Urban Futures Matrix offers flexibility for its adoption as an analytical tool or foresight tool and in order to fulfil the intent of this paper and address its research question, by focusing on the specific case of Eindhoven, The Netherlands. In particular, five scenarios were selected, identified and tested in trade (Dubai, 2016; Eindhoven, 2016) and academic (Breda, 2017) seminars and workshops, namely

Liquid City (Identity/Acceleration)

“Liquid City” is a highly flexible, rapidly adaptive urban organism that supports the processes of mass entrepreneurialism… […] …individual citizens in their professional performance and in their personal balance, in their everyday lives, and in the long term” (Bevolo and Rosenius , p. 20).

Eclectic City (Belonging/Acceleration)

“Eclectic City” is a scenario where architectural (…diversity) …brings our cities to a point beyond the sanitized, uninspired, conventional “architecture of fear”, typical of our suburban landscapes”. (Bevolo and Rosenius , pp. 21–22).

Storytelling City (Belonging/Semiotics)

“Storytelling City” translates the architectural and infrastructural history and/or spatial innovation in our cities into narrative structures by leveraging spaces and places as meaningful triggers. (Bevolo and Rosenius , pp. 27–28).

Augmented City (Exploration/Semiotics)

“Augmented City” is the city seen through the screens of mobile phones and computing tablets: a “digital reality” of virtual objects and surprising experiences, beyond plain spatial hardware. (Bevolo and Rosenius , p. 27).

Integrative City (Identity/Semiotics)

“The “Integrative City” is a space based on the ability to envision, design and build objects that are capable of stimulating our societies to prevent or manage social antagonism, including grassroots “minor architecture” (Bevolo and Rosenius , p. 26).

On the basis of the above adaptation of the matrix into an analytical tool, the next section will operationalize the epistemological principles presented by introducing the city of Eindhoven as a case history from the viewpoint of future-forming, lighting design-related projects, programs and events.

Operationalization: Eindhoven, the city that makes the future, by light

Historically, the birth of Philips, founded as a light bulb manufacturing company in Eindhoven in 1891, triggered the city to grow from its existing structure of separated villages. Five neighbouring municipalities, Woensel, Tongelre, Stratum, Gestel & Blaarthem and Strijp merged with the city of Eindhoven (city rights granted by Duke Hendrik I of Brabant in 1232). It might be evidenced how: “Royal Philips NV was once a start up in the High-Tech business of electric lighting and as such, determined a development model for the city that hosted its first factory on the Emmasingel” (Bevolo, cited in: Richards et al. (Eds.) , pp. 68–69). Housing needs of workers called for major changes in the new Groot-Eindhoven (Greater Eindhoven, subsequently confined to Eindhoven). The fusion of villages entailed considerable benefits. The connecting force of green and water elements in the new blueprint has provided the basis for the Garden City that Eindhoven ultimately developed into. An industrial city, where paternalistic, philanthropic or even utopian initiatives, as based on bibliographic definitions (Knox , pp. 74–75), were led by the local industrialists. Such industrial aura still exists (Richards and Duif , p. 74), yet in a postmodern, neoliberist context. Eindhoven reached more than 220.000 inhabitants with high standards of prosperity as the fifth administrative urban settlement, by size, in The Netherlands. At a provincial level, Brainport (Eindhoven, Helmond) has been recognized by the Dutch government as a strategic metropolitan cluster of knowledge industry and it has been awarded the title of “the smartest region in the world” by the international think tank Intelligent Community Forum (ICF) in New York on 3 June 2011. Accordingly, at the time of writing of this paper, 25% of the local employment in Eindhoven was active in the ICT, High Tech and wider technologies market and research sectors (Schullenburg and Peeters , p. 4).

Thanks to its 2000s rebirth, the city scored, remarkably, second with its bid for World Design Capital, 2012 (then, Helsinki) and European Capital of Culture 2018 (then, Leeuwarden) (Richards and Duif, , pp. 91, 222). In particular, since the 1990s, place promotion has quite rapidly risen to fame in Eindhoven through its city identity constituencies, e.g. built environment (High Tech Campus, Strijp-S, Strijp-R, Sectie C), events (e.g. Dutch Design Week, GLOW) and academic institutes (TU Eindhoven, Design Academy Eindhoven). In the last decade, two independent public enterprises were created to target selected external audiences (Eindhoven365) and the wider internal stakeholders (Eindhoven247). In particular, Eindhoven365 has been tasked with articulating and orchestrating the desired perception of Eindhoven as “the” city leading in technology, design and knowledge (TDK, as per its city marketing strategy) for external audiences (specifically: knowledge workers, investors and enterprises).

Of course, a tension towards creating or even anticipating the future by means of innovative technological opportunities is not an exclusive feature of the City of Eindhoven. On the contrary, such tension might be seen as a red thread across postmodern design theories and publications, e.g. the concept of “Open Source Architecture” (Ratti , pp. 120–121). What might instead appear distinctive and memorable with reference to the ways of working adopted in Eindhoven, is a constant people-focus, embodying the ambition to involve citizens by means of structural participation to co-creative processes. This in parallel with a prevailing neoliberist vision, where economic rationality might expand well beyond the economic sphere, into society. In line with literature on the topic, the city of Eindhoven might be described as “smart” thanks to the parallel co-existence of three distinctive layers, namely (a) the ICT and data management (“smart technology”, (b) education and knowledge within its population (“smart people”), and (c) institutions, governance and policies (“smart governance”) (Schellenburg and Peeters , p. 3). An example of one of advanced people-centric integration of High-Tech digital solutions (e.g. wi-fi trackers, CCTV, sensors, installed on lamp posts) with human sensorial stimuli (light, smell, sound) is the “De-escalate” project in the nightlife Stratumseind pub street (Schellenburg and Peeters , p. 4). Here, factors like artificial lighting brightness, shape, silhouette, shadow and colour enable crowd “mood management” with the intent to prevent the occurrence of crime, violence and other misconduct. The adoption of sensorial stimuli and triggers, including light, therefore enables a soft, preventive and inclusive approach to security and public order management. Police repression is replaced by the provision of “design scripts” inducing individuals and groups to adopt preferable behaviours (Schellenburg and Peeters , p. 5), hence introducing within its portfolio of key functional elements an “invisible architecture” (Barbara and Perliss , p. 143). This might even lead to a notion of policing and patrolling by anticipation and inclusion, digitally embodying what French philosopher Michel Foucault defined as “pastoral power”, hence articulating a next paradigm of territorial control (Schellenburg and Peeters , pp. 6–7). In the last two decades, an original approach to innovation was defined in Eindhoven (Richards and Duif , p. 107), the Triple Helix (Horsten , English text version), as based on a number of such historical successes in converting scientific roadmaps into High Tech propositions through design thinking (Van Boom, in: Hannigan and Richards , p. 367). The Triple Helix combines city, enterprises and knowledge institutes and was to be extended into the people-focused, highly participatory approach identified as Quadruple Helix, including citizens, with thanks to pervasive digital technology such as smart phones and apps. The Quadruple Helix is the “ways of working” that Eindhoven collectively, specifically and purposely co-designed to seamlessly activate citizens in terms of co-creation.

Eindhoven lighting projects, programs and events as “retroactive posits”

The relevance of lighting in socio-cultural terms is undisputed, as lighting contributes to determine the experiential, visual and functional aspect of the city, at least for the night-time, a substantial fraction of urban life, if not its majority in Winter, in a city like Eindhoven. Thanks to lighting, one might speak of the “24 h city” (Roberts and Eldridge , p. 34). Of course, lighting also has implications in terms of destination marketing, leisure management or pure consumerism (Nye, cited in: Isenstadt et al. , XX). From the point of view of citizen participation and involvement, a concrete example of lighting innovation is the approach to deploy the “Vision and roadmap urban lighting Eindhoven 2030”, commissioned in 2012 by Deputy Mayor for Innovation, Design and Culture, Mary-Ann Schreurs, to the Lighthouse, the solutions partner for intelligent lighting at the Technical University Eindhoven (Den Ouden and Valkenburg ). Starting in 2017, a consortium including Signify, formerly Philips Lighting, and Heijmans, the infrastructure company, in partnership with the Municipality was formed and awarded a contract by European tender process, to execute such “Vision and roadmap urban lighting Eindhoven 2030”. The consortium acquired the benefit to leverage Eindhoven as an innovation ground for the development of smart applications in the public space. Even more, the focus point in the program is a durable, continuous and open innovation approach, as in a “Living Lab” approach, that was defined to flexibly deliver on the goals and ambition of the Roadmap. The consortium has the participatory ambition to intensively collaborate and regularly communicate with a multitude of stakeholders; including and focusing on citizens as active agents of change in the co-creation of solutions.

It must be reiterated that, as anticipated in the “Introduction” of this paper above, such priority on citizen participation specifically was not present in the city.people.light methodology selected as operational reference for this analysis. Here, the original focus was instead on professional stakeholders (Bevolo , p. 243). As a consequence of such methodological choice, the analysis below is the outcome of reflection and elaboration by the authors, processing their combined knowledge and insights within the framework of an adapted B-to-B foresight tool. By reflexively investigating through their participatory observation and reviewing existing documentation, the authors selected past urban lighting manifestations over time, namely projects, programs and events, as existing “Minor Architecture” examples in the city. By retrofitting existing city manifestations as equivalent to future “posits”, selected to envision the next half decade to decade ahead by design, a description of their perceived potential fit with urban future scenarios was generated, and is herewith presented.

Matrix scenario: liquid city

As aforementioned, it can be stated that Philips turned Eindhoven into a city. In the mid-1990s, however, as Philips began to leave the city, the multinational left the challenge behind to requalify its former industrial area Strijp-S. Strijp-S is located in the north/mid-east part of the city, built as a factory site of Philips in the 1930s and surrounded by social housing. The architectural style is Modernist. The objective was to convert this industrial zone into a self-sustaining eco-system within the existing city. Redevelopment activities started up in 2000. Philips sold Strijp-S to Park Strijp Beheer (Public Private Partnership) in 2004. One of the most secret places in the city opened itself up to the Eindhoven community and was turned into one of the most flexible urban development areas, offering the opportunity for radical rethinking of urban features, functions, and programs. Early visioning ideas of potential requalification for this area include the design of a highly flexible and accessible ***agricultural*** canvas to enable micro-enterprise loose development, as envisioned by Andrea Branzi in a seminar commissioned in the early 2000s by Stefano Marzano at Philips Design, to be later published by Branzi as a key example of his “weak and diffused modernity” vision of postmodern spatial planning (Branzi , pp. 40–49). As of 2006, shifting from concepts to concrete intervention, the redevelopment of Strijp-S was formalized in a substantial plan. New programs and activities came to the area, particularly, start-up enterprises in the creative industries and the annual Dutch Design Week. Adaptability, flexibility and the ability to include accelerating start-ups and diverse entrepreneurs in the urban mix were key for a successful future for this area and consequently the identity of the city.

From a lighting perspective, the Eindhoven Strijp-S project called ‘Creating A Public Lighting Experience’ was initiated by one of the authors of this paper. Part of it was the lighting plan for the Torenallee (Tower Boulevard) (Braw ). A project in which several smaller and larger parties were involved in a co-creative setting. The newly developed luminaries, designed and produced by Schreder Lighting, Belgium is technologically advanced. RGB compiled, IP addressed and capable to run a wide range of software-based interactive lighting scenarios and/or additional IoT services. Eindhoven was awarded first prize in the acclaimed global Auroralia award for this project in November 2014, part of the EU Interreg IVb project called BLISS (2009–2014). Praised for the positive social impact for the well-being of the local population, the lighting experience masterplan reflected the flexible and elastic nature of Strijp-S. Thus, coherently and consistently determining a framework for digital growth instead of defining a rigid grid of luminaries and lighting points, as in the classic tradition of landscape architecture. A book, ‘Creating a Public Lighting Experience’ (VV.AA ), was printed and IFF awarded for best strategic plan, this became the Eindhoven reference for a ‘liquid’ lighting approach. The aforementioned project was directed by Lorna Goulden at Philips Design (Goulden 2008), also leveraging scenarios and sketches generated by city.people.light 2007 global edition (Bevolo et al. ). As an additional demonstration of the value of creating a direct relationship between future research findings and innovation concepts in development, selected city.people.light Design Concepts were reproduced as reference and background to new experiential concepts.

Matrix scenario: eclectic city

As based on participatory observations collected over Summer 2016 and 2017, during the event, Park Hilaria is a rather extreme form of eclectic use of the city itself as a tool for urban life, merging the form of the city with a temporary function. Within the Park Hilaria program, temporary entertainment events are planned in the Summer ***period***. Primarily for those citizens and residents who might have to stay in town because of lack of resources to travel for holidays, or because of work pressure. Since its conception in 2002, there has been an increase in social cohesion and improvements to the perceived quality of city life. It was conceived and designed as an amusement area with one entrance, to be accessed free of charge. In 2007, it attracted 500,000 visitors. Spatially, Park Hilaria is about one kilometre long and it determines the temporary transformation of the central Kennedylaan by closure to automotive traffic into an amusement park. This traffic axis is located in the geographical heart of the city and touches the centre at an imagineered point (Flying Pins, a sculpture by Claes Oldenburg en Coosje van Bruggen). Kennedylaan stands on neutral ground, not being limited to specific social classes or cultural groups. The relatively easy way in which the city deals with non-permanent destination planning, but still with a huge impact over multiple days every year, might be interpreted as a manifestation of a resilient society capable of looking, in different ways, at what a city can be.

Lighting in Park Hilaria is deliberately leveraged to enable the transformation of the area into a credible “temporary theme park”. Once darkness falls, a colourful mix of static and changing light takes over the existing image of this area. Park Hilaria is a paradigmatic visualization of what light can do to reframe a place in time, from an ordinary 2 × 2 lane inner city highway into an appealing temporary amusement park with a permanent appearance. Many previous projects in other areas, such as Strijp-S (e.g. customized lighting) have delivered a creative toolkit for lighting artists, designers and technicians. Meanwhile, the functional lighting points (poles, masts) that are visible through the year fully disappear into the background, not least because their emission levels are set back to minimum, just enough to guarantee safety and security. This reflects a record of experience with dimming that goes back to the 1980s, Eindhoven being one of the first cities ever working with it. Park Hilaria might be summarized as a yearly playfield for light, lighting applications and lighting concepts, combining different ways of functional and aesthetic lighting, aiming at a completely different illumination of the existing traffic-related urban scenery, by embracing eclecticism.

Matrix scenario: storytelling city

In Eindhoven, one can think of a number of competitive identity assets, from brands to buildings, not only as economic assets but also in terms of their function for the purposes of social cohesion, across generations. The Van Gogh bicycle path might be described as belonging in such a tradition. This project was the result of a collaboration between Studio Roosegaarde, a design firm, and Heijmans, with the support of the Province of Brabant, the city of Eindhoven, the city of Oss and BKKC. The bicycle path is located in the South-Eastern part of the city. Although the artwork is administratively located in Eindhoven, it has a strong narrative link to Nuenen, where Vincent van Gogh lived from 1883 to 1885. At experiential level, one might perceive the functional lighting of the bicycle path as non-existing, since it has been replaced by a signature decoration on the ground itself, reproducing the famous French motif of the starry sky from Van Gogh’s paintings (Govers , p. 19). Such a decorative pattern is executed in phosphorescent fragmented lines. Therefore, the path itself generates its illumination, literally bottom up, in what appears to be a natural fashion and according to a design solution described as “techno poetry” (Govers , p. 123). There is instead an artificial enabler at the base of this concept, however, invisible, since phosphorescent materials require a High-Tech string of dark lighting to remain active. The claim that this is an installation based on natural reflective qualities is partially void of fundament, yet a powerful marketing argument. The Van Gogh bicycle path is an experiment directed at the power of stories, embodying historical narratives in our time, reviving and reframing a world-class historical moment into the local context.

Matrix scenario: augmented city

Eindhoven is not generally reputed as an appealing city in the traditional architectural sense. This might also be a natural consequence of its hybrid urban genesis as a centreless conglomeration of smaller villages, that deprived it of characteristic focal points, e.g. a main square, or through the extensive bombing by Allied aviation in the 1940s, that aimed at Philips factories under occupation but instead erased the then existing city centre (Kantelberg , pp. 26–27). The latter was subsequently rebuilt in waves, with brutalist style, in the 1950s. Concurrently, over the years, Eindhoven increasingly became the stage for events where design and technology anticipate the future. Responding to the apparent principle that large light festivals attract high numbers of visitors (Edensor, cited in: Hannigan and Richards , p. 226), the GLOW lighting festival belongs to such multifunctional tradition and it attracts over 740,000 visitors, with some 40 artists and designers being flexibly planned across the city. Historically, the festival was conceived as a side event for the 2007 LUCI Annual General Meeting (AGM) held in Eindhoven. However, since 2016 the GLOW festival works on a new strategy, led by new director, Ronald Ramakers, aiming at an even more direct connection with society. The ambition is to create a 365-day light lab, open for artists, designers, schools but also visitors and citizens. This will hopefully lower the threshold, among other things, for ideas formation. Through artists in residence and special projects, the reach and experience of the festival might even be extended.

“Augmented” in an almost literal way to describe the vision of lighting and light articulated by GLOW, since GLOW makes the city even more future-oriented in its technological, artistic and design edge, although temporarily. Visitors are able to reflect on what they see and experience, generating a potential base of data which can help in building the future of the city. Interactivity and augmented reality, (serious) gaming and digital design are key elements. City developers are then welcome to build upon the knowledge gained during ‘the new’ GLOW to improve their work in urban development. Selected light artworks on the crossroad of art, technology and innovation trigger society in thinking about what light can contribute to everyone’s personal lives. In conclusion, the GLOW lighting festival is about reaching beyond the experience economy. It addresses questions like ‘What is next?’ on a democratic, social level, therefore contextualizing technology from a human perspective.

Matrix scenario: integrative city

Once again, Eindhoven is not known for its historical architecture and lay-out. This might explain a certain lack of attention to celebrate its importance and/or historic buildings through illumination. Actually, there is no specific history of illuminating buildings in Eindhoven, although this is known as the Dutch ‘City of Light’. There is instead a strong holistic vision on city lighting, with the title of ‘Licht aan!’ (2007), where illumination is explained as part of the toolbox necessary to “read” the city. In particular, there is no specific distinction between religious buildings and non-religious buildings. One of the relatively few exceptions is the Fatih Mosque located at the Willemstraat 67, opposite the Philips Football stadium at the Western access to downtown Eindhoven. Completed in 1989, the Fatih mosque was the first Ottoman style, newly erected object in northern Europe. Besides its function as a devotional place, it also fulfils a broader social function to the city. The mosque was lit as an ‘Eindhoven—City of Light’ icon since Winter 2010–2011 (design by Luxlab, signature by Ellen de Vries 2012-2013). Partly ***funded*** by the city of Eindhoven, partly by the mosque council, the lighting stands for the multifunctional character as well as the spiritual inclination of the “place”, beyond the plain building. The project resulted in such positive impact on the Islamic community that the Fatih Mosque asked to be featured in a slot in the GLOW route in 2016, which will be extended in 2017. Illuminating this specific building emphasizes the image that this city, core of the Brainpoort region, aims at expressing. Namely, a society where inclusivity and equality are key to sketch possible paths to the future.

Conclusions

From the five matrix scenarios adapted from city.people.light foresight to the analytical modality of Eindhoven lighting manifestations, selectively mapped as retrospective “posits”, it might be generally concluded that an expression like ‘smart city’ is at least incorrect when only referring to digital technologies. Of course, it is impossible to deny the proliferation of digital technologies in the urban texture, as observed in the last decade: “Mobile technologies, urban screens, media facades, countless sensors, wireless networks, and other new technologies have pervaded urban environments globally, affecting our experience of the cityscape in unprecedented ways” (Lusuua et al. cited in: Hannigan and Richards (Eds.) , p. 535). However, there is more to the city in terms of stratified history, vernacular built environment over decades or centuries, and socio-cultural ethos, epos and communal intent of its citizens, the people. One should therefore better speak of a “smart society” but since the word ‘smart’ is infected with a misinterpretation directly related to technology as a noun it, above all, degrades society to individual consumers. A viable city is built on social traits like inclusivity and diversity, not on technology. It is obvious that High Tech can work for “the rest of us” but a series of far-reaching technology can only be truly effective as an urban planning component if people first learn to identify why it is needed to embed it in our daily lives. At most, this applies for technology that is directly related to human basic needs, and, in any urban context, light is indeed one such primary need.

In this rich texture of social innovation and digital neoliberalism, Eindhoven found its preferred profiling to the world outside in terms of place promotion and city marketing—and its apparent zone of comfort in terms stakeholder management. A number of scenarios from the Urban Futures Matrix might contribute to future narrations of the identity of Eindhoven, as “anchored” to its lighting and light-related projects, programs and events. The latter were interpreted as manifestations of Minor Architecture in order to semantically leverage them as if they were “posits” of the future, equivalent to design concepts in foresight projects:

Eindhoven might be described also as a Liquid City, supporting individuals to pursue their enterprising ambitions, according to the current liberist ways of working. As proven by the ability to reconvert the Strijp-S industrial stock into an open area of innovation and experimentation, including its award-winning public lighting experience masterplan.

Eindhoven might be described also as an Eclectic City, with the intrinsic ability to mix High End and lower culture. With a particular focus on compacting the social body of their less privileged citizens within events such as; Park Hilaria, where lighting might temporarily shift from the most rigid functional application (traffic, safety and security) to a temporary playfield over a couple of weeks every year.

Eindhoven might be described also as a Storytelling City, where visual icons flexibly trigger narrative. Connecting to its past history and its myths, substantiating popular self-awareness while offering brand marketing, public relations and destination value. As in the Van Gogh Bicycle Path by Studio Roosegaarde/Heijmans on its edge at the border with Nuenen.

Eindhoven might be described also as an Augmented City, integrating digital avant-garde, because of its apparent ability to create a line of ***continuity*** between strategies and practices in the everyday or in the regular planning of its stakeholders with exceptional events like GLOW Light Festival. This might be seen as yet another moment where the urban texture is ‘de facto’ transformed into a temporary living lab while offering experiential value and image assets to potential visitors in important numbers.

Eindhoven might be described also as an Integrative City, because it consciously manages both built environment and lighting design in order to create a sense of ***continuity*** and common ground for its citizens, across religions, beliefs and values, as exemplified by the Faith Mosque project by Ellen De Vries.

Each manifestation and each scenario might become the trigger for future tipping points, where the city finds its momentum to change towards a different facet of its identity. At the same time, no individual manifestation will necessarily inspire a transition towards one and only scenario, and all five scenarios might—and likely will—co-exist in the complexity and contradiction that inspires the making of a place by its citizens, stakeholders and decision-makers, in dynamic and organic interaction. Hence, the “also” formulation in the above conclusions.

Of course, the authors would welcome the opportunity to further progress from the above analysis, and namely on the basis of citizen involvement. This would also offer the opportunity to methodologically evolve from the established city.people.light B-to-b approach, and to experimentally test such stretch. However, this was not the purpose of this paper, but it might be identified as optimal as a potential next step. Pending such ambition, the city of Eindhoven might develop new identity-forming policies, programs and projects based on any of the five existing manifestations, here reframed as springboards to the future, starting from lighting design and its related cultural programming.

**Load-Date:** May 2, 2023

**End of Document**



[***Federal Register: United States v. Bayer AG et al. Pages 1493 - 1506 [FR DOC #2019-00810]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S6J-86H1-F0YC-N4NP-00000-00&context=1516831)

Impact News Service

February 4, 2019 Monday

Copyright 2019 Impact Media Limited All Rights Reserved



**Length:** 17050 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

DEPARTMENT OF JUSTICE Antitrust Division United States v. Bayer AG et al.; Response to Public Comments Pursuant to the Antitrust Procedures and Penalties Act, 15 U.S.C Sec. 16(b)-(h), the United States hereby publishes below the Response to Public Comments on the Proposed Final Judgment in United States v. Bayer AG et al., Civil Action No. 1:18-cv-01241 (JEB), which was filed in the United States District Court for the District of Columbia on January 29, 2019, together with copies of the 14 comments received by the United States. Pursuant to the Court's January 2, 2019 order, comments were published electronically and are available to be viewed and downloaded at the Antitrust Division's Web site, at: [*https://www.justice.gov/atr/case/us-v-bayer-ag-and-monsanto-company*](https://www.justice.gov/atr/case/us-v-bayer-ag-and-monsanto-company). A copy of the United States' response to the comments is also available at the same location. Copies of the comments and the United States' response are available for inspection at the Office of the Clerk of the United States District Court for the District of Columbia. Copies of these materials may also be obtained from the Antitrust Division upon request and payment of the copying fee set by Department of Justice regulations. Patricia A. Brink, Director of Civil Enforcement. United States District Court for the District of Columbia United States of America, Plaintiff, v. Bayer AG, Monsanto Company, and BASF SE, Defendants. Civil Action No. 1:18-cv-01241 (JEB) RESPONSE OF PLAINTIFF UNITED STATES TO PUBLIC COMMENTS ON THE PROPOSED FINAL JUDGMENT TABLE OF CONTENTS I. Introduction................................................ 1 II. Procedural History......................................... 2 III. Standard of Judicial Review............................... 3 IV. The Investigation and the Proposed Final Judgment.......... 7 V. Summary of Public Comments and the United States' Response.. 10 a. Comments Regarding BASF's Suitability as a Divestiture 14 Buyer and Ability to Compete Effectively.................. [[Page 1494]] i. The Proposed Divestitures Give BASF Everything 14 Necessary to Preserve Competition..................... ii. BASF Has a Strong Incentive to Compete Aggressively 20 Against Bayer......................................... b. Comments Regarding BASF's Ability to Execute the Remedy 22 Successfully and Requests for Ongoing Study............... c. Comments Regarding Seed Treatments...................... 24 i. The Proposed Final Judgment Appropriately Requires 25 Bayer to Supply Seed Treatments to BASF at Variable Cost.................................................. ii. BASF Cannot Resell Bayer Seed Treatments Supplied 27 under Section IV(G)(1) for Use on Non-BASF Seeds...... iii. The Proposed Final Judgment Allows BASF to Sell 28 Seed Treatments to Bayer.............................. iv. Concerns Regarding All Neonicotinoid Seed 29 Treatments Are Outside the Scope of the Complaint..... d. Comments Related to Digital ***Agriculture*** and Cross- 30 Product Leveraging........................................ e. Comments Regarding Procedural Matters, Including 33 Government Oversight and Enforcement of Proposed Final Judgment Compliance....................................... i. The Standard of Review Established by Congress Is 33 Appropriate........................................... ii. Modifications Concerning the Monitoring Trustee Are 34 Unnecessary........................................... iii. The Proposed Final Judgment's Jurisdictional 35 Provisions Are Sufficient............................. iv. The Proposed Final Judgment Appropriately Grants 37 the United States Discretion over Certain Decisions... v. The Proposed Final Judgment Is Not the Product of 39 ``Economic Leverage''................................. f. Additional Issues Raised By Commenters.................. 40 i. Commenters Concerned about Industry Consolidation 40 Fail to Acknowledge the Effect of the Remedy.......... ii. Comments Regarding the Environmental Impact of 41 ***Agricultural*** Chemicals Are Beyond the Scope of this Action................................................ iii. The United States Conducted an Impartial and 42 Independent Merger Analysis........................... VI. Conclusion................................................. 43 I. Introduction Pursuant to the requirements of the Antitrust Procedures and Penalties Act (the ``APPA'' or ``Tunney Act''), 15 U.S.C Sec. Sec. 16(b)-(h), the United States hereby responds to the public comments received regarding the proposed Final Judgment in this case. For the reasons set forth below, the remedy the United States obtained from Defendants addresses the competitive harm alleged in this action and is in the public interest. Accordingly, the United States recommends no modifications to the proposed Final Judgment. This remedy is a victory for American farmers and consumers. It fully addresses the competitive threat posed by the merger by vesting the divestiture buyer, BASF, with the full complement of assets, personnel, and rights needed to preserve competition in each of the 17 affected markets. It requires divestitures that go beyond what would be needed to address the current horizontal overlaps or vertical concerns in order to ensure that BASF can step into Bayer's shoes, thereby preserving the competition that otherwise would be lost through the merger. It provides for the transfer of over 4,000 Bayer employees so that BASF will have the necessary expertise to run these divested businesses, and it provides for time-limited interim support agreements to avoid business disruptions during the transition ***period***. It also incorporates further safeguards that allow BASF to obtain additional assets and personnel, if necessary, during the first year of operating these businesses. In short, the United States has gone to extraordinary lengths to ensure that BASF will seamlessly and successfully replace Bayer as an independent and vigorous competitor in each of the affected markets. The competitive significance of the remedy is underscored by the $9 billion divestiture purchase price, which exceeds the value of most mergers reviewed by the United States and far exceeds the value of most merger remedies. Indeed, it is among the largest and most comprehensive remedies obtained by the United States in a merger challenge. As one commenter observes, ``the $9 billion divestiture, by which BASF would acquire Bayer's position in genetically modified seeds and seed traits, foundational herbicides, other crop seeds, and related research and development efforts appears to be as robust a divestiture as might be imagined.'' \1\ --------------------------------------------------------------------------- \1\ Ducore Comment (attached as Exhibit 6) at 1. --------------------------------------------------------------------------- The United States received fourteen comments reflecting a wide array of views. After careful consideration of these comments, the United States has determined that nothing in them casts doubt on its conclusion that the public interest is well-served by the proposed remedy. The United States is publishing the comments and this response on the Antitrust Division website and is submitting to the Federal Register this response and the website address at which the comments may be viewed and downloaded, as set forth in the Court's order dated January 2, 2019 (Docket No. 21). Following Federal Register publication, the United States will move the Court to enter the proposed Final Judgment pursuant to 15 U.S.C Sec. 16(d). II. Procedural History On September 14, 2016, Bayer AG entered into an agreement to acquire Monsanto Company in a merger valued at approximately $66 billion. On May 29, 2018, the United States filed a civil antitrust Complaint seeking to enjoin Bayer from acquiring Monsanto. The Complaint alleges that the proposed acquisition would substantially lessen competition for the sale of a range of ***agricultural*** products to farmers in the United States in violation of Section 7 of the Clayton Act, 15 U.S.C Sec. 18. Simultaneously with the filing of the Complaint, the United States filed a proposed Final Judgment, a stipulation signed by the parties that consents to entry of the proposed Final Judgment after compliance with the requirements of the Tunney Act, and a Competitive Impact Statement describing the transaction and the proposed Final Judgment. The United States caused the Complaint, the proposed Final Judgment, and Competitive Impact Statement to be published in the Federal Register on June 13, 2018, see 83 Fed. Reg. 27652 (June 13, 2018), and caused notice regarding the same, together with directions for the submission of written comments relating to the proposed Final Judgment, to be published in The Washington Post on June 5-11, 2018 and in the St. Louis Post-Dispatch on June 3, 4, 6, and 8-11, 2018. The 60-day ***period*** for public comment ended on August 13, 2018. The United States received 14 comments (Exhibits 1 through 14). III. Standard of Judicial Review The Clayton Act, as amended by the APPA, requires that proposed consent judgments in antitrust cases brought by the United States be subject to a 60-day comment ***period***, after which the court shall determine whether entry of the proposed Final Judgment ``is in the [[Page 1495]] public interest.'' 15 U.S.C Sec. 16(e)(1). In making that determination, the court, in accordance with the statute as amended in 2004, is required to consider: (A) the competitive impact of such judgment, including termination of alleged violations, provisions for enforcement and modification, duration of relief sought, anticipated effects of alternative remedies actually considered, whether its terms are ambiguous, and any other competitive considerations bearing upon the adequacy of such judgment that the court deems necessary to a determination of whether the consent judgment is in the public interest; and (B) the impact of entry of such judgment upon competition in the relevant market or markets, upon the public generally and individuals alleging specific injury from the violations set forth in the complaint including consideration of the public benefit, if any, to be derived from a determination of the issues at trial. 15 U.S.C Sec. 16(e)(1)(A) & (B). In considering these statutory factors, the court's inquiry is necessarily a limited one as the government is entitled to ``broad discretion to settle with the defendant within the reaches of the public interest.'' United States v. Microsoft Corp., 56 F.3d 1448, 1461 (D.C Cir. 1995); see generally United States v. SBC Commc'ns, Inc., 489 F. Supp. 2d 1 (D.D.C 2007) (assessing public interest standard under the Tunney Act); United States v. U.S Airways Group, Inc., 38 F. Supp. 3d 69, 75 (D.D.C 2014) (explaining that the ``court's inquiry is limited'' in Tunney Act settlements); United States v. InBev N.V /S.A , No. 08-1965 (JR), 2009 U.S Dist. LEXIS 84787, at \*3 (D.D.C Aug. 11, 2009) (noting that the court's review of a consent judgment is limited and only inquires ``into whether the government's determination that the proposed remedies will cure the antitrust violations alleged in the complaint was reasonable, and whether the mechanisms to enforce the final judgment are clear and manageable''). As the United States Court of Appeals for the District of Columbia Circuit has held, under the APPA a court considers, among other things, the relationship between the remedy secured and the specific allegations in the government's complaint, whether the decree is sufficiently clear, whether its enforcement mechanisms are sufficient, and whether the decree may positively harm third parties. See Microsoft, 56 F.3d at 1458-62. With respect to the adequacy of the relief secured by the decree, a court may not ``engage in an unrestricted evaluation of what relief would best serve the public.'' United States v. BNS, Inc., 858 F.2d 456, 462 (9th Cir. 1988) (quoting United States v. Bechtel Corp., 648 F.2d 660, 666 (9th Cir. 1981)); see also Microsoft, 56 F.3d at 1460-62; United States v. Alcoa, Inc., 152 F. Supp. 2d 37, 40 (D.D.C 2001); InBev, 2009 U.S Dist. LEXIS 84787, at \*3. Instead: [t]he balancing of competing social and political interests affected by a proposed antitrust consent decree must be left, in the first instance, to the discretion of the Attorney General. The court's role in protecting the public interest is one of insuring that the government has not breached its duty to the public in consenting to the decree. The court is required to determine not whether a particular decree is the one that will best serve society, but whether the settlement is ``within the reaches of the public interest.'' More elaborate requirements might undermine the effectiveness of antitrust enforcement by consent decree. Bechtel, 648 F.2d at 666 (emphasis added) (citations omitted).\2\ --------------------------------------------------------------------------- \2\ See also BNS, 858 F.2d at 464 (holding that the court's ``ultimate authority under the [APPA] is limited to approving or disapproving the consent decree''); United States v. Gillette Co., 406 F. Supp. 713, 716 (D. Mass. 1975) (noting that, in this way, the court is constrained to ``look at the overall picture not hypercritically, nor with a microscope, but with an artist's reducing glass''). --------------------------------------------------------------------------- In determining whether a proposed settlement is in the public interest, a district court ``must accord deference to the government's predictions about the efficacy of its remedies, and may not require that the remedies perfectly match the alleged violations.'' SBC Commc'ns, 489 F. Supp. 2d at 17; see also U.S Airways, 38 F. Supp. 3d at 74-75 (noting that a court should not reject the proposed remedies because it believes others are preferable and that room must be made for the government to grant concessions in the negotiation process for settlements); Microsoft, 56 F.3d at 1461 (noting the need for courts to be ``deferential to the government's predictions as to the effect of the proposed remedies''); United States v. Archer-Daniels-Midland Co., 272 F. Supp. 2d 1, 6 (D.D.C 2003) (noting that the court should grant ``due respect to the government's prediction as to the effect of proposed remedies, its perception of the market structure, and its views of the nature of the case''). The ultimate question is whether ``the remedies [obtained in the decree are] so inconsonant with the allegations charged as to fall outside of the `reaches of the public interest.' '' Microsoft, 56 F.3d at 1461 (quoting United States v. Western Elec. Co., 900 F.2d 283, 309 (D.C Cir. 1990)). To meet this standard, the United States ``need only provide a factual basis for concluding that the settlements are reasonably adequate remedies for the alleged harms.'' SBC Commc'ns, 489 F. Supp. 2d at 17. Moreover, the court's role under the APPA is limited to reviewing the remedy in relationship to the violations that the United States has alleged in its complaint, and does not authorize the court to ``construct [its] own hypothetical case and then evaluate the decree against that case.'' Microsoft, 56 F.3d at 1459; see also U.S Airways, 38 F. Supp. 3d at 75 (noting that the court must simply determine whether there is a factual foundation for the government's decisions such that its conclusions regarding the proposed settlements are reasonable); InBev, 2009 U.S Dist. LEXIS 84787, at \*20 (``the `public interest' is not to be measured by comparing the violations alleged in the complaint against those the court believes could have, or even should have, been alleged''). Because the ``court's authority to review the decree depends entirely on the government's exercising its prosecutorial discretion by bringing a case in the first place,'' it follows that ``the court is only authorized to review the decree itself,'' and not to ``effectively redraft the complaint'' to inquire into other matters that the United States did not pursue. Microsoft, 56 F.3d at 1459-60. In its 2004 amendments to the APPA,\3\ Congress made clear its intent to preserve the practical benefits of utilizing consent decrees in antitrust enforcement, adding the unambiguous instruction that ``[n]othing in this section shall be construed to require the court to conduct an evidentiary hearing or to require the court to permit anyone to intervene.'' 15 U.S.C Sec. 16(e)(2); see also U.S Airways, 38 F. Supp. 3d at 76 (indicating that a court is not required to hold an evidentiary hearing or to permit intervenors as part of its review under the Tunney Act). This language explicitly wrote into the statute what Congress intended when it first enacted the Tunney Act in 1974. As Senator Tunney explained: ``[t]he court is nowhere compelled to go to trial or to [[Page 1496]] engage in extended proceedings which might have the effect of vitiating the benefits of prompt and less costly settlement through the consent decree process.'' 119 Cong. Rec. 24,598 (1973) (statement of Sen. Tunney). Rather, the procedure for the public interest determination is left to the discretion of the court, with the recognition that the court's ``scope of review remains sharply proscribed by precedent and the nature of Tunney Act proceedings.'' SBC Commc'ns, 489 F. Supp. 2d at 11. A court can make its public interest determination based on the competitive impact statement and response to public comments alone. U.S Airways, 38 F. Supp. 3d at 76; see also United States v. Enova Corp., 107 F. Supp. 2d 10, 17 (D.D.C 2000) (noting that the ``Tunney Act expressly allows the court to make its public interest determination on the basis of the competitive impact statement and response to comments alone''); S. Rep. No. 93-298, 93d Cong., 1st Sess., at 6 (1973) (``Where the public interest can be meaningfully evaluated simply on the basis of briefs and oral arguments, that is the approach that should be utilized.''). --------------------------------------------------------------------------- \3\ The 2004 amendments substituted ``shall'' for ``may'' in directing relevant factors for a court to consider and amended the list of factors to focus on competitive considerations and to address potentially ambiguous judgment terms. Compare 15 U.S.C Sec. 16(e) (2004), with 15 U.S.C Sec. 16(e)(1) (2006); see also SBC Commc'ns, 489 F. Supp. 2d at 11 (concluding that the 2004 amendments ``effected minimal changes'' to Tunney Act review). --------------------------------------------------------------------------- IV. The Investigation and the Proposed Final Judgment The proposed Final Judgment is the culmination of a thorough, comprehensive investigation conducted by the Antitrust Division of the United States Department of Justice. Based on the evidence gathered during its investigation, the United States concluded that Bayer's proposed acquisition of Monsanto would likely substantially lessen competition in 17 product markets in the ***agricultural*** industry, resulting in higher prices, less innovation, fewer choices, and lower- quality products for American farmers and consumers. Accordingly, the United States filed a civil antitrust lawsuit to block the acquisition as a violation of Section 7 of the Clayton Act, 15 U.S.C Sec. 18. The proposed Final Judgment provides an effective and appropriate remedy for the transaction's likely competitive harm by requiring Bayer to divest its business in each relevant market, along with various supporting assets, to BASF, a global chemical company with an existing crop protection business. The United States identified a divestiture package that remedies all dimensions of harm threatened by the proposed merger. First, the proposed Final Judgment requires Bayer to divest those businesses that vigorously compete head-to-head with Monsanto today. Second, the proposed Final Judgment requires Bayer to divest seed treatment businesses that, when combined with Monsanto's seed business, would have given the combined company the incentive and ability to harm competition by raising the prices it charges rival seed companies. Third, because Bayer and Monsanto compete to develop new products and services for farmers, the proposed Final Judgment requires the divestiture of associated intellectual property and research capabilities, including ``pipeline'' projects, to enable BASF to replace Bayer as a leading innovator in the relevant markets. Fourth, the proposed Final Judgment requires the divestiture of additional assets that will give BASF the scale and scope to compete effectively today and in the future. Specifically, Bayer is required to divest its entire global row crop seeds and traits business (with insignificant exceptions not relevant to the United States), its entire global vegetable seeds business, and all related research and development (``R&D'') assets. Bayer also must divest significant crop protection assets, including its global glufosinate ammonium business and IP and other assets to allow BASF to continue Bayer's efforts in developing new foundational herbicide systems. Finally, Bayer is required to divest certain seed treatments for corn, soy, and cotton. Because many of the divested assets will be separated from Bayer's existing business units and incorporated into BASF, the proposed Final Judgment includes provisions aimed at ensuring that the assets are handed off in a seamless and efficient manner. To that end, Bayer is required to transfer existing third-party agreements and customer information to BASF, as well as to enter transition services agreements that ensure that BASF can continue to serve customers immediately upon completion of the divestitures. The transition services and interim supply agreements are time-limited to ensure that BASF will become fully independent of Bayer as soon as practicable. The proposed Final Judgment also contemplates heightened safeguards intended to ensure that BASF is receiving everything it needs to replace Bayer as a competitor. The proposed Final Judgment requires Bayer to warrant that the assets being divested are sufficient for BASF to maintain the viability and competitiveness of the divested businesses following BASF's acquisition of the assets. In addition, the proposed Final Judgment gives BASF a one-year window after closing to identify any additional assets that are reasonably necessary to ensure the continued competitiveness of the divested businesses. The United States will have sole discretion to determine if Bayer must divest these additional assets. Finally, the proposed Final Judgment gives BASF a one-year window to hire all of the personnel from Bayer needed to support these businesses. These novel provisions strengthen the remedy by allowing BASF to identify additional assets or employees it needs to compete effectively after it has operated the divested businesses for a certain ***period*** of time. The divestitures will ensure that BASF can step into Bayer's shoes, thereby preserving the competition that the merger would otherwise destroy. The proposed Final Judgment provides for the appointment of a monitoring trustee to have close oversight over the divestitures and the ***transitional*** agreements between Bayer and BASF to ensure that they proceed appropriately. The proposed Final Judgment also includes robust mechanisms that will allow the United States and the Court to monitor the effectiveness of the relief and to enforce compliance. And because the United States has determined that BASF, as the divestiture buyer, is a necessary party to effectuate complete relief, BASF has agreed to be joined to this action for the purposes of the divestitures. V. Summary of Public Comments and the United States' Response The United States received public comments from a group of state Attorneys General; certain Members of Congress; the National Federation of Independent Businesses (``NFIB''); Syngenta, a seed and agrochemical company; Daniel Ducore, former Assistant Director of the FTC Bureau of Competition's Compliance Division; Daniel Bellemare, an attorney; the Sierra Club; the Natural Resources Defense Council (``NRDC''); the Consumer Federation of America; ActionAid USA; the National Family Farm Coalition; Friends of the Earth; the Sustainable Food Center; and the Pollinator Stewardship Council. Certain commenters acknowledge the meaningful protections for competition that the United States achieved, even as they advocate for modifications to the proposed Final Judgment. Syngenta, one of the Defendants' primary competitors, states that it ``believes that the [proposed Final Judgment] remedies many of the most complex and difficult anticompetitive aspects of the transaction.'' \4\ Similarly, Daniel Ducore, [[Page 1497]] who served for more than 25 years as Assistant Director of the division that oversaw all of the FTC's merger and non-merger remedies, notes that the remedy ``appears to be as robust a divestiture as might be imagined,'' and further observes that while ``[e]very remedy raises risks about the scope of divested assets, the particular buyer, and the implementation of the remedy,'' here the United States ``appears to have done everything possible to reduce those risks.'' \5\ --------------------------------------------------------------------------- \4\ Syngenta Comment (Exhibit 12) at 1. \5\ Ducore Comment (Exhibit 6) at 1. --------------------------------------------------------------------------- The comments can be grouped into six categories: (1) BASF's suitability as a divestiture buyer, including whether it will have sufficient assets, expertise, and incentives to preserve competition; (2) concerns that BASF could fail to execute the remedy in a way that effectively preserves competition; (3) concerns about whether the proposed Final Judgment properly addresses issues related to seed treatments; (4) concerns that the remedy will not prevent the combined Bayer/Monsanto from leveraging its strengths in certain areas--in particular, digital ***agriculture*** and traits--to foreclose competition in other markets; (5) procedural matters, including government oversight and enforcement of proposed Final Judgment compliance; and (6) other miscellaneous comments, including general concerns about consolidation in the ***agricultural*** industry; concerns relating to the environment, wildlife and human health; and concerns that the United States' review process may have been influenced by politics. The comments are summarized in more detail below:  A number of commenters express concern about BASF's suitability as a divestiture buyer and its ability to compete effectively with the divested assets. NRDC and the Attorneys General of California, Iowa, Massachusetts, Mississippi, and Oregon (``State Attorneys General'') express concerns that BASF may not be able to replace Bayer as a competitor, asserting that BASF has no seeds experience, that Monsanto is dominant in the market for genetically modified seeds, and that the divestiture may leave BASF reliant on the merged firm and discourage BASF from competing vigorously.\6\ The Consumer Federation of America argues that the United States should have required the merged firm to divest the stronger set of assets to address each competitive overlap.\7\ In contrast, Daniel Ducore states that the divestiture package includes everything that BASF could need to operate the divested businesses successfully.\8\ Daniel Bellemare raises a different concern, suggesting that if BASF is already well- positioned to enter the relevant markets without the aid of the divested assets, it may not be an appropriate divestiture buyer.\9\ ---------------------------------------------------------------------------

    \6\ NRDC Comment (Exhibit 9) at 3-4; State Attorneys General Comment (Exhibit 2) at 5-7.     \7\ Consumer Fed'n of Am. Comment (Exhibit 4) at 1.     \8\ Ducore Comment (Exhibit 6) at 5.     \9\ Bellemare Comment (Exhibit 5) at 10-12. ---------------------------------------------------------------------------

 Daniel Ducore and the State Attorneys General express concerns that BASF will fail to execute its business plans successfully and will therefore fail to replace the competition lost from the merger. Mr. Ducore opines that the divestiture package includes everything that BASF could need to operate the divested businesses successfully but nevertheless expresses concern that ``BASF, even if it obtains everything that was considered necessary and relevant when the remedy was negotiated, will fail to step in for Bayer and compete with the new Bayer-Monsanto as strongly as Bayer had competed with Monsanto before the deal.'' \10\ Mr. Ducore urges the United States to monitor BASF's performance over the next few years to evaluate the effectiveness of the settlement. The State Attorneys General recommend that the Court ``order a retrospective study of the effects of the merger on competition two years after transfer of the divestiture assets has begun.'' \11\ ---------------------------------------------------------------------------

    \10\ Ducore Comment (Exhibit 6) at 1-2.     \11\ State Attorneys General Comment (Exhibit 2) at 2-3. ---------------------------------------------------------------------------

 Syngenta and the Sustainable Food Center express concerns about various aspects of the seed treatment divestiture and seek modifications to the proposed Final Judgment's provisions concerning seed treatments. Syngenta asserts that certain provisions of the proposed Final Judgment should be modified to avoid the ``risk [of] reducing competition and inhibiting innovation in the affected product markets'' or otherwise undermining the purpose of the remedy.\12\ The Sustainable Food Center seeks a broader divestiture of a class of seed treatments.\13\ ---------------------------------------------------------------------------

    \12\ Syngenta Comment (Exhibit 12) at 1.     \13\ Sustainable Food Ctr. Comment (Exhibit 11) at 1. ---------------------------------------------------------------------------

 Several commenters, including the National Family Farm Coalition, Friends of the Earth, and NRDC, argue that allowing Bayer to retain Monsanto's leading digital ***agriculture*** platform will enhance the merged firm's ability to influence farmer choice in other areas, such as seed and crop protection markets.\14\ Friends of the Earth, the Sustainable Food Center, and the Consumer Federation of America offer various suggestions regarding digital ***agriculture*** divestitures, including proposing that Monsanto divest its digital ***agriculture*** platform or revise its data access policies.\15\ NRDC, the Consumer Federation of America, and the Pollinator Stewardship Council also raise broad cross-product leveraging concerns that the merged firm will be in a position to exploit its significant position in certain markets to achieve dominance in other markets. ---------------------------------------------------------------------------

    \14\ NRDC Comment (Exhibit 9) at 4, 6, 9-10; Friends of the Earth Comment (Exhibit 7) at 2-3; Nat'l Family Farm Coal. Comment (Exhibit 8).     \15\ Friends of the Earth Comment (Exhibit 7) at 3-4; Consumer Fed'n of Am. Comment (Exhibit 4) at 2; Sustainable Food Ctr. Comment (Exhibit 11). ---------------------------------------------------------------------------

 Three commenters take issue with various procedural aspects of the settlement. NFIB raises four concerns regarding aspects of the proposed Final Judgment pertaining to the United States' authority to oversee and enforce compliance with the settlement--generally advocating for greater protections for the Defendants--and proposes modifications to address each issue.\16\ The State Attorneys General suggest certain measures relating to the enforcement mechanisms in the proposed Final Judgment, such as removing the provision allowing for possible early termination and mandating the appointment of a monitoring trustee.\17\ And Daniel Bellemare argues that a public interest determination in a transaction this complex merits more than the limited judicial inquiry that the Tunney Act contemplates.\18\ ---------------------------------------------------------------------------

    \16\ NFIB Comment (Exhibit 13).     \17\ State Attorneys General Comment (Exhibit 2) at 2-3.     \18\ Bellemare Comment (Exhibit 5) at 12-15. ---------------------------------------------------------------------------

 Certain commenters express concerns with consolidation in the ***agricultural*** industry in general; some of these comments also suggest that the United States should have sued to block this transaction.\19\ ---------------------------------------------------------------------------

    \19\ In addition to their own comments, certain advocacy groups submitted lists of names of individuals supporting the group's comments and, in some cases, separate messages from individual members of the general public. These individual messages were not sent directly to the Division by their authors. ActionAid USA's submission included a list of more than 1,200 individual supporters of its comments. The Sierra Club enclosed more than 18,000 signatures and roughly 2,500 individual messages. NRDC and Friends of the Earth both submitted, along with their own comments, tens of thousands of what appear to be identical or substantially similar messages from individuals opposed to the merger. In addition, a number of other individuals sent emails about concerns relating to the transaction to the United States using various channels outside of the designated procedures for submitting Tunney Act comments. The United States has reviewed these messages and emails, and none appear to address the substance of the proposed Final Judgment or raise any issue not otherwise addressed in this Response to Comments. Accordingly, the United States has not addressed these lists of names, individual messages, or emails as separate comments and does not intend to file or publish them.

---------------------------------------------------------------------------

[[Page 1498]]

 A number of commenters, including Sierra Club, NRDC, ActionAid USA, and the National Family Farm Coalition, argue that the merger will have a negative effect on the environment, wildlife and human health.\20\ ---------------------------------------------------------------------------

    \20\ See, e.g , NRDC Comment (Exhibit 9) at 7-10. ---------------------------------------------------------------------------

 A group of 27 Members of Congress refer to media reports that raise the possibility that the White House may have unduly influenced the review of this and other transactions. They urge that antitrust enforcement ``continue to be treated as a law enforcement matter properly left to the independent judgment of DOJ.'' \21\ ---------------------------------------------------------------------------

    \21\ Members of Cong. Comment (Exhibit 3) at 2-3. ---------------------------------------------------------------------------

a. Comments Regarding BASF's Suitability as a Divestiture Buyer and Ability to Compete Effectively

    Comments questioning BASF's ability to preserve competition fall into two general categories: (1) BASF's ability to succeed with the divested assets and (2) BASF's incentives to compete aggressively against the merged company. The United States carefully considered these issues in crafting the proposed remedy. The proposed Final Judgment requires Bayer to divest a broad range of assets--essentially its entire global seeds and traits business as well as its digital ***agriculture*** business and important crop protection products--and to provide an array of ***transitional*** services. While it is impossible to predict with certainty how well BASF will perform with the divested assets (just as Bayer's own performance with those assets absent the merger is not certain), the proposed remedy ensures that BASF will be as well-positioned as possible and have the necessary incentives to step into Bayer's shoes to replace the competition that otherwise would be lost through the merger.

i. The Proposed Divestitures Give BASF Everything Necessary to Preserve Competition

    The State Attorneys General assert that the proposed Final Judgment ``trusts that BASF can immediately step into the shoes of Bayer in the market'' with the divestiture assets and express concern about the consequences if BASF is not able to do so.\22\ They also observe that BASF ``does not currently make seeds and has never run a seeds business.'' \23\ Other commenters likewise express doubt about BASF's ability to replace Bayer as a competitor.\24\ ---------------------------------------------------------------------------

    \22\ State Attorneys General Comment (Exhibit 2) at 5.     \23\ Id.     \24\ See, e.g , Consumer Fed'n of Am. Comment (Exhibit 4) at 1; NRDC Comment (Exhibit 9). ---------------------------------------------------------------------------

    The United States crafted the remedy specifically taking into account BASF's existing assets and capabilities.\25\ The fact that United States has not identified viable alternative buyers is not a weakness in the remedy as some commenters might suggest,\26\ but rather a reflection of the importance of the buyer to the remedy here and the high standard that the United States applied in evaluating potential buyers for the divested assets. BASF is a large multinational firm with extensive experience operating in jurisdictions around the world. And while it is correct that BASF has not owned a seed business, BASF has extensive ***agricultural*** experience in crop protection and trait research--closely related businesses that it will integrate with the seed businesses it is acquiring from Bayer. ---------------------------------------------------------------------------

    \25\ See Competitive Impact Statement at 31-32.     \26\ See State Attorneys General Comment (Exhibit 2) at 5. ---------------------------------------------------------------------------

    This remedy is the result of a careful and thorough investigation, during which the United States scrutinized the merging parties' and BASF's businesses and operations to identify a comprehensive package of assets to be divested. The United States has structured the proposed remedy to position BASF to be as strong of a competitor as Bayer in the affected markets. To that end, the required divestitures go beyond what would be needed to address the current horizontal overlaps or vertical concerns in order to ensure that BASF can step into Bayer's shoes, thereby preserving the competition that otherwise would be lost through the merger. They also provide BASF with comparable scale and scope to Bayer and give BASF the assets it needs going forward to be a strong innovator.     Bayer is required to divest its entire global row crop seeds and traits business (with insignificant exceptions not relevant to the United States), its entire global vegetable seeds business, and all related R&D assets. Even though neither Bayer nor Monsanto sells hybrid wheat in the United States, Bayer must divest its entire wheat R&D platform as well as its research facility in Ghent, Belgium that is used to support R&D for wheat and other crops. These broad divestitures assure that BASF will be able to take advantage of cross-crop R&D synergies to the same extent as Bayer today. Similarly, Bayer is divesting its entire vegetable seed business, which encompasses 24 different crops, even though the transaction raises competition concerns in only five vegetable seed markets in the United States.     On the crop protection side, Bayer is divesting not only its global glufosinate ammonium business, which competes with Monsanto's Roundup, but also intellectual property and other assets to allow BASF to continue Bayer's efforts in developing new foundational herbicide systems.\27\ Bayer is also required to divest certain seed treatments for corn, soy, and cotton to address horizontal and vertical concerns.\28\ BASF is now able to offer these market-leading seed treatment products alongside its cotton and soy seeds, just as Bayer was able to do prior to the merger. ---------------------------------------------------------------------------

    \27\ See Proposed Final Judgment Sec.  II(U); Complaint ] 36.     \28\ See Complaint ] ] 38-50. ---------------------------------------------------------------------------

    Without the merger, it is anticipated that competition would intensify between Bayer and Monsanto to pursue what the industry calls ``integrated solutions''--combinations of seeds, traits, and crop protection products supported by digital farming technologies and other services.\29\ Commenters such as NRDC note the potential importance of digital ***agriculture*** tools (which help farmers maximize yields and get the most out of their other ***agriculture*** products) to future competition in the industry. Even though integrated solutions are still evolving, the proposed remedy requires Bayer to divest all assets related to Bayer's digital ***agriculture*** business, including pipeline products, and to transfer employees supporting these assets and products to BASF. With these assets and employees, BASF will be able to step into Bayer's shoes in pursuing integrated solutions. ---------------------------------------------------------------------------

    \29\ See id. ] 61. ---------------------------------------------------------------------------

    As an additional precaution, the proposed Final Judgment requires Bayer

[[Page 1499]]

to warrant that the divestiture assets are ``sufficient in all material respects for BASF, taking into account BASF's assets and business, to maintain the viability and competitiveness'' of the businesses BASF has acquired.\30\ And if BASF determines that Bayer has not divested all of the assets ``reasonably necessary for the continued competitiveness'' of the divested businesses, BASF may notify Bayer and the Monitoring Trustee that it requires those assets, and, in that situation, the United States will determine whether the assets should be divested.\31\ One commenter notes that this aspect of the remedy ``perhaps reflect[ed] the Division's efforts to reduce any `asset package risk' to near zero.'' \32\ ---------------------------------------------------------------------------

    \30\ Proposed Final Judgment Sec.  IV(F)(1).     \31\ Id. Sec.  IV(F)(2).     \32\ Ducore Comment (Exhibit 6) at 4. ---------------------------------------------------------------------------

    BASF will have the benefit of not only all of Bayer's seeds and traits assets, but also of the approximately 4,000 former Bayer employees slated to move to BASF with the divestitures. These employees, who operated the divested businesses day-in and day-out for Bayer, have extensive seeds experience. If BASF determines during the following year that it lacks employees with expertise it needs, it may seek to hire, without any interference from Bayer, any additional Bayer employees who supported the divested businesses in any way since 2015.\33\ ---------------------------------------------------------------------------

    \33\ See Proposed Final Judgment Sec.  IV(E). ---------------------------------------------------------------------------

    Complementing the divested assets and transferring personnel, the proposed remedy requires Bayer to provide ***transitional*** support to BASF to ensure that BASF will be able to step into Bayer's competitive shoes. For example, because prior to the merger Bayer was able to sell a suite of its own seed treatments for use on its proprietary canola, cotton, and soy seeds, Bayer is required to provide BASF a supply of these seed treatments at Bayer's cost until BASF is able to develop alternative sources of supply.\34\ In addition to the various transition services specifically discussed in the proposed Final Judgment, Bayer is required to provide ``any other transition services reasonably necessary'' to facilitate a seamless transition of the divested businesses from Bayer to BASF.\35\ One of the responsibilities of the Monitoring Trustee is to ensure that Bayer lives up to its obligation to provide such transition services to BASF. As Daniel Ducore observes, ``it's hard to identify anything that BASF might need that it isn't getting.'' \36\ ---------------------------------------------------------------------------

    \34\ See id. Sec.  IV(G)(1).     \35\ See id. Sec.  IV(H)(4).     \36\ Ducore Comment (Exhibit 6) at 5. ---------------------------------------------------------------------------

    Voicing a different concern about the sufficiency of the divestiture assets, the Consumer Federation of America writes that ``[t]he chances that BASF will be able to acquire the weaker ***agricultural*** assets of the two firms and use them to compete effectively are doubtful.'' \37\ Yet Bayer has been a strong competitor even with what the Consumer Federation calls Bayer's ``weaker ***agricultural*** assets.'' And the proposed Final Judgment ensures that BASF will receive all of the assets it needs (along with ***transitional*** support) to step into Bayer's shoes, thereby replacing any competition that would otherwise be lost as a result of the merger. To the extent commenters believe that Monsanto, by itself, held too much market power prior to the merger, that concern is not specific to the merger and not within the four corners of the United States' Complaint. See U.S Airways, 38 F. Supp. 3d at 76 (`` `Moreover, the Court's role under the APPA is limited to reviewing the remedy in relationship to the violations that the United States has alleged in its Complaint. . . .' '') (quoting United States v. Graftech Int'l, No. 10-cv-2039, 2011 WL 1566781, at \*13 (D.D.C Mar. 24, 2011)). ---------------------------------------------------------------------------

    \37\ Consumer Fed'n of Am. Comment (Exhibit 4) at 1. ---------------------------------------------------------------------------

    While the proposed Final Judgment requires the merging parties to divest Bayer's assets, and not Monsanto's, it also does not permit them to pick and choose among Bayer's and Monsanto's assets to divest only the weakest links in each company's portfolio. Bayer is not divesting Monsanto's canola business, even though Monsanto has a much smaller market share than Bayer in canola.\38\ Bayer is divesting its entire global vegetable seeds business (Nunhems) even though Bayer's share for certain vegetable seeds is larger than Monsanto's.\39\ Similarly, Bayer is required to divest its market-leading nematicidal seed treatment products, which enjoy over a 95% share for corn and 85% share for soy, rather than Monsanto's NemaStrike product, which has only recently become available for commercial sale.\40\ ---------------------------------------------------------------------------

    \38\ See Complaint ] 28 (Bayer's share is 60%; Monsanto's share is 14%).     \39\ See, e.g , id. ] 58 (Bayer's share of watermelon seeds is much larger than Monsanto's).     \40\ See Complaint ]] 41-42. ---------------------------------------------------------------------------

    The required divestitures are also not wholly limited to Bayer assets. Bayer is a relatively new entrant to the soybean business in the United States. It has emerged as a serious threat to Monsanto in the southern United States, but it lacks germplasm and varieties suitable to the Midwest, an important soybean growing region. To help strengthen BASF as a competitor to the merged company (and other firms), the merged company is obligated to divest not only Bayer's global soybean business, but also certain groups of Monsanto soybeans used for research and breeding.\41\ These Monsanto assets will help make BASF a stronger competitor in the Midwest than Bayer was before the merger. ---------------------------------------------------------------------------

    \41\ Proposed Final Judgment Sec. Sec.  IV(N), II(S). ---------------------------------------------------------------------------

    In contrast to some commenters' concern that BASF may not be able to compete effectively with the seed assets it is acquiring from Bayer, Daniel Bellemare questions whether BASF would have entered the seeds markets and become a significant competitor on its own without the divestitures.\42\ Even for a large company with substantial resources such as BASF, however, barriers to entry in these markets are high.\43\ BASF needs Bayer's extensive libraries of seeds and other assets to compete as an integrated firm on a global scale in seeds and traits. ---------------------------------------------------------------------------

    \42\ Bellemare Comment (Exhibit 5) at 10-12.     \43\ See Complaint ] 62. ---------------------------------------------------------------------------

ii. BASF Has a Strong Incentive to Compete Aggressively Against Bayer

    Certain commenters also express concern that BASF will lack sufficient incentive to compete against the merged company due to the number of post-divestiture agreements between BASF and Bayer as well as BASF's interest in dicamba production.\44\ These concerns do not cast doubt on the strength of the proposed remedy. The proposed Final Judgment incentivizes BASF to compete aggressively against Bayer and other competitors, and encourages BASF to become independent from Bayer as soon as is reasonably possible. ---------------------------------------------------------------------------

    \44\ State Attorneys General Comment (Exhibit 2) at 6-7; NRDC Comment (Exhibit 9) at 2. ---------------------------------------------------------------------------

    Bayer is obligated under the proposed Final Judgment to provide various forms of ***transitional*** support to BASF. These arrangements lead the State Attorneys General to suggest that, ``[b]ecause BASF will have to rely on Bayer to make these assets work, the company will have a disincentive to anger Bayer.'' \45\ The tolling, supply, and transition service agreements are designed to eliminate any potential gaps in BASF's ability to fully compete with the divested assets from the outset. The intention is not to establish an ``ongoing, close relationship'' between BASF and Bayer as the State Attorneys

[[Page 1500]]

General suggest.\46\ To the contrary, the proposed Final Judgment sets relatively short initial time ***periods*** for these arrangements (generally two years or less), which may be extended only with the approval of the United States. The proposed Final Judgment encourages BASF to end these arrangements as soon as practicable, requiring BASF to use ``best efforts to develop or procure alternative sources of supply by the end of the initial ***periods***'' for tolling and supply agreements, and ``to develop alternative solutions by the end of the initial ***periods***'' for transition service agreements.\47\ The Monitoring Trustee will closely track BASF's progress towards operating without reliance on Bayer.\48\ In the meantime, BASF will not have to pull its competitive punches out of concern that Bayer will stop providing the tolling, supply, or other ***transitional*** services that it needs. Bayer's obligations are clearly stated in the proposed Final Judgment (and detailed in separate agreements between BASF and Bayer), and the Monitoring Trustee will assess whether Bayer is fulfilling its responsibilities. ---------------------------------------------------------------------------

    \45\ State Attorneys General Comment (Exhibit 2) at 6.     \46\ Id. at 7.     \47\ Proposed Final Judgment Sec. Sec.  IV(G)(10); (H)(6).     \48\ Nor will Bayer want the ***transitional*** agreements to continue longer than necessary, as Bayer is required during the initial terms to provide the tolling and other services at variable cost (or better). Proposed Final Judgment Sec. Sec.  IV(G), (H). ---------------------------------------------------------------------------

    NRDC suggests that BASF may not be an effective competitor to the merged company because of BASF's existing interest in the herbicide dicamba.\49\ The United States carefully considered BASF's premerger role as a supplier of dicamba to Monsanto in evaluating BASF's suitability as a buyer of the divestiture assets. As the owner of Bayer's glufosinate ammonium business and the LibertyLink traits, BASF will earn returns from selling seed containing the LibertyLink traits, licensing those traits to third party seed companies, and selling the Liberty herbicides. These interests will greatly outweigh any benefit BASF would gain, as a supplier of dicamba, from Monsanto's sale of seed containing Monsanto's dicamba-tolerance traits.\50\ Further, the proposed remedy is structured so that BASF will not only have an appropriate incentive to promote its already-commercialized LibertyLink traits, but also traits that potentially would compete with Monsanto's dicamba-tolerance traits in the future, such as isoxaflutole tolerance.\51\ ---------------------------------------------------------------------------

    \49\ NRDC Comment (Exhibit 9) at 2.     \50\ It is also unclear for how long (or to what extent) BASF will continue to supply dicamba to Monsanto. In 2017, Monsanto broke ground on a $975 million expansion of a facility in Louisiana to produce dicamba. See, e.g , [*https://monsanto.com/news-releases/monsanto-board-of-directors-approves-expansion-in-luling-louisiana/*](https://monsanto.com/news-releases/monsanto-board-of-directors-approves-expansion-in-luling-louisiana/).     \51\ To ensure that BASF has a similar incentive to Bayer to commercialize and promote these traits, Bayer is required to provide BASF with a supply of isoxaflutole at Bayer's cost and to use best efforts to obtain regulatory approvals for the use of isoxaflutole over soybeans and cotton containing an isoxaflutole-tolerance trait. Proposed Final Judgment Sec. Sec.  IV(G)(2); (L)(3). ---------------------------------------------------------------------------

b. Comments Regarding BASF's Ability to Execute the Remedy Successfully and Requests for Ongoing Study

    Three commenters--the State Attorneys General, Daniel Ducore, and Consumer Federation of America--raise concerns that the size and complexity of the proposed remedy create uncertainty as to whether BASF will be able to execute its current plans successfully and preserve competition at premerger levels. As Mr. Ducore describes his concern, there remains a risk that BASF ``will fail to step in for Bayer and compete with the new Bayer-Monsanto as strongly as Bayer had competed with Monsanto before the deal,'' notwithstanding that the remedy package ``appears to be as robust a divestiture as might be imagined.'' \52\ The commenters do not propose any specific measures that could be incorporated to reduce these risks. Nor do they urge the court to block the merger. Instead, Mr. Ducore and the State Attorneys General propose that the United States commit to conduct a retrospective study on the success of the settlement in preserving competition, with the State Attorneys General requesting that this Court order that the study be conducted two years after the divestitures have been completed.\53\ The commenters argue that the uncertainty inherent in the large and complex transfer of businesses and assets justifies greater oversight of BASF's future operations than the government would typically undertake in conjunction with a merger settlement. Mr. Ducore proposes a particularly extensive ``ongoing assessment,'' including, for example, tracking BASF's ongoing performance, assessing BASF's evaluation of its R&D projects, and reviewing BASF's sales and pricing levels.\54\ ---------------------------------------------------------------------------

    \52\ Ducore Comment (Exhibit 6) at 1-2.     \53\ State Attorneys General Comment (Exhibit 2) at 2-3.     \54\ Ducore Comment (Exhibit 6) at 5-7. ---------------------------------------------------------------------------

    An obligatory retrospective study of the effects of this merger and settlement on competition is not necessary to protect the public interest. As described more fully in Section V(a), the United States has incorporated a number of safeguards in the proposed Final Judgment to ensure that BASF will be fully capable of stepping into Bayer's shoes as an effective competitor. The United States intends to monitor the divestitures to ensure that all of the assets and businesses are transferred to BASF in accordance with the terms of the proposed Final Judgment, and it has even taken the unusual step of requesting the appointment of a monitoring trustee to supplement the government's oversight of this process. The Monitoring Trustee has authority to access the relevant company personnel, books, records, and other pertinent information to ensure that Defendants comply with their obligations, and the trustee will provide regular updates to the United States on Defendants' compliance.\55\ The Trustee will continue to monitor compliance with the proposed Final Judgment for as long as the ***transitional*** agreements required by the proposed Final Judgment remain in place (unless this ***period*** shortened or extended by the United States).\56\ Thus, the proposed Final Judgment contemplates several years of oversight by the Monitoring Trustee with regular reporting to the United States to address issues that may arise with respect to the remedy. ---------------------------------------------------------------------------

    \55\ Proposed Final Judgment Sec. Sec.  VIII(G), (H).     \56\ Id. Sec.  VIII(J). ---------------------------------------------------------------------------

    That said, the United States deliberately crafted the proposed Final Judgment as a complete and permanent structural resolution that remedies the antitrust violations alleged in the Complaint without the need for future government involvement in BASF's (or Bayer's) business operations. A retroactive assessment would not help shape the remedy in this matter. The commenters do not explain how they expect the United States to use the results of the assessment they would require, but they may be suggesting that the United States should require additional remedies in the future in the event the post-hoc review reveals deficiencies in the settlement. As a law enforcement agency, the United States is ill-equipped to continually oversee broader market operations as suggested by the commenters. The United States should not be second- guessing, for example, BASF's business plans or R&D investments several years from now, when many of the relevant circumstances may have changed from today. Indeed, as it would be impossible to predict with certainty how well Bayer would have performed with the divested assets absent the merger, it also would be impossible to assess with certainty BASF's performance in comparison. To the contrary, once the

[[Page 1501]]

United States has remedied the antitrust violations--as the proposed Final Judgment does here--competition, not the government, should determine how individual competitors and the market as a whole perform going forward.

c. Comments Regarding Seed Treatments

    Two commenters raise questions relating to seed treatments. Syngenta generally supports the proposed Final Judgment, noting that it ``resolves many of the most complex and difficult anticompetitive aspects of the Transaction;'' \57\ however, Syngenta seeks modifications to provisions that require Bayer to supply BASF with seed treatments and proposes restrictions on BASF's ability to sell divested seed treatments to Bayer. In addition, the Sustainable Food Center proposes that all of Bayer's neonicotinoid seed treatments be divested to BASF. We respond to each of these comments below. ---------------------------------------------------------------------------

    \57\ Syngenta Comment (Exhibit 12) at 1. ---------------------------------------------------------------------------

i. The Proposed Final Judgment Appropriately Requires Bayer to Supply Seed Treatments to BASF at Variable Cost

    The proposed Final Judgment requires Bayer to supply certain seed treatments products to BASF at ``variable cost'' for a limited ***period*** of time to ensure ***continuity*** of seed treatment supply for the divested businesses.\58\ Syngenta expresses concern that the term ``variable cost'' is susceptible to different interpretations and could ``permit BASF the opportunity to buy the products at a fraction of their full production costs,'' which would give BASF ``a cost advantage above any competitor'' and ``distort normal competitive dynamics'' for these products.\59\ In particular, Syngenta asserts that the agribusiness usage of the term ``variable cost'' would include only ``direct input costs'' (such as the cost of raw materials), and exclude other costs that would vary with production levels, resulting in BASF paying too little for these products.\60\ Essentially, Syngenta appears to be concerned that BASF may get too good a deal from Bayer on seed treatment products, which could make it more challenging for Syngenta, the second largest seed treatment supplier, to compete with BASF. Syngenta asks that the proposed Final Judgment be ``clarified to note that `variable cost' is defined more broadly than its typical industry definition to include an appropriate allocation of fixed costs.'' \61\ To accomplish this, Syngenta proposes amending the proposed Final Judgment to require Bayer to supply BASF these seed treatment products at ``fully absorbed cost,'' an accounting measure that includes an allocation of certain fixed costs.\62\ ---------------------------------------------------------------------------

    \58\ Proposed Final Judgment at Sec.  IV(G).     \59\ Syngenta Comment (Exhibit 12) at 1, 3-4.     \60\ Id. at 3.     \61\ Id. at 4.     \62\ Id. ---------------------------------------------------------------------------

    Syngenta's concerns are misplaced, and the proposed Final Judgment changes that Syngenta requests are not necessary. The seed treatment supply provisions aim to place BASF in the same cost position as Bayer before the merger. By doing so, the remedy preserves competition during the transition ***period*** since BASF's pricing decisions will be based on the same underlying cost structure as Bayer prior to the merger. To accomplish this, the proposed Final Judgment uses the economic concept of ``variable cost,'' i.e , ``that part of cost which varies with the level of output.'' \63\ This measure of costs will capture costs that directly relate to Bayer's production of seed treatments for BASF-- including, for example, a per-unit allocation for machine use, where appropriate--regardless of the accounting label that industry participants might place on any specific cost item. Thus, there is no basis for concern that Bayer will be selling seed treatments to BASF at a fraction of the production costs. To the contrary, BASF will fully reimburse Bayer for the costs directly related to producing these seed treatment products. ---------------------------------------------------------------------------

    \63\ See, e.g , Variable cost, Oxford Dictionary of Economics (5th ed. 2017). ---------------------------------------------------------------------------

    Syngenta's proposal to change the cost standard for seed treatments would also introduce needless complication. Bayer is required to provide several additional products and services at ``variable cost'' for the purpose of placing BASF in the same cost position as Bayer before the merger. Amending the proposed Final Judgment to introduce another cost standard specific to seed treatments would create confusion in addition to being unnecessary. It would also create a risk that Bayer would face conflicting obligations across jurisdictions, as the European Commission and other jurisdictions have imposed the same variable cost requirements as the United States in their respective settlement documents.\64\ ---------------------------------------------------------------------------

    \64\ See, e.g , European Commission, Case M.8084--Bayer/ Monsanto, Modification of Commitments, Schedule, at ] 21, p. 39 (divested seed treatments to be tolled at variable cost), at ] 68(c) (glufosinate formulations supplied at variable cost), and 9, 13, 28, 65 and 67 (***transitional*** supplies or services will be supplied by Bayer at variable cost), dated April 11, 2018, available at [*http://ec.europa.eu/competition/mergers/cases/decisions/m8084\_12985\_3.pdf;*](http://ec.europa.eu/competition/mergers/cases/decisions/m8084_12985_3.pdf;) Competition Commission of India, Order under Section 31(7) of the Competition Act, Combination Registration No. C-2017/08/523, at ] 180(c), p. 54 (glufosinate formulation to be supplied at variable cost) and ] 181, p. 54 (transitions supplies or services provided at variable cost), dated June 14, 2018, available at   [*https://www.cci.gov.in/sites/default/files/Notice\_order\_document/Order\_14.06.2018.pdf*](https://www.cci.gov.in/sites/default/files/Notice_order_document/Order_14.06.2018.pdf) ---------------------------------------------------------------------------

ii. BASF Cannot Resell Bayer Seed Treatments Supplied under Section IV(G)(1) for Use on Non-BASF Seeds

    Section IV(G)(1) of the proposed Final Judgment requires Bayer to supply BASF with the seed treatments that Bayer is not divesting to BASF but that Bayer has been using in the divested seed businesses. These provisions allow BASF to seamlessly continue marketing the same combinations of seeds and seed treatments that Bayer offered before the merger while BASF transitions to alternative sources of supply. Syngenta suggests, however, that this section could be read to permit BASF to resell these Bayer seed treatments for use on other companies' seeds in competition with Syngenta, Bayer, and other producers of seed treatments. Syngenta proposes amending the proposed Final Judgment to expressly prohibit this.\65\ ---------------------------------------------------------------------------

    \65\ Syngenta Comment (Exhibit 12) at 2. ---------------------------------------------------------------------------

    Syngenta's proposed amendment is unnecessary, as it would merely repeat what is already clear from the text of the proposed Final Judgment. The title of Section IV(G)(1) makes plain that the provision relates to ``Seed Treatment Supply Agreements for Broad Acre Seeds and Traits Business,'' \66\ that is, the agreements are intended to supply the Broad Acre Seeds and Traits business BASF is acquiring from Bayer. Moreover, the body of the provision limits its scope to Bayer seed treatments that have been ``used by Bayer in the Broad Acre Seeds and Traits Business.'' \67\ The European Commission Commitments likewise prohibit resale because they require Bayer to supply these seed treatments to BASF for use on BASF seeds.\68\ Given that Section IV(G)(1) is limited to the supply of seed treatments to BASF for use on its own

[[Page 1502]]

seeds, Syngenta's proposed amendment should be rejected. ---------------------------------------------------------------------------

    \66\ Proposed Final Judgment Sec.  IV(G)(1) (emphasis added).     \67\ Id. Sec.  IV(G)(1).     \68\ See European Commission, Case M.8084--Bayer/Monsanto, Modification of Commitments, Schedule, at ] 66(d) and 66(e), p. 52 (in connection with the divestiture of Broad Acre Seeds and Traits, requiring Bayer to supply seed treatment ``used on'' divested canola seeds and seed treatment ``for divested cotton and soy varieties''), dated April 11, 2018, available at [*http://ec.europa.eu/competition/mergers/cases/decisions/m8084\_12985\_3.pdf*](http://ec.europa.eu/competition/mergers/cases/decisions/m8084_12985_3.pdf) ---------------------------------------------------------------------------

iii. The Proposed Final Judgment Allows BASF to Sell Seed Treatments to Bayer

    Syngenta is also concerned that nothing prevents BASF from entering into arm's-length commercial agreements to supply Bayer with the seed treatments products it is obtaining through the divestitures. Syngenta contends that allowing BASF to enter into such an agreement with Bayer would undermine the remedy because it would ``permit Bayer to recreate the sort of product bundles that were the source of significant concern in the Transaction.'' \69\ Syngenta proposes to close the purported ``loophole'' by amending the proposed Final Judgment to prohibit BASF from selling divested seed treatments to Bayer except for use in Bayer's branded seed business.\70\ ---------------------------------------------------------------------------

    \69\ Syngenta Comment (Exhibit 12) at 2.     \70\ Id. at 2-3. ---------------------------------------------------------------------------

    Syngenta's concerns are based on a fundamental misunderstanding of the United States' theory of harm relating to seed treatments and the basis for requiring divestiture of certain seed treatment products. The United States has alleged that the merger would substantially lessen competition through the vertical integration of Bayer and Monsanto in one respect: By combining Monsanto's strong position in corn and soybean seeds with Bayer's dominant position in certain seed treatments, the merger would give the combined company the incentive and ability to harm its seed rivals by raising the price of those seed treatments--a key input for genetically modified seeds. For example, before the merger, Bayer sold the only seed treatment that effectively controls a destructive pest called corn rootworm. Because Bayer did not sell corn seeds itself, it had a strong incentive to sell that seed treatment to all corn seed companies, including Monsanto's rivals. But the merger changes this calculus because Bayer now owns Monsanto, the largest supplier of corn seeds in the United States. If Bayer were permitted to retain its corn seed treatment, it would have a strong incentive to raise the price of that treatment to its seed rivals (or stop selling it altogether), knowing that its rivals rely on the product and would be less able to compete effectively without it.     In other words, the possibility that Bayer may continue to use the divested seed treatments on its seeds does not, in and of itself, give rise to competitive harm. Rather, the problem is one of incentives. By vesting control of both products in one firm, the merger would create an incentive for the combined firm to raise its rivals' costs to make it harder for them to compete to sell seeds. To ensure that the merger does not give rise to this incentive to foreclose other competitors, the United States has required Bayer to divest certain seed treatments to BASF. In doing so, the United States has preserved the competitive status quo: The seeds and seed treatments remain under the control of different firms, Bayer and BASF, respectively. Accordingly, the divestiture of these seed treatments to BASF fully resolves the vertical foreclosure allegations in the Complaint.

iv. Concerns Regarding All Neonicotinoid Seed Treatments Are Outside the Scope of the Complaint

    Sustainable Food Center comments that the merger should not be permitted unless Bayer divests, among other things, all its ``neonicotinoid seed treatments.'' \71\ ``Neonicotinoids'' refer to a particular chemical class of insecticides. Under the proposed Final Judgment, Bayer will divest seed treatments based on the chemical clothianidin, which is one type of neonicotinoid. Bayer also sells seed treatments based on the chemicals imidacloprid and thiacloprid, two other types of neonicotinoid. The Complaint does not include a claim relating to these types of seed treatments. Accordingly, there is no basis for requiring Bayer to divest these products as a condition of approving the merger. ---------------------------------------------------------------------------

    \71\ Sustainable Food Ctr. Comment (Exhibit 11). ---------------------------------------------------------------------------

d. Comments Related to Digital ***Agriculture*** and Cross-Product Leveraging

    Several commenters argue that allowing Bayer to retain Monsanto's leading digital ***agriculture*** platform will enhance the merged firm's ability to influence farmer choice in other areas, such as seed and crop protection markets.\72\ Digital ***agriculture***, although still emerging, refers to tools and services that allow farmers to collect, store, process, or interpret data about their crops. Digital ***agriculture*** is expected to drive an industry trend toward ``integrated solutions''-- combinations of seeds, traits, and crop protection products supported by digital farming technologies and other services. Certain commenters argue that the merged firm will be able to use its platform to recommend its own products, ``locking in'' farmers to the merged firm's portfolio of products.\73\ Several commenters urge the United States to seek to block the merger altogether based on these concerns.\74\ Other commenters propose modifications to the settlement on this basis. For example, Friends of the Earth and the Consumer Federation of America argue that Monsanto's digital ***agriculture*** platform should be divested instead of Bayer's.\75\ Friends of the Earth also suggests that the merged firm should be required to update its privacy policy to allow farmers to more easily remove data from its digital ***agriculture*** platform.\76\ Consumer Federation similarly urges the Court to impose ``rigorous open access conditions'' for its digital ***agriculture*** interfaces.\77\ ---------------------------------------------------------------------------

    \72\ NRDC Comment (Exhibit 9) at 4, 6, 9-10; Friends of the Earth Comment (Exhibit 7) at 2-3; Nat'l Family Farm Coal. Comment (Exhibit 8).     \73\ NRDC Comment (Exhibit 9) at 4 (asserting that the bundled products would ``effectively turn farmers into captured users''); Friends of the Earth Comment (Exhibit 7) at 3 (alleging that the merged firm will be ``well-positioned to continue leveraging'' Monsanto's platform ``to sell more of its products''); Nat'l Family Farm Coal. Comment (Exhibit 8) at 1 (arguing that the merged firm will be able to ``leverage the sale of one product into another''); Pollinator Stewardship Council Comment (Exhibit 10) at 2 (observing that ``fewer technology `platforms' will dominate the marketplace,'' making it hard for smaller companies to compete, and ``farmers will be locked into using these platforms as fewer choices will be available in the marketplace'').     \74\ See, e.g , NRDC Comment (Exhibit 9); Nat'l Family Farm Coal. Comment (Exhibit 8); Friends of the Earth Comment (Exhibit 7).     \75\ Friends of the Earth Comment (Exhibit 7) at 3-4; Consumer Fed'n of Am. Comment (Exhibit 4) at 1.     \76\ Friends of the Earth Comment (Exhibit 7) at 3-4.     \77\ Consumer Fed'n of Am. Comment (Exhibit 4) at 2. ---------------------------------------------------------------------------

    The United States has not alleged anticompetitive effects arising from Bayer's acquisition of Monsanto's digital ***agriculture*** platform. Nonetheless, the United States recognizes that BASF's ability to compete in the future in the individual seed and crop protection markets that are subject of the Complaint may depend on the strength of BASF's digital ***agriculture*** platform. The leading global ***agricultural*** businesses (including Bayer and Monsanto) project that digital ***agriculture*** will be a key driver of seed and crop protection sales in the future. To ensure BASF has the digital ***agriculture*** capabilities it needs to replace Bayer as a competitor going forward, the proposed Final Judgment requires Bayer to divest all assets related to its digital ***agriculture*** portfolio and pipeline of products to BASF. Although Bayer's digital ***agriculture*** products are not as developed as Monsanto's, the divestiture provides BASF with similar

[[Page 1503]]

scale, scope, and innovation incentives as Bayer before the merger.     Comments advocating for open access to digital ***agriculture*** data or for particular privacy policy provisions should be rejected as requests for regulatory relief. The merger does not directly implicate these issues. Moreover, behavioral remedies that require firms to commit to particular business actions, such as requiring open access or particular privacy provisions, are disfavored mechanisms for addressing the effects of a merger, as they are inherently more difficult to craft and administer and they risk unintended consequences. For example, imposing a remedy that restricts the behavior of one competitor (the merged firm) but not others may interfere with the competitive marketplace. The structural divestiture of Bayer's digital ***agriculture*** assets raises none of these concerns.     Several commenters also express broad concerns that the merged firm, by virtue of its broader portfolio of products including Monsanto's digital ***agriculture*** platform, will be able to leverage its significant position in certain markets to foreclose competition in other markets.\78\ Many of these cross-product leveraging concerns appear to be animated by Monsanto's significant presence in traits: Commenters fear that the merger will give the combined Bayer/Monsanto new opportunities to leverage its strength in trait markets to foreclose competition in other, unspecified, markets. For example, NRDC argues that Monsanto has leveraged its ``virtual monopoly power'' in seeds in anticompetitive ways in the past, and that a ``larger, more- powerful Bayer/Monsanto corporation would be in an equal if not better position to do so in the future by denying access to key traits, charging monopoly prices, or coercing its competitors into anti- competitive collaboration.'' \79\ ---------------------------------------------------------------------------

    \78\ NRDC Comment (Exhibit 9) at 3; Pollinator Stewardship Council Comment (Exhibit 10) at 3-4; Consumer Fed'n of Am. Comment (Exhibit 4) at 1-2.     \79\ NRDC Comment (Exhibit 9) at 3. See also Consumer Fed'n of Am. Comment (Exhibit 4) at 1-2 (asserting that the proposed remedy fails to prevent the merged firm from ``expanding its market power and vertical leverage''); Pollinator Stewardship Council Comment (Exhibit 10) at 3-4 (asserting that ``Monsanto can already exert considerable market power through its cross-licensing agreements'' and ``[the merger] would likely lessen competition even further''). ---------------------------------------------------------------------------

    To the extent the commenters have concerns about anticompetitive effects in markets beyond those alleged in the Complaint and remedied by the proposed Final Judgment, the commenters have not identified them. Nor do the commenters explain why the merger, as remedied, would result in such harm. It would be inappropriate to require a remedy for such broad, amorphous concerns, unsupported by the rigorous antitrust analysis the law requires. Furthermore, any such concerns go beyond the allegations in the complaint and are thus beyond the scope of Tunney Act review. See U.S Airways, 38 F. Supp. 3d at 76 (`` `Moreover, the Court's role under the APPA is limited to reviewing the remedy in relationship to the violations that the United States has alleged in its Complaint. . . .' '') (quoting Graftech, 2011 WL 1566781, at \*13). Going forward, the antitrust laws will continue to apply to the merged firm, and the United States will challenge practices that run afoul of applicable statutes.

e. Comments Regarding Procedural Matters, Including Government Oversight and Enforcement of Proposed Final Judgment Compliance

    Several commenters express concerns about procedural aspects of the proposed Final Judgment. One commenter argues that the judicial review procedures set forth in the APPA may be inapt in large transactions requiring complicated divestitures. Another commenter argues that the proposed Final Judgment should require, rather than permit, the appointment of a monitoring trustee. Two commenters are concerned that the proposed Final Judgment's jurisdictional provisions are inadequate. One commenter fears that the proposed Final Judgment's enforcement provisions improperly favor the United States. As explained below, these concerns lack merit and do not require any amendment of the proposed Final Judgment.

i. The Standard of Review Established by Congress Is Appropriate

    One commenter, Daniel Bellemare, argues that a proposed decree remedying the anticompetitive effects of a complex transaction such as Bayer's acquisition of Monsanto may not be suited for a public interest review under the APPA.\80\ Mr. Bellemare suggests instead that a trial or preliminary injunction hearing may be a better forum for the resolution of complicated antitrust issues.\81\ ---------------------------------------------------------------------------

    \80\ Bellemare Comment (Exhibit 5) at 14-15.     \81\ Id. at 15. ---------------------------------------------------------------------------

    Irrespective of the size or nature of a transaction, the APPA requires a court to conduct a limited public interest determination when reviewing a proposed decree. Congress vested authority in the Department of Justice, rather than the courts, to investigate and prosecute violations of the Federal antitrust laws. See 28 C.F.R Sec. Sec.  0.40, 0.41; 15 U.S.C Sec. Sec.  4, 9, 15a. This prosecutorial authority includes the ability to craft remedies, such as the proposed Final Judgment. In light of the fact that a proposed decree is the product of the United States' exercise of prosecutorial discretion, courts have interpreted the APPA to permit only a limited inquiry into whether a settlement is ``within the reaches of the public interest.'' Microsoft, 56 F.3d at 1458-61 (citation omitted). The court's public interest determination focuses on whether the settlement appropriately addresses the allegations identified in the complaint. Id. at 1458-59; see also SBC Commc'ns, 489 F. Supp. 2d at 11 (the court's ``scope of review remains sharply proscribed by precedent and the nature of the Tunney Act proceedings''). The APPA does not require a court to expend judicial time and resources considering alternative remedies or probing the adequacy of the complaint itself. The limited judicial review required by the APPA is appropriate for this matter and is not unduly burdensome for this Court.

ii. Modifications Concerning the Monitoring Trustee Are Unnecessary

    The State Attorneys General propose that the appointment of a monitoring trustee should be required, rather than left to the ``discretion'' of the United States.\82\ This proposal is moot. This Court granted the United States' motion to appoint the Honorable Michael B. Mukasey as Monitoring Trustee on August 14, 2018. ---------------------------------------------------------------------------

    \82\ State Attorneys General Comment (Exhibit 2) at 2. ---------------------------------------------------------------------------

iii. The Proposed Final Judgment's Jurisdictional Provisions Are Sufficient

    The State Attorneys General contend that the Court should affirmatively retain jurisdiction throughout the ten-year term of the Final Judgment.\83\ The commenters appear to misunderstand the terms of the proposed Final Judgment, which provides that the Court retains jurisdiction, without limitation, to enable any party to seek orders or directions necessary or appropriate to carry out the terms of the proposed Final Judgment.\84\ ---------------------------------------------------------------------------

    \83\ Id.     \84\ Proposed Final Judgment Sec.  XIII. ---------------------------------------------------------------------------

    By its terms, the Final Judgment is to expire ten years from the date of its entry; however, the United States may terminate the Final Judgment after six years if it finds that the divestitures

[[Page 1504]]

have been completed and the continuation of the Final Judgment is no longer necessary or in the public interest.\85\ The State Attorneys General ask that the Court require that the proposed Final Judgment, or at least certain of its provisions, remain in place for the full ten- year term, with no option to terminate after six years.\86\ This request is unnecessary. The proposed Final Judgment is designed to address the very potential for uncertainty that troubles the State Attorneys General: it allows the decree to remain in place for ten years if competition so requires, but it also reasonably allows for the decree to be terminated earlier if it becomes unnecessary to protect competition. ---------------------------------------------------------------------------

    \85\ Id. Sec.  XV.     \86\ State Attorneys General Comment (Exhibit 2) at 3, 8. ---------------------------------------------------------------------------

    This flexibility is important because, while equitable relief under the Clayton Act ``should unfetter a market from anticompetitive conduct,'' Ford Motor Co. v. United States, 405 U.S 562, 577 (1972), at the same time relief ``must not be punitive,'' United States v. E. I. du Pont de Nemours & Co., 366 U.S 316, 326 (1961). District courts have regularly approved consent decrees providing for the sort of flexibility contemplated here. See, e.g , United States v. Northrup Grumman Corp., No. 1:02 CIV 02432, 2003 U.S Dist. LEXIS 10636, at \*26 (D.D.C June 10, 2003) (approving decree with seven-year term and option for government to seek three-year extension); United States v. Alex Brown & Sons, Inc., No. 96 CIV 5313 (RWS), 1997 WL 314390, at \*8 (S.D.N.Y Apr. 24, 1997) (approving decree with a ten-year term except that certain portions of the decree would expire in five years and the Antitrust Division had the option to terminate those portions after only two years); United States v. Lykes Bros. Steamship Co., No. CIV.A 95 1839, 1995 WL 803552, at \*4 (D.D.C Oct. 5, 1995) (approving decree with five-year term and option for government to extend an additional five years).     If, after six years (but before the end of the full ten-year term) the divestitures have been completed and the United States determines that effective competition thereby has been preserved, then the public interest is not served by a continuation of the decree and the associated burdens placed upon the United States, the Defendants, and the Court. It should also be noted that the proposed Final Judgment also includes a provision allowing the United States to seek a one-time extension of the decree in any enforcement proceeding in which the Court finds that the Defendants have violated the decree. In any event, in applying its review function under the Tunney Act, the district court's role is not to make a de novo determination of what the public interest requires but rather to determine whether the settlement reflected in the proposed final judgment falls ``within the reaches of the public interest.'' Massachusetts v. Microsoft Corp., 373 F.3d 1199, 1237 (D.C Cir. 2004) (quoting United States v. Microsoft Corp., 56 F.3d 1448, 1458 (D.C Cir. 1995)). This provision falls within those reaches.     In its comment, NFIB complains that the proposed Final Judgment's jurisdictional provision does not explicitly say ``[t]he Court has determined that this matter constitutes a case or controversy.'' \87\ This argument has no merit. Although ``a court must assure itself of the existence of subject-matter jurisdiction,'' Kaplan v. Cent. Bank of the Islamic Republic of Iran, 896 F.3d 501, 511 (D.C Cir. 2018), a court's written decision need not ``explicitly discuss it,'' Trans World Airlines v. Morales, 949 F.2d 141, 144 (5th Cir. 1991), aff'd in part, rev'd in part, 504 U.S 374 (1992). More importantly, the Supreme Court has already determined that a proposed antitrust consent decree filed simultaneously with the United States' complaint satisfied Article III's case or controversy requirement because, among other things, ``a suit for an injunction deals primarily, not with past violations, but with threatened future ones.'' Swift & Co. v. United States, 276 U.S 311, 326 (1928). It is sufficient, therefore, for the proposed Final Judgment to state that the ``Court has jurisdiction over the subject matter of and each of the parties hereto with respect to this action.'' \88\ ---------------------------------------------------------------------------

    \87\ NFIB Comment (Exhibit 13) at 2.     \88\ Proposed Final Judgment Sec.  I. ---------------------------------------------------------------------------

iv. The Proposed Final Judgment Appropriately Grants the United States Discretion over Certain Decisions

    The NFIB claims the phrase ``sole discretion,'' as it applies to the United States throughout the proposed Final Judgment, ``encourages, if not authorizes, arbitrary action,'' and requests that a new paragraph be inserted in the proposed Final Judgment imposing an explicit duty on the United States ``to act reasonably in the circumstances.'' \89\ ---------------------------------------------------------------------------

    \89\ NFIB Comment (Exhibit 13) at 2-3. ---------------------------------------------------------------------------

    Certain aspects of the proposed Final Judgment contemplate flexibility to ensure that the assets are handed off ***smoothly*** and effectively. For example, Paragraph IV(F)(2) of the proposed Final Judgment provides that, within one year, if BASF determines that additional Bayer assets are reasonably necessary for the continued competitiveness of the divested businesses, BASF may request that the United States require Bayer to divest additional assets. This provision allows BASF to fill any gaps that could not reasonably be foreseen before it started operating those businesses. At the same time, an efficient and impartial arbiter is needed to ensure that any such requests are valid. With respect to this and all other provisions allowing the United States to exercise its discretion, the United States intends to strike a balance between ensuring that BASF has the resources to replace Bayer as an independent and vigorous competitor and guarding against BASF seeking more from Bayer than is necessary or BASF relying on Bayer for transition services for longer than necessary.     The term ``sole discretion'' appears regularly in consent decrees approved by this and other courts as in the public interest. See, e.g , United States v. Heraeus Electro-Nite Co., LLC, No. 1:14-CV-00005-JEB, 2014 U.S Dist. LEXIS 62755, at \*6 (D.D.C Apr. 7, 2014) (approving antitrust consent decree ordering divestiture ``to an Acquirer acceptable to the United States, in its sole discretion''); United States v. Anheuser-Busch InBev SA/NV, No. CV 13-127(RWR), 2013 U.S Dist. LEXIS 167309, at \*14 (D.D.C Oct. 21, 2013) (approving decree providing that ``United States, in its sole discretion, may agree to one or more extensions of [] time ***period*** [to complete divestiture]''). NFIB's suggestion ignores that ``a presumption of regularity attaches to the actions of Government agencies'' such as the Department of Justice. U.S Postal Serv. v. Gregory, 534 U.S 1, 10 (2001) (citing United States v. Chem. Found., Inc., 272 U.S 1, 14-15 (1926)). NFIB has offered no reason to believe the United States would exercise its discretion other than in ways that it reasonably determines would best advance its longstanding mission of protecting competition and consumers. The proposed modification should be rejected.\90\ ---------------------------------------------------------------------------

    \90\ See Mission, U.S Dep't of Justice Antitrust Div., [*https://www.justice.gov/atr/mission*](https://www.justice.gov/atr/mission) (last updated July 20, 2015) (``The mission of the Antitrust Division is to promote economic competition,'' which ``benefits American consumers through lower prices, better quality and greater choice''). ---------------------------------------------------------------------------

v. The Proposed Final Judgment Is Not the Product of ``Economic Leverage''

    NFIB misconstrues the proposed Final Judgment when it insists that ``[t]he

[[Page 1505]]

Court should not permit the Justice Department to use the economic leverage it gained over the Defendants by filing an antitrust lawsuit to pressure the Defendants to give up the assistance of corporate counsel.'' \91\ The proposed Final Judgment merely gives the United States the right ``to interview, either informally or on the record, Defendants' officers, employees, or agents,'' for compliance purposes, with ``their individual counsel present.'' \92\ That provision does not, however, exclude corporate counsel. NFIB's comment also ignores that ``in the absence of clear evidence to the contrary, courts presume that [government officials] have properly discharged their official duties.'' Chem. Found., 272 U.S at 14-15. ---------------------------------------------------------------------------

    \91\ NFIB Comment (Exhibit 13) at 3.     \92\ Proposed Final Judgment Sec.  X. ---------------------------------------------------------------------------

    NFIB similarly complains that the Defendants' agreement to a ``preponderance of the evidence'' standard in decree enforcement proceedings was a product of the United States' purported ``economic leverage.'' \93\ The terms of the proposed Final Judgment were determined through negotiation, and both sides benefit in certain ways from the agreement to a preponderance standard. The United States and the public gain by making the investigation and enforcement of antitrust consent decrees more efficient; the clear and convincing evidence standard, which would otherwise apply, would subject the parties to more onerous and resource-intensive investigations. The preponderance standard lessens those burdens, while still ensuring that the United States carries the burden of proving a decree violation. The D.C Circuit has already recognized that the standard of proof in decree enforcement proceedings can be waived. See United States v. Volvo Powertrain Corp., 758 F.3d 330, 338-39 (D.C Cir. 2014) (concluding that the defendant waived the ``clear and convincing'' standard by oral representation in the district court). NFIB has identified no valid reason why the Defendants' waiver of the clear and convincing standard here should not similarly be honored. ---------------------------------------------------------------------------

    \93\ NFIB Comment (Exhibit 13) at 4. ---------------------------------------------------------------------------

f. Additional Issues Raised By Commenters

i. Commenters Concerned About Industry Consolidation Fail to Acknowledge the Effect of the Remedy

    Several commenters oppose the merger based on general concerns about consolidation in the ***agricultural*** industry. They view the merger as part of a pattern of consolidation and raise concerns regarding the impact of such consolidation on prices and innovation. For example, the comment by certain Members of Congress notes that this transaction ``comes in the midst of other agro-chemical company mergers . . . and is only the latest example in decades of consolidation in the industry.'' \94\ NRDC states that ``today's ***agricultural*** inputs markets already resemble the tight, seemingly impenetrable oligopoly that the Clayton Act abhors as a result of considerable and unchecked consolidation over the past twenty years.'' \95\ The Sustainable Food Center asserts that ``[f]armers in our network have expressed growing concern with consolidation in the market for ***agricultural*** inputs.'' \96\ While these commenters cite consolidation as a reason to block the merger, they fail to acknowledge that the remedy ensures that the merger will not increase concentration in the affected markets.\97\ ---------------------------------------------------------------------------

    \94\ Members of Cong. Comment (Exhibit 3) at 1.     \95\ NRDC Comment (Exhibit 9) at 4.     \96\ Sustainable Food Ctr. Comment (Exhibit 11) at 1.     \97\ To the extent that commenters raised substantive issues regarding the efficacy of the relief contained in the proposed Final Judgment to remedy the competitive harm at issue in this transaction we discuss and respond to them above. A number of comments, however, expressed opposition to the merger without addressing any specific aspects of the transaction or the settlement. See, e.g , Pollinator Stewardship Council Comment (Exhibit 10) at 1 (asking the United States to ``block this biotechnology mega-merger''); ActionAid USA Comment (Exhibit 1) at 2 (``The only answer to this merger is NO.''). ---------------------------------------------------------------------------

    The United States agrees that the proposed merger, unremedied, poses a substantial threat to competition. At the same time, the United States is confident that the proposed divestitures to BASF will fully address those concerns. As detailed above in Section V(a), the proposed Final Judgment will ensure that BASF replaces Bayer as an independent and vigorous competitor in each of the markets in which the merger would otherwise lessen competition. The United States has gone to extraordinary lengths to ensure that this settlement will prevent increased concentration in the affected markets by vesting BASF with the full complement of assets, personnel, and rights needed to preserve competition in the affected markets.     It is well established that courts ``must accord deference to the government's predictions about the efficacy of its remedies.'' SBC Commc'ns, 489 F. Supp. 2d at 17. According appropriate deference to the United States here, the proposed settlement is well within ``the reaches of the public interest.'' Microsoft, 56 F.3d at 1461.

ii. Comments Regarding the Environmental Impact of ***Agricultural*** Chemicals Are Beyond the Scope of this Action

    A number of commenters express concerns relating to the environment. Some commenters express broad concerns that the merger would result in environmental harm.\98\ Others commenters express general concerns, not specific to the merger, about the effect of ***agricultural*** chemicals on wildlife, human health, and the environment.\99\ NRDC expresses concern about the effect of the merger on pollinators, specifically that Bayer may seek to leverage Monsanto's seed position to expand the use of neonicotinoid seed treatments and other pesticides, resulting in harm to pollinators.\100\ ---------------------------------------------------------------------------

    \98\ ActionAid USA Comment (Exhibit 1) at 1; Members of Cong. Comment (Exhibit 3) at 2.     \99\ Sierra Club Comment (Exhibit 14) at 1; Nat'l Family Farm Coal. Comment (Exhibit 8) at 1.     \100\ NRDC Comment (Exhibit 9) at 7-10. ---------------------------------------------------------------------------

    These comments are beyond the purview of the Tunney Act. The United States did not allege that the merger would result in harm to the environment and, thus, environmental concerns are beyond the scope of this proceeding and do not provide a basis for rejecting the proposed Final Judgment. See U.S Airways, 38 F. Supp. 3d at 76 (`` `Moreover, the Court's role under the APPA is limited to reviewing the remedy in relationship to the violations that the United States has alleged in its Complaint. . . .' '') (quoting Graftech, 2011 WL 1566781, at \*13).     Moreover, commenters generally concerned about the environmental impact of ***agricultural*** chemicals offer no reason why the merger would have an effect on such issues. Similarly, commenters who broadly allege that the merger will result in environmental harm offer no specific basis for their concerns. Regarding NRDC's concern that the merger will increase the use of neonicotinoid seed treatments, as described in Section V(d), the United States carefully considered whether the merger would allow the merged firm to leverage Monsanto's seed position to advance its position in certain seed treatments. Ultimately, the United States did not find a basis to compel the divestiture of all of the neonicotinoid seed treatments that are the subject of NRDC's complaint.

[[Page 1506]]

iii. The United States Conducted an Impartial and Independent Merger Analysis

    Members of Congress refer to news reports that raise the possibility that the White House may have ``exercised outsized influence'' in the review of this transaction and other deals.\101\ The commenters do not make any specific claims regarding the investigation of this merger, but rather urge that antitrust enforcement ``continue to be treated as a law enforcement matter properly left to the independent judgment of DOJ.'' \102\ ---------------------------------------------------------------------------

    \101\ Members of Cong. Comment (Exhibit 3) at 2-3.     \102\ Id. at 2. ---------------------------------------------------------------------------

    Any suggestion that the settlement at issue here is or could be the result of improper lobbying or political pressure is both unsubstantiated and meritless. The settlement followed a thorough and comprehensive investigation, and it is the result of extensive, good faith negotiations between the United States and Defendants. The proposed Final Judgment requires substantial relief that addresses the competitive harm alleged in the Complaint. In short, there is no basis to allege that the settlement results from anything other than the United States' independent investigation and analysis.

VI. Conclusion

    After careful consideration of the public comments, the United States continues to believe that the proposed Final Judgment, as drafted, provides an effective and appropriate remedy for the antitrust violations alleged in the Complaint, and is therefore in the public interest. The United States will move this Court to enter the proposed Final Judgment after the comments and this response are published pursuant to 15 U.S.C Sec.  16(d).

Dated: January 29, 2019

Respectfully submitted,

J. Richard Doidge, Trial Attorney, U.S Department of Justice, Antitrust Division, 450 5th Street NW, Suite 8000, Washington, DC 20530, Tel: (202) 514-8944.

[FR Doc. 2019-00810 Filed 2-1-19; 8:45 am]  BILLING CODE 4410-11-P

**Load-Date:** February 5, 2019

**End of Document**



[***Register of Commission documents: COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK Preparing for the withdrawal of the United Kingdom from the European Union on 30 March 2019: a Contingency Action Plan Document date: 2018-11-14 COM\_COM(2018)0880 COM documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TTC-3XJ1-JDG9-Y4YM-00000-00&context=1516831)

Impact News Service

November 23, 2018 Friday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 6540 words

**Body**

Brussels: Public Register European Parliament has issued the following document:

EN EN EUROPEAN COMMISSION Strasbourg, 13.11.2018 COM(2018) 880 final COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK Preparing for the withdrawal of the United Kingdom from the European Union on 30 March 2019: a Contingency Action Plan 1 COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT BANK Preparing for the withdrawal of the United Kingdom from the European Union on 30 March 2019: a Contingency Action Plan The European Council renews its call upon Member States, Union institutions and all stakeholders to step up their work on preparedness at all levels and for all outcomes. European Council (Article 50), 29 June 20181 1. Introduction The United Kingdom has decided to leave the European Union, invoking the procedure foreseen by Article 50 of the Treaty on European Union. The Commission regrets this decision, but respects it. On 30 March 20192, the United Kingdom will become a third country. All Union primary and secondary law will cease to apply to the United Kingdom from that moment, unless a ratified withdrawal agreement establishes another date.

As emphasised in the Commission’s first Brexit preparedness Communication of 19 July 20183, irrespective of the scenario envisaged, the United Kingdom's choice will cause significant disruption. The Commission has therefore consistently called on European citizens, businesses and Member States to prepare for all possible scenarios, assess relevant 1 [*https://www.consilium.europa.eu/media/35966/29-euco-art50-conclusions-en.pdf*](https://www.consilium.europa.eu/media/35966/29-euco-art50-conclusions-en.pdf) 2 The United Kingdom submitted on 29 March 2017 the notification of its intention to withdraw from the Union pursuant to Article 50 of the Treaty on European Union. This means that, unless a ratified withdrawal agreement establishes another date or, in accordance with Article 50(3) of the Treaty on European Union, the European Council, in agreement with the United Kingdom, unanimously decides that the Treaties cease to apply at a later date, all Union primary and secondary law will cease to apply to the United Kingdom from 30 March 2019, 00:00 (CET). At this moment in time the Commission has received no indication that the United Kingdom may request a prolongation of its EU membership. 3 COM(2018) 556 final/2. 2 risks and plan their response in order to mitigate them. On 29 June 2018, the European Council renewed its call to Member States, Union institutions and all stakeholders to step up their work on preparedness at all levels and for all outcomes4. The purpose of this Communication is to address this call, focusing on a no-deal scenario. It identifies key areas and key actions to be taken, as well as a structure for discussions and Member State coordination between November 2018 and 29 March 2019. Since May 2017, the EU and the United Kingdom have been negotiating a withdrawal agreement. Progress on a legal text, including on arrangements for a transition ***period*** until 31 December 2020, was made at negotiators’ level and made public on 19 March 20185. Further progress was reported in a joint statement of the Commission and the UK negotiators on 19 June 2018.6 On 17 October 2018, the European Council (Article 50) called on the Commission as the Union negotiator to continue its efforts to reach an agreement in accordance with previously agreed European Council guidelines. These negotiations are ongoing and the Commission as Union negotiator remains committed to reaching an agreement for an orderly withdrawal. While progress has been achieved in many respects, and despite the significant efforts and intensive negotiations, some areas of disagreement remain. In addition, reaching an agreement with the UK Government is not a guarantee that the United Kingdom will ratify the Withdrawal Agreement by 29 March 2019. 2. Need to prepare – action at EU level Work to prepare for the withdrawal of the United Kingdom is ongoing in parallel to the negotiations. The Commission will continue to play its part in full. The Commission has screened the EU acquis, i.e the existing rules under EU law, to determine which rules must be adapted in any scenario and which measures will have to be put in place only in the case of a no deal scenario. As a result of this screening, the Commission has tabled eight legislative preparedness proposals for measures that must be adopted irrespective of whether the United Kingdom's withdrawal is orderly or otherwise. These measures are presented in Annex 1. Examples include adjustments to the rules of approval of automotive vehicles or in relation to ship inspection organisations, and the apportionment between the United Kingdom and the EU27 of tariff rate quotas included in the goods schedule of the European Union at the World Trade Organisation. In parallel to this Communication, the Commission has adopted the last two of these proposals, namely a proposal to adapt references to EU energy efficiency targets (expressed in absolute values) for 2030 and a proposal on the rules on visa that will apply to UK nationals after the withdrawal of the United Kingdom from the Union7. In addition, a number of implementing and delegated acts that are also necessary in any scenario have been adopted or are being prepared. Examples of these include the treatment of the United Kingdom in the context of statistical data, the reattribution of rapporteurship for the assessment of certain chemicals from the United Kingdom to another Member State, and 4   [*https://www.consilium.europa.eu/media/35966/29-euco-art50-conclusions-en.pdf*](https://www.consilium.europa.eu/media/35966/29-euco-art50-conclusions-en.pdf) 5   [*https://ec.europa.eu/commission/publications/draft-agreement-withdrawal-united-kingdom-great-britain-and-northern-ireland-european-union-and-european-atomic-energy-community-0\_en*](https://ec.europa.eu/commission/publications/draft-agreement-withdrawal-united-kingdom-great-britain-and-northern-ireland-european-union-and-european-atomic-energy-community-0_en) .   [*https://ec.europa.eu/commission/sites/beta-political/files/draft\_agreement\_coloured.pdf*](https://ec.europa.eu/commission/sites/beta-political/files/draft_agreement_coloured.pdf) 6   [*https://ec.europa.eu/commission/sites/beta-political/files/joint\_statement.pdf*](https://ec.europa.eu/commission/sites/beta-political/files/joint_statement.pdf) 7 See below the section on citizens. 3 amendments of marketing authorisations of medicines. These acts are all targeted and Brexit-specific and are presented in Annex 2. The Commission is also working with relevant agencies. Given the specific circumstances in the aviation sector, for example, the Commission has invited the European Aviation Safety Agency (EASA) to start processing certain applications from UK entities in preparation for the time when the United Kingdom will not be a Member State. The European Medicines Agency (EMA) has conducted several surveys and, where necessary, has contacted holders of EU marketing authorisations to recall the need to take the necessary preparedness measures. The European Chemicals Agency (ECHA), the Community Plant Variety Office (CPVO), and EMA have re-attributed regulatory functions from the United Kingdom to other Member States. In addition, the Union is taking all necessary steps to ensure that EU agencies and bodies located in the United Kingdom (such as the European Medicines Agency, the European Banking Authority, the North Sea Advisory Council, the back-up site of the Galileo Security Monitoring Centre and the Operational Headquarters) are re-located to the EU27 before the withdrawal date. In the interest of the Union, the Commission is also supporting the United Kingdom in securing its accession to the Common Transit Convention as a non-EU transit country, provided that it is ready to meet the requirements of the Convention, as well as its accession to the Convention on the simplification of formalities in trade in goods. For the same reason, the Commission also supports the United Kingdom's accession to the Government Procurement Agreement. Other work strands are in place, including very practical aspects of internal EU preparedness, such as the disconnection and adaptation of databases and IT systems and other platforms for communication and information exchange to which the United Kingdom should no longer have access. Furthermore, the Commission has continued to discuss preparations for the withdrawal with the EU27 Member States, both general issues of preparedness and specific sectorial, legal and administrative preparedness steps. Member States and the Commission are intensifying this work through the sectoral seminars organised by the Council Working Party (Art. 50). 3. Need to prepare – actions by citizens, businesses and Member States As underlined in the Commission's first Brexit preparedness Communication of 19 July 2018, preparedness for the withdrawal of the United Kingdom must be a joint effort of the European Union, national, regional and local levels, as well as by economic operators and citizens. In order to be prepared for the withdrawal and to mitigate the worst impact of a potential cliff-edge scenario, all actors must assume their responsibilities. Measures by the EU27 Member States Member States have started preparing the withdrawal of the United Kingdom by identifying the need for adaptations of their legislation and for administrative and practical measures. These efforts must be intensified and their implementation prioritised. National 4 measures, including the necessary increase in human resources (such as customs officers and official veterinarians) and putting in place, adjusting or strengthening the necessary infrastructures (for example in ports and airports), represent a central element of contingency planning. Member States, including national authorities, will play a key role in implementing and enforcing EU law vis-à-vis the United Kingdom as a third country. This includes performing the necessary border checks and controls and processing the necessary authorisations and licences. Brexit will also see the re-emergence of a maritime border in the North Sea and in the North Atlantic. Additional efforts will be needed by Member States and through regional cooperation to ensure the effective monitoring and control of activities in Union waters. Member States should ensure that this work is completed in time for the withdrawal, bearing in mind that these infrastructures would in any case need to be adjusted or strengthened in time for the expiry of any ***transitional*** ***period***. The Commission is working with Member States to coordinate the measures they adopt to ensure that contingency preparations are consistent within the European Union and in conformity with the general principles presented below8. In the same spirit, Member States should refrain from bilateral discussions and agreements with the United Kingdom, which would undermine EU unity. As regards the need for financial resources and/or technical assistance, the existing State aid rules make it possible to address problems encountered by businesses in the case of a 'no deal' Brexit. By way of example, State aid rules permit consultancy aid for small and medium-sized enterprises (SMEs) or training aid which could be used to assist with SMEs preparedness (including possible future custom formalities). The Rescue and Restructuring Guidelines contain provisions on temporary restructuring support schemes for SMEs, which could be useful to address their liquidity problems caused by Brexit. Access to finance is possible in various formats, e.g through State-financed lending schemes respecting the reference rate or State guarantees under the guarantee notice. The Commission stands ready to engage as of now with the Member States that will be most affected by a disorderly withdrawal and explore pragmatic and efficient support solutions, in line with EU State aid law. In particular, the Commission will support Ireland in finding solutions addressing the specific challenges of Irish businesses. Technical and financial assistance from the European Union can also be made available in certain areas, such as the training of customs officials under the Customs 2020 programme. Other programmes can help similar training projects in the area of sanitary and phytosanitary controls. For ***agriculture***, EU law provides a variety of instruments to cope with the most immediate effects of the withdrawal of the United Kingdom, in particular in a no-deal scenario. The withdrawal of the United Kingdom from the EU will impact all Member States to varying degrees, but none more so than Ireland. On the basis of the principles described above, the Commission stands ready to support Ireland to find solutions addressing the particular challenges. The Commission is also committed to ensuring the continuation of the current PEACE and INTERREG programmes between the border counties of Ireland and Northern Ireland, to which the United Kingdom is a partner. The Commission has made proposals to 8 See section 4. 5 this effect for the next Multi-annual Financial Framework. Should the withdrawal of the United Kingdom from the EU be disorderly, the Commission considers that this support should be further strengthened as the challenges will be particularly acute. Action by citizens and businesses Contingency measures taken by national or EU authorities cannot replace the preparations that each citizen and business must take to prepare for the United Kingdom's withdrawal. Where new authorisations, licences or certificates will be required, each party has the responsibility to apply in good time. In order to assist stakeholders in their preparation for the withdrawal of the United Kingdom, the Commission has published 78 detailed sectorial information notices guiding them on the steps to be taken9. Member States should continue to reach out to citizens and businesses, in particular small and medium-sized enterprises, to assist them in preparing for the withdrawal. 4. Contingency action at EU level Beyond the preparedness measures described above, contingency planning consists of envisaging the measures that would be necessary to mitigate the effects of a withdrawal of the United Kingdom from the Union without a withdrawal agreement. In the case of a no deal scenario, all primary and secondary EU law will cease to apply to the United Kingdom and the effects of the withdrawal would materialise as of the date of the withdrawal. Exceptionally, acting in the interest of the European Union and to protect its vital interests, the Commission is envisaging a limited number of contingency measures to mitigate significant disruptions in some narrowly defined areas. These disruptions will differ from one sector to another and also among the EU27 Member States. While the preparations for the United Kingdom becoming a third country in many respects would be the same with or without a withdrawal agreement providing a transition ***period***, they would need to take place at a much faster pace. Also, the abruptness of a no-deal scenario would require some specific measures to be adopted. Principles for contingency measures In general, the rules of the European Union, including those specific to the functioning of the Internal Market, can adapt to a change of their territorial scope of application. Many rules were designed when the European Union had fewer members, and they have continued to apply as the number of Member States increased from six to 28. After the United Kingdom's departure, the European Union will continue to function and to apply its rules within its borders. The overall approach to contingency should reflect the fact that in a no-deal scenario the United Kingdom as from 30 March 2019 would not be bound by any EU rules and could rapidly start diverging from them. Contingency measures will only be taken where strictly necessary and in the interest of the European Union and its citizens. This will be in the limited number of cases where current rules do not offer satisfactory solutions to mitigate the most 9 A full list is available in Annex 3. 6 disruptive effects for the European Union and its citizens of a withdrawal without an agreement. Measures should not put EU companies at a disadvantage compared to their competitors in the United Kingdom. They should not compensate companies that have not taken the necessary preparedness measures when their competitors have done so, as this would distort the level playing field. In the Commission's view, contingency measures adopted at all levels should comply with the following general principles:  Contingency measures should not replicate the benefits of membership of the Union, nor the terms of any transition ***period***, as provided for in the draft Withdrawal Agreement;  Contingency measures will in general be temporary in nature, and should in principle not go beyond the end of 2019;  Contingency measures will be adopted unilaterally by the European Union in pursuit of its interests and can therefore, in principle, be revoked by the European Union at any time;  Contingency measures must be adopted respecting the division of competences provided for by the Treaties as well as the principle of subsidiarity within the European Union;  National contingency measures must be compatible with EU law, including the international obligations of the Union; and  Contingency measures will not remedy delays that could have been avoided by preparedness measures and timely action by the relevant stakeholders. 5. Assessment of contingency needs Some policy areas require specific attention, given their importance to the European Union as a whole, the far-reaching consequences that a disorderly withdrawal of the United Kingdom will have for them, and the resulting significant negative impact on citizens and companies. The Commission has identified the following areas as being of particular importance10. Work in these areas is being taken forward with a particular sense of urgency. Citizens In the negotiations with the United Kingdom, the European Union has put citizens first from the outset. In line with the conclusions of the European Council of 29 April 2017, issues related to citizens form the first substantive part of the draft Withdrawal Agreement. It has always been the European Union's intention that citizens should not pay the price of Brexit. This will require Member States to take a generous approach to the rights of UK citizens who are already resident in their territory11.  The Commission considers that ***periods*** of legal residence of UK citizens in an EU27 Member State before the withdrawal date should be considered as ***periods*** of legal 10 The list is without prejudice to additional action that could appear necessary at a later stage. 11 For UK citizens resident in the EU27 Member States at the moment of withdrawal, Member States will need to process and deliver documentation appropriate to third country nationals. In order to continue residing and work in an EU27 Member State, those UK citizens will need to hold a residence permit, issued by the national migration authorities. 7 residence in a Member State of the European Union in accordance with Directive 2003/109/EC concerning the status of third-country nationals who are long-term residents. This will help UK citizens who are resident in the EU27 to obtain long-term resident status in the Member State where they reside if they fulfil the necessary conditions. It will allow them to enjoy the same treatment as nationals regarding access to employment, education, and core social benefits. This will also allow them to benefit from family reunion rights and, under certain conditions, acquire the right to reside in another Member State of the European Union.  The Commission is also assisting Member States in coordinating their action in the areas where they are competent, to ensure a coherent approach to protecting the rights of citizens. Given the scale of the administrative challenges which national and local authorities will face, and to avoid administrative delays, it is recommended that Member States accept that applications for residence permits are submitted in advance of the withdrawal date of the United Kingdom. In this context, the Commission welcomes the reassurances by Prime Minister May12 that even in a no deal scenario, the rights of EU citizens in the United Kingdom will be protected in ways similar to those described above. The Commission now expects this assurance to be formalised soon so that it can be relied upon by the citizens. The Commission Representation Offices in the United Kingdom are providing information and facilitating legal advice and expertise to EU27 citizens staying in the United Kingdom to assist them to ensure their legal status under the UK rules that apply after the withdrawal. As mentioned above, the Commission has, in parallel to this Communication, adopted a proposal for a Regulation amending the Visa Regulation13. The proposal aims to facilitate the movement of persons between the European Union and the United Kingdom by exempting UK nationals from the visa requirement for short stays in the European Union, provided that nationals from all EU27 Member States are equally exempted from UK visa requirements. Financial services14 The withdrawal of the United Kingdom results in the loss of the right for financial operators established in the United Kingdom to provide their services in the EU27 Member States under the EU financial services passports. Activities of EU operators in the United Kingdom will be subject to UK law. In its stakeholder notices, the Commission has underlined the importance of preparedness for all possible scenarios, including a no deal scenario. The European Supervisory Authorities and the European Central Bank in its supervisory capacity, the Single Supervisory Mechanism, have issued extensive opinions and guidance to underline the need for preparedness and to clarify supervisory expectations in case of business relocation. Many EU financial services firms have prepared for a scenario in which the United Kingdom is no longer part of the Single Market, for example by adjusting their contracts or relocating capacities and activities to EU27. This transfer of activities and capacity-building in the EU27 is ongoing and should be accelerated, but it will not be possible to complete it in time in all 12   [*https://www.gov.uk/government/news/pm-brexit-negotiations-statement-21-september-2018*](https://www.gov.uk/government/news/pm-brexit-negotiations-statement-21-september-2018). 13 COM (2018) 745. 14 The Commission's stakeholder notices published in this area can be found:   [*https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices\_en#fisma*](https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#fisma). 8 areas by March 2019. While this could cause risks to financial stability in the European Union, the risks in this sector linked to a no deal scenario have diminished significantly. For instance, many insurance firms have taken action – including transferring contracts, setting up branches and subsidiaries or merging with EU27 firms – to be in a position to continue providing services to their clients. The European Insurance and Occupational Pensions Authority (EIOPA) is working with national authorities to address residual risks for certain EU27 policyholders.15 Not-cleared ʻover-the-counterʼ derivative contracts between EU and UK counterparts will, in principle, remain valid and executable until maturity. There does not appear to be any generalised problem of contract performance in the case of a no-deal scenario. Certain so-called life-cycle events (for example contract amendments, roll-overs and novations) may however in certain cases imply the need for an authorisation or an exemption, given that the counterparty is no longer an EU firm.16 Market participants are encouraged to continue preparing for this situation by transferring contracts and seeking the relevant authorisations. In view of this assessment, the Commission does not consider that contingency measures are necessary in these two areas.  As regards cleared derivatives, it appears that there might be risks to financial stability in a no deal scenario, deriving from a disorderly close out of positions of EU clearing members in the UK central counterparties. There might also be potential risks in relation to certain services provided to Union operators by UK central security depositories which cannot be replaced in the short-term. In these areas, the existing systems of equivalence provide appropriate tools, which can be swiftly deployed. The time remaining until 30 March 2019 should be used in this respect. Should the Commission need to act, it will only do so to the extent necessary to address financial stability risks arising from a withdrawal without an agreement, under strict conditionality and with limited duration. Should no agreement be in place, the Commission will adopt temporary and conditional equivalence decisions in order to ensure that there will be no disruption in central clearing and in depositaries services17. These decisions will be complemented by recognition of UK-based infrastructures, which are therefore encouraged to pre-apply to the European Securities and Markets Authority (ESMA) for recognition. Finally, the European Supervisory Authorities are encouraged to start preparing cooperation arrangements with UK supervisors to ensure that exchange of information related to financial institutions and actors is possible immediately after the withdrawal date in the case of a no deal scenario. 15 See also Communication from EIOPA on 5 November 2018, cf.   [*https://eiopa.europa.eu/Pages/News/EIOPA-calls-for-immediate-action-to-ensure-service-****continuity****-in-cross-border-insurance-.aspx*](https://eiopa.europa.eu/Pages/News/EIOPA-calls-for-immediate-action-to-ensure-service-continuity-in-cross-border-insurance-.aspx) 16 In order to facilitate the transfer of long term contracts to the European Union, on 8 November 2018, the European Securities and Markets Authority (ESMA) submitted to the Commission for endorsement draft technical standards which ensure that after a transfer, such contracts remain subject to the same regulatory treatment. 17 These measures are subject to a favourable vote of Member States in the competent committee. 9 Air transport18 In the area of air transport, the withdrawal of the United Kingdom without any arrangement in place at the withdrawal date, and without operators concluding the necessary and possible alternative arrangements, would lead to abrupt interruptions of air traffic between the United Kingdom and the European Union, due to the absence of traffic rights and/or the invalidity of the operating licence or of aviation safety certificates.  Regarding traffic rights, the Commission will propose measures to ensure that air carriers from the United Kingdom are allowed to fly over the territory of the European Union, make technical stops (e.g refuelling without embarkation/disembarkation of passengers), as well as land in the European Union and fly back to the United Kingdom. Those measures would be subject to the condition that the United Kingdom applies equivalent measures to air carriers from the European Union.  Regarding aviation safety, for certain aeronautical products (ʻtype certificatesʼ) and companies (ʻorganisation approvalsʼ), the European Aviation Safety Authority (EASA) will only be able to issue certificates once the United Kingdom has become a third country. The Commission will propose measures ensuring continued validity of such certificates for a limited ***period*** of time. These measures will be subject to the condition that the United Kingdom applies similar measures. Likewise, the Commission will propose measures ensuring that parts and appliances placed on the Union market before the withdrawal date based on a certificate issued by a legal and natural person certified by the UK Civil Aviation Authority may still be used under certain circumstances.  The Commission will take action to ensure that passengers and their cabin baggage flying from the United Kingdom and transiting via EU27 airports continue to be exempted from a second security screening, by applying the so-called ʻOne Stop Securityʼ system.19 Regarding the requirement in EU law that air carriers must be majority-owned and controlled by EU legal or natural persons, the Commission underlines that it is essential for companies that wish to be recognised as EU air carriers to take all the necessary measures to ensure that they meet this requirement on 30 March 2019. Road transport20 Regarding road transport, in case of no deal scenario, as of the withdrawal date, UK hauliers would have market access rights limited to the permits offered under the European Conference of Ministers of Transport (ECMT) which would allow for considerably less traffic than what currently takes place between the Union and the United Kingdom. Current EU law contains no mechanism to extend the Community licenses, which give wider access rights to hauliers within the European Union. 18 The Commission's stakeholder notices published in this area can be found:   [*https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices\_en#move*](https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#move) 19 This measure is subject to a favourable vote of Member States in the competent committee. 20 The Commission's stakeholder notices published in this area can be found:   [*https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices\_en#move*](https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#move) 10 Customs21 In the case of a no deal scenario, as of the withdrawal date, goods entering the European Union from the United Kingdom will be treated as imports and goods leaving the European Union to the United Kingdom will be treated as exports. All relevant EU legislation on imported goods and exported goods will apply, including the levy of certain duties and taxes (such as customs duties, value added tax and excise on importation), in accordance with the commitments of the European Union under the rules of the World Trade Organisation. The need for customs declarations to be presented to customs authorities, and the possibility to control shipments will also apply.  The Commission calls on Member States to take all necessary steps to be in a position to apply the Union Customs Code and the relevant rules regarding indirect taxation on 30 March 2019, in case of a no deal scenario, to all imports from and exports to the United Kingdom. Customs authorities may issue authorisations for the use of facilitation measures provided for in the Union Customs Code, when economic operators request them, and subject to relevant requirements being met. Ensuring a level-playing field and ***smooth*** trade flows will be particularly challenging in the areas with the densest goods traffic with the United Kingdom. The Commission is working with Member States to help find solutions in full respect of the current legal framework. Sanitary/phytosanitary requirements22 In a no deal scenario, as of the withdrawal date, the entry of many goods and animals subject to sanitary and phytosanitary (SPS) rules will be prohibited unless the United Kingdom is ʻlistedʼ in EU law as an authorised third country.  On the basis of the EU veterinary legislation, the Commission will – if justified – swiftly ʻlistʼ23 the United Kingdom, if all applicable conditions are fulfilled, so as to allow the entry of live animals and animal products from the United Kingdom into the European Union24. However, even if the United Kingdom is listed, strict health related import conditions applied to third countries will be required and these imports will have to undergo sanitary and phytosanitary controls by Member States authorities at Border Inspection Posts, which is a matter of Member State responsibility. The Commission, when approving new or extended Border Inspection Posts in the EU27 Member States, will take account of the flexibilities provided for in the applicable EU legislation. 21 The Commission's stakeholder notices published in this area can be found:   [*https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices\_en#tradetaxud*](https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#tradetaxud) 22 The Commission's stakeholder notices published in this area can be found at the address:   [*https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices\_en#sante*](https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#sante) 23 The ʻlistingʼ is subject to a favourable vote of Member States in the competent committee. 24 The Commission notes that the UK Government has issued, on 24 September 2018, a guidance notice on ʻimporting animals and animal products if there's no Brexit dealʼ stating that ʻthere would be no change on the day the United Kingdom leaves the EU to current import controls or requirements for notifications of imports of live animals and animal products for imports direct from the EUʼ. 11 Personal data25 In the case of a no deal scenario, as of the withdrawal date, the transfer of personal data to the United Kingdom will become subject to the rules on international transfers in application of the General Data Protection Regulation (EU) 2016/679, Directive (EU) 2016/680 for the law enforcement sector and Regulation (EC) 45/200126 for the institutions and bodies of the European Union. The General Data Protection Regulation, Directive 2016/680 and Regulation 45/2001 contain a broad toolbox for data transfers to third countries. This includes in particular the so-called ʻappropriate safeguardsʼ (e.g the Commission's approved Standard Contractual Clauses, Binding Corporate Rules, administrative arrangements) that can be used both by the private sector and public authorities. In addition, the three legislative acts mentioned above contain a number of derogations for specific situations that allow data transfers even in the absence of appropriate safeguards, for instance if the data subject provides explicit consent, for the performance of a contract, for exercise of legal claims or for important reasons of public interest. These are the same tools that are used with most countries in the world for which no adequacy decision exists. In view of the options available under the legislative acts mentioned, the adoption of an adequacy decision is not part of the Commission's contingency planning. EU climate policy In a no deal scenario, as of the withdrawal date, all relevant EU climate change legislation (EU Emissions Trading, fluorinated greenhouse gases and others) will cease to apply to and in the United Kingdom. For the EU Emissions Trading System, the Commission will closely monitor the proper functioning of the system in the withdrawal context. The Commission will take the necessary steps to preserve the integrity of this mechanism, including through the possible temporary suspension of auction and free allocation/exchange processes in relation to the United Kingdom. In order to safeguard the operation of the fluorinated greenhouse gases quota system in the absence of a ratified Withdrawal Agreement by March 2019, the quantities of substance gases legally placed by UK companies on their domestic market should no longer be factored into the allocation of 2019 annual quotas, given that the EU market will be smaller as of the date of withdrawal.  The Commission will amend UK companies' reference values as a basis for the allocation or their 2019 annual quotas for fluorinated greenhouse gases based on their declared EU27 activities, thereby excluding quotas based on their declared UK domestic activities27. 6. Next steps on contingency 25 The Commission's stakeholder notice published in this area can be found at the address:   [*https://ec.europa.eu/info/sites/info/files/file\_import/data\_protection\_en.pdf*](https://ec.europa.eu/info/sites/info/files/file_import/data_protection_en.pdf) 26 Or its successor instrument once it has entered into force 27 This measure is subject to a favourable vote of Member States in the competent committee. 12 The negotiations between the European Union and the United Kingdom on the Withdrawal Agreement continue and the Commission remains fully committed to this process. However, as the date of the United Kingdom’s withdrawal is approaching, it is now necessary to move forward with preparations for all possible outcomes. The contingency actions described above require very close coordination of all levels: the European Union, national and local level, and actions by stakeholders. In this Communication, the Commission has set out key actions to be taken in essential areas28. The Commission highlights that some measures involve incompressible procedural requirements for their adoption, in particular as regards legislative acts, for which Protocols 1 and 2 to the Treaties provide for an eight-week ***period*** for the consultation of national Parliaments. Similarly, delegated acts are subject to mandatory scrutiny by the European Parliament and Council, which cannot be accelerated in all cases. The timely adoption of the necessary legislative measures requires the full cooperation of all EU institutions involved, to avoid delays due to non-Brexit related considerations. The minimum timelines for the second-level legal acts, which the Commission is empowered to adopt, are outlined in Annex 5. In light of this, the Commission intends to:  Propose all necessary legislative measures and adopt all delegated acts before 31 December 2018.  In the case of legislative acts, this should allow the European Parliament and the Council to have the time needed to complete the ordinary legislative procedure before the plenary of the outgoing Parliament in March 2019, and to exercise its control functions for delegated acts.  Submit all necessary draft implementing acts for a vote in the competent committees by 15 February 2019 at the latest. Throughout this ***period***, the Commission will ensure proper coordination among Member States. To that effect, the Council Working Party (Art. 50) will organise a series of sectorial meetings in November-December 2018 involving the Brexit preparedness coordinators of the EU27 Member States and relevant national administrations, cf. Annex 6. These preparedness seminars will be an opportunity to assess jointly the state of play of preparedness and assess where additional action may be needed by stakeholders, national administrations and at EU level. The Commission will participate in European Parliament and Council meetings on preparedness issues as often as necessary. The need for a united and coordinated approach of the EU27 Member States The Commission calls on Member States to remain united in this unprecedented withdrawal process, continuing to display the determination and the solidarity that have characterised the position of the European Union in the negotiations and trust that a collective contingency plan, according to the timeline proposed and on the basis of the plan here suggested, will be implemented. The Commission points out that bilateral solutions would be either 28 An overview is provided in Annex 4. 13 incompatible with the division of competences within the European Union or, even where compatible with the division of competences, would in the end jeopardise the integrity of the European Union, with negative effects for citizens, businesses and public authorities. The draft Withdrawal Agreement constitutes the best option for the withdrawal. In the absence of a Withdrawal Agreement, the European Union will act to protect its interests, and should display a united and coordinated approach in all areas.

**Load-Date:** November 24, 2018

**End of Document**



[***Federal Register: Hazardous Materials: Harmonization With International Standards Pages 60970 - 61070 [FR DOC # 2018-24620]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RTH-M8K1-JDG9-Y0SB-00000-00&context=1516831)

Impact News Service

November 27, 2018 Tuesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 44789 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

Department of Transportation ----------------------------------------------------------------------- Pipeline and Hazardous Materials Safety Administration ----------------------------------------------------------------------- 49 CFR Parts 171, 172, 173, et al. Hazardous Materials: Harmonization With International Standards; Proposed Rule Federal Register / Vol. 83 , No. 228 / Tuesday, November 27, 2018 / Proposed Rules [[Page 60970]] ----------------------------------------------------------------------- DEPARTMENT OF TRANSPORTATION Pipeline and Hazardous Materials Safety Administration 49 CFR Parts 171, 172, 173, 175, 176, 178 and 180 [Docket No. PHMSA-2017-0108 (HM-215O)] RIN 2137-AF32 Hazardous Materials: Harmonization With International Standards AGENCY: Pipeline and Hazardous Materials Safety Administration (PHMSA), Department of Transportation (DOT). ACTION: Notice of proposed rulemaking (NPRM). ----------------------------------------------------------------------- SUMMARY: The Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to amend the Hazardous Materials Regulations (HMR) to maintain alignment with international regulations and standards by incorporating various amendments, including changes to proper shipping names, hazard classes, packing groups, special provisions, packaging authorizations, air transport quantity limitations, and vessel stowage requirements.

These revisions are necessary to harmonize the HMR with recent changes made to the International Maritime Dangerous Goods Code, the International Civil Aviation Organization's Technical Instructions for the Safe Transport of Dangerous Goods by Air, and the United Nations Recommendations on the Transport of Dangerous Goods--Model Regulations. Additionally, PHMSA proposes several amendments to the HMR that would allow for increased alignment with the Transport Canada, Transportation of Dangerous Goods (TDG) Regulations. DATES: Comments must be received by January 28, 2019. ADDRESSES: You may submit comments by any of the following methods:  Federal Rulemaking Portal: [*http://www.regulations.gov*](http://www.regulations.gov) Follow the online instructions for submitting comments.      Fax: 1-202-493-2251.      Mail: Docket Management System; U.S Department of Transportation, Docket Operations, M-30, Ground Floor, Room W12-140, 1200 New Jersey Avenue SE, Washington, DC 20590-0001.      Hand Delivery: U.S Department of Transportation, Docket Operations, M-30, Ground Floor, Room W12-140, 1200 New Jersey Avenue SE, Washington, DC 20590-0001 between 9 a.m and 5 p.m , Monday through Friday, except Federal holidays.     Instructions: Include the agency name and docket number PHMSA-2017- 0108 (HM-215O)] or RIN 2137-AF32 for this rulemaking at the beginning of your comment. Note that all comments received will be posted without change to   [*http://www.regulations.gov*](http://www.regulations.gov) including any personal information provided. If sent by mail, comments must be submitted in duplicate. Persons wishing to receive confirmation of receipt of their comments must include a self-addressed stamped postcard.     Privacy Act: Anyone is able to search the electronic form of any written communications and comments received into any of our dockets by the name of the individual submitting the document (or signing the document, if submitted on behalf of an association, business, labor union, etc.). You may review DOT's complete Privacy Act Statement in the Federal Register published on April 11, 2000 (65 FR 19477), or you may visit   [*http://www.regulations.gov*](http://www.regulations.gov)     Docket: You may view the public docket through the internet at   [*http://www.regulations.gov*](http://www.regulations.gov) or in person at the Docket Operations office at the above address (See ADDRESSES).

FOR FURTHER INFORMATION CONTACT: Steven Webb, International Program or Aaron Wiener, International Program, telephone (202) 366-8553, Pipeline and Hazardous Materials Safety Administration, U.S Department of Transportation, 1200 New Jersey Avenue SE, East Building, 2nd Floor, Washington, DC 20590-0001.

SUPPLEMENTARY INFORMATION:

Table of Contents

I. Executive Summary II. Background III. Incorporation by Reference Discussion Under 1 CFR part 51 IV. Harmonization Proposals in This NPRM V. Amendments Not Being Considered for Adoption in This NPRM VI. Section-by-Section Review VII. Regulatory Analyses and Notices     A. Statutory/Legal Authority for This Rulemaking     B. Executive Order 12866, Executive Order 13563, and DOT Regulatory Policies and Procedures     C. Executive Order 13771     D. Executive Order 13132     E. Executive Order 13175     F. Regulatory Flexibility Act, Executive Order 13272, and DOT Policies and Procedures     G. Paperwork Reduction Act     H. Regulation Identifier Number (RIN)     I. Unfunded Mandates Reform Act of 1995     J. Environment Assessment     K. Privacy Act     L. Executive Order 13609 and International Trade Analysis     M. National Technology Transfer and Advancement Act List of Subjects

I. Executive Summary

    The Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to amend the Hazardous Materials Regulations (HMR; 49 CFR parts 171 to 180) to maintain alignment with international regulations and standards by incorporating various amendments, including changes to proper shipping names, hazard classes, packing groups, special provisions, packaging authorizations, air transport quantity limitations, and vessel stowage requirements. This rulemaking project is part of our ongoing biennial process to harmonize the HMR with international regulations and standards.     In this NPRM, PHMSA proposes to amend the HMR to maintain alignment with various international standards. The following are some of the more noteworthy proposals set forth in this NPRM:      Incorporation by Reference: PHMSA proposes to incorporate by reference the newest versions of various international hazardous materials (hazmat) standards, including: The 2019-2020 Edition of the International Civil Aviation Organization Technical Instructions for the Safe Transport of Dangerous Goods by Air (ICAO Technical Instructions); Amendment 39-18 to the International Maritime Dangerous Goods Code (IMDG Code); the 20th Revised Edition of the United Nations Recommendations on the Transport of Dangerous Goods (UN Model Regulations); Amendment 1 to the 6th Revised Edition of the UN Manual of Tests and Criteria; and the 7th Revised Edition of the Globally Harmonized System of Classification and Labelling of Chemicals (GHS). Additionally, we propose to update our incorporation by reference of the Transport Canada TDG Regulations to include: SOR/2016-95 published June 1, 2016; SOR/2017-137 published July 12, 2017; and SOR/2017-253 published December 13, 2017. Finally, in this NPRM, PHMSA proposes the adoption of updated International Organization for Standardization (ISO) standards.      Hazardous Materials Table: PHMSA proposes amendments to the Hazardous Materials Table (HMT; Sec.  172.101) consistent with recent changes in the Dangerous Goods List of the 20th Revised Edition of the UN Model Regulations, the IMDG Code, and the ICAO Technical Instructions. Specifically, we propose amendments to the HMT to add, revise, or remove certain proper shipping names, hazard

[[Page 60971]]

classes, packing groups, special provisions, packaging authorizations, bulk packaging requirements, and passenger and cargo aircraft maximum quantity limits.      Articles containing dangerous goods: PHMSA proposes to add a classification system for articles containing hazardous materials that do not already have a proper shipping name. This proposal would address situations in which hazardous materials or hazardous materials residues are present in articles, and authorize a safe method to transport articles that may be too large to fit into typical packages. Absent these provisions to package and transport these materials safely, these articles may be offered for transport under provisions that do not adequately account for the physical and chemical properties of the substances and may require the issuance of an approval by PHMSA's Associate Administrator for Hazardous Materials Safety.      Lithium Battery Test Summary: PHMSA proposes the inclusion of a lithium battery test summary requirement. The HMR require lithium battery manufacturers to subject their batteries to appropriate UN design tests to ensure they are classified correctly for transport, and develop records of successful test completion. The proposed test summary would include a standardized set of elements that provide traceability and accountability, thereby ensuring that lithium cell and battery designs offered for transport meet the appropriate UN tests.      Baggage Equipped with Lithium Batteries: PHMSA proposes to amend the aircraft passenger provisions for carriage of baggage equipped with lithium batteries intended to power features such as location tracking, battery charging, digital weighing, or motors (sometimes referred to as ``smart luggage''). Specifically, baggage equipped with a lithium battery or batteries would be required to be carried in the cabin of the aircraft unless the battery or batteries are removed.      Segregation of Lithium Batteries from Specific Hazardous Materials: PHMSA proposes requirements to segregate lithium cells and batteries from certain other hazardous materials, notably flammable liquids, when offered for transport or transported on aircraft. PHMSA is taking this action to promote consistency with the ICAO Technical Instructions and a recommendation (A-16-001) from the National Transportation Safety Board (NTSB) stemming from the investigation of the July 28, 2011, in-flight fire and crash of Asiana Airlines Flight 991 incident that resulted in the loss of the aircraft and crew. The investigation report cited as a contributing factor the flammable materials and lithium ion batteries that were loaded together either in the same or adjacent pallets.      Alternative criteria for classification of corrosive materials: PHMSA proposes to include non-testing alternatives for classifying corrosive mixtures that uses existing data on their chemical properties. Currently the HMR require offerors to classify Class 8 corrosive material and assign a packing group based on test data. The HMR authorize a skin corrosion test and various in vitro test methods that do not involve animal testing. However, data obtained from testing is currently the only data acceptable for classification and assigning a packing group. These alternatives would afford offerors the ability to make a classification and packing group assignment without the need to conduct physical tests.      Provisions for Polymerizing Substances: PHMSA is proposing to extend the sunset dates for provisions concerning the transportation of polymerizing substances from January 2, 2019 to January 2, 2021. This additional time will allow PHMSA to finalize research and analyze comments and data concerning the issue submitted to the docket for this NPRM. This information will allow us to have a more comprehensive understanding of polymerizing substances and further consider the most appropriate transport provisions for these materials.     If adopted in a final rule, the amendments proposed in this NPRM will result in minimal burdens on the regulated community. The benefits achieved from their adoption include enhanced transportation safety resulting from the consistency of domestic and international hazard communication and continued access to foreign markets by U.S manufacturers of hazardous materials. PHMSA anticipates that most of the amendments in this NPRM will result in cost savings and will ease the regulatory compliance burden for shippers engaged in domestic and international commerce, including trans-border shipments within North America.     PHMSA solicits comment from the regulated community on these amendments and others proposed in this NPRM pertaining to: Need, benefits, and costs of international harmonization; impact on safety; and any other relevant concerns. In addition, PHMSA solicits comment regarding approaches to reducing the costs of this rule while maintaining or increasing the benefits. In its preliminary analysis, PHMSA concluded that the aggregate benefits of the amendments proposed in this NPRM justify their aggregate costs. Nonetheless, PHMSA solicits comment on specific changes (i.e , greater flexibility with regard to a particular amendment) that might improve the rule.

II. Background

    Federal law and policy strongly favor the harmonization of domestic and international standards for hazardous materials transportation. The Federal hazardous materials law (49 U.S.C 5101 et seq.) directs PHMSA to participate in relevant international standard-setting bodies and requires alignment of the HMR with international transport standards to the extent practicable. Although Federal hazmat law permits PHMSA to depart from international standards to promote safety or other overriding public interest, it otherwise encourages domestic and international harmonization (see 49 U.S.C 5120).     In a final rule published December 21, 1990 (Docket HM-181; 55 FR 52402), PHMSA's predecessor--the Research and Special Programs Administration (RSPA)--comprehensively revised the HMR for international harmonization with the UN Model Regulations. The UN Model Regulations constitute a set of recommendations issued by the United Nations Sub-Committee of Experts (UNSCOE) on the Transport of Dangerous Goods and the United Nations Sub-Committee of Experts on the Globally Harmonized System of Classification and Labelling of Chemicals (GHS). The UN Model Regulations are amended and updated biennially by the UNSCOE and serve as the basis for national, regional, and international modal regulations, including the IMDG Code and the ICAO Technical Instructions.     Since publication of the 1990 rule, PHMSA has issued 12 subsequent international harmonization rulemakings.\1\ These rulemakings were based on biennial updates of the UN Model Regulations, the IMDG Code, and the ICAO Technical Instructions. ---------------------------------------------------------------------------

    \1\ HM-215A [59 FR 67390]; HM-215B [62 FR 24690]; HM-215C [64 FR 10742]; HM-215D [66 FR 33316]; HM-215E [68 FR 44992]; HM-215G [69 FR 76044]; HM-215I [71 FR 78595]; HM-215J [74 FR 2200]; HM-215K [76 FR 3308]; HM-215L [78 FR 987]; HM-215M [80 FR 1075]; and HM-215N [82 FR 15796]. ---------------------------------------------------------------------------

    Harmonization becomes increasingly important as the volume of hazardous materials transported in international commerce grows. Harmonization not only facilitates international trade by minimizing the costs and other burdens of complying with multiple or inconsistent safety requirements for

[[Page 60972]]

transportation of hazardous materials, but it also enhances safety when the international standards provide an appropriate level of protection. PHMSA actively participates in the development of international standards for the transportation of hazardous materials and promotes the adoption of standards consistent with the HMR. When considering alignment of the HMR with international standards, PHMSA reviews and evaluates each amendment on its own merit, its overall impact on transportation safety, and the economic implications associated with its adoption. Our goal is to harmonize with international standards without diminishing the level of safety currently provided by the HMR or imposing undue burdens on the regulated community.     Based on recent review and evaluation, PHMSA proposes to revise the HMR to incorporate changes from the 20th Revised Edition of the UN Model Regulations, Amendment 39-18 to the IMDG Code,\2\ and the 2019- 2020 Edition of the ICAO Technical Instructions, all of which become effective January 1, 2019. ---------------------------------------------------------------------------

    \2\ Amendment 39-18 to the IMDG Code may be voluntarily applied on January 1, 2019; however, the previous amendment remains effective through December 31, 2019. ---------------------------------------------------------------------------

    In addition, PHMSA proposes to incorporate by reference the newest editions of various international standards. The standards incorporated by reference are authorized for use, under specific circumstances, in part 171 subpart C of the HMR. This proposed rule is necessary to incorporate revisions to the international standards and, if adopted in the HMR, will be effective January 1, 2019.     PHMSA published a final rule under Docket HM-215N [82 FR 15796 (March 30, 2017)] that, among other things, added four new Division 4.1 entries for polymerizing substances to the HMT, and added into the HMR defining criteria, authorized packagings, and safety requirements including, but not limited to, stabilization methods and operational controls. In this prior rulemaking, PHMSA indicated that these changes would be in effect until January 2, 2019. During the interim time ***period*** between publication of the final rule and January 2, 2019, PHMSA indicated it would review and research the implications of the polymerizing substance amendments, and readdress the issue in the next international harmonization rulemaking.     On January 19, 2017, a Broad Agency Announcement (BAA) \3\ was issued soliciting white papers from those interested in undertaking research into the appropriate temperature controls for polymerizing substances across all package sizes and the impact of gas generation from a polymerizing reaction. Submissions were received and reviewed by a team of experts to verify, in accordance with the terms of the BAA, the technical appropriateness of the proposed work, and the past performance of the submitter. Recommendations were submitted to the PHMSA Research and Development staff on February 14th, 2018. The Research and Development staff is undertaking the necessary next steps to initiate the research. By way of this rulemaking, PHMSA also solicits comments and data from shippers and classifiers of polymerizing substances concerning their experiences operating under the transport provisions applied to polymerizing substances in the HM- 215N final rule. Specifically, PHMSA seeks information regarding: ---------------------------------------------------------------------------

    \3\ Broad Agency Announcement (BAA) for innovative research and development projects, January 19, 2017. [*https://www.fbo.gov/spg/DOT/PHMSA/PHMSAHQ/DTPH5617PHMSABAA/listing.html*](https://www.fbo.gov/spg/DOT/PHMSA/PHMSAHQ/DTPH5617PHMSABAA/listing.html) ---------------------------------------------------------------------------

     Whether affected entities have experienced difficulties resulting from differing domestic and international requirements for polymerizing substances (e.g , differing temperature thresholds before temperature control is required in portable tanks and requirements for successfully passing Test Series E prior to offering for transport in a portable tank or IBC);      The experiences of the regulated community in utilizing Test Series E with polymerizing substances; and      Whether there are alternative tests that can indicate appropriate responses when potentially polymerizing substances are heated under confinement.     As this research project is presently in the pre-award phase prescribed in the BAA and will not be completed prior to the expected publication date of a final rule for this NPRM, PHMSA is proposing to extend the sunset dates for provisions concerning the transportation of polymerizing substances from January 2, 2019 to January 2, 2021. This additional time should allow PHMSA to complete its ongoing research project and analyze all comments and data concerning the issue submitted to the docket for this NPRM. This information will increase our comprehension of polymerizing substances and further consider the most appropriate transport provisions for these materials. This new sunset date is proposed in amendments to Sec. Sec.  172.101, 172.102, 173.21, and 173.124

III. Incorporation by Reference Discussion Under 1 CFR Part 51

    The UN Model Regulations, Manual of Tests and Criteria, and Globally Harmonized System of Classification and Labelling of Chemicals, as well as all of the Transport Canada Clear Language Amendments, are free and easily accessible to the public on the internet, with access provided through the parent organization websites. The ICAO Technical Instructions, IMDG Code, and all ISO references are available for interested parties to purchase in either print or electronic versions through the parent organization websites. The price charged for those not freely available helps to cover the cost of developing, maintaining, hosting, and accessing these standards. The specific standards are discussed in greater detail in the following analysis.

IV. Harmonization Proposals in This NPRM

    In addition to various other revisions to the HMR, PHMSA proposes the following amendments to harmonize the HMR with the most recent revisions to the UN Model Regulations, ICAO Technical Instructions, and IMDG Code, as well as several amendments to further align with the Transport Canada TDG Regulations:      Incorporation by Reference: PHMSA proposes to incorporate by reference the newest versions of various international hazardous materials standards, including the 2019-2020 Edition of the ICAO Technical Instructions; Amendment 39-18 to the IMDG Code; the 20th Revised Edition of the UN Model Regulations; amendment 1 to the 6th Revised Edition of the UN Manual of Tests and Criteria; and the 7th Revised Edition of the GHS. Additionally, we propose to update our incorporation by reference of the Transport Canada TDG Regulations to include SOR/2016-95 published June 1, 2016; SOR/2017-137 published July 12, 2017; and SOR/2017-253 published December 13, 2017. Finally, in this NPRM, PHMSA proposes the adoption of updated ISO standards.      Hazardous Materials Table: PHMSA proposes amendments to the HMT to add, revise, or remove certain proper shipping names, hazard classes, packing groups, special provisions, packaging authorizations, bulk packaging requirements, vessel stowage and segregation requirements, and

[[Page 60973]]

passenger and cargo aircraft maximum quantity limits.      Articles containing dangerous goods: PHMSA proposes to add a classification scheme for articles containing hazardous materials that do not already have a proper shipping name. This proposal would address situations in which hazardous materials or hazardous materials residues are present in articles. This proposal would authorize a safe method to transport articles that may be too large to fit into typical packages. Absent these provisions to package and transport these materials safely, these articles may be offered for transport under provisions that do not adequately account for the physical and chemical properties of the substances and may require the issuance of an approval by PHMSA's Associate Administrator for Hazardous Materials Safety.      Lithium Battery Test Summary: PHMSA proposes the inclusion of a lithium battery test summary requirement. The HMR require lithium battery manufacturers to subject their batteries to appropriate UN design tests to ensure they are classified correctly for transport, and develop records of successful test completion. The proposed test summary would include a standardized set of elements that provide traceability and accountability, thereby ensuring that lithium cell and battery designs offered for transport meet the appropriate UN tests.      Baggage Equipped with Lithium Batteries: PHMSA proposes to amend the aircraft passenger provisions for carriage of baggage equipped with lithium batteries intended to power features such as location tracking, battery charging, digital weighing, or motors (sometimes referred to as ``smart luggage''). Specifically, baggage equipped with a lithium battery or batteries would be required to be carried in the cabin of the aircraft unless the battery or batteries are removed.      Segregation of Lithium Batteries from Specific Hazardous Materials: PHMSA proposes requirements to segregate lithium cells and batteries from certain other hazardous materials, notably flammable liquids, when offered for transport or transported on aircraft. PHMSA is taking this action to promote consistency with the ICAO Technical Instructions and a recommendation (A-16-001) from the National Transportation Safety Board (NTSB) stemming from the investigation of the July 28, 2011, in-flight fire and crash of Asiana Airlines Flight 991 that resulted in the loss of the aircraft and crew. The investigation report cited as a contributing factor the flammable materials and lithium ion batteries that were loaded together either in the same or adjacent pallets.      Alternative criteria for classification of corrosive materials: PHMSA proposes to include non-testing alternatives for classifying corrosive mixtures that instead uses existing data on the chemical properties. Currently the HMR require offerors to classify Class 8 corrosive material and assign a packing group based on test data. The HMR authorize a skin corrosion test and various in vitro test methods that do not involve animal testing. However, data obtained from testing is currently the only data acceptable for classification and assigning a packing group. These alternatives would afford offerors the ability to make a classification and packing group assignment without the need to conduct physical tests.

V. Amendments Not Being Considered for Adoption in This NPRM

    PHMSA's goal in this rulemaking is to harmonize the HMR with international requirements. We are not striving to make the HMR identical to the international regulations, but rather to remove or avoid potential barriers to international transportation.     PHMSA proposes changes to the HMR based on amendments adopted in the 20th Revised Edition of the UN Model Regulations, the 2019-2020 Edition of the ICAO Technical Instructions, and Amendment 39-18 to the IMDG Code. It is not, however, proposing to adopt all of the amendments made to the various international standards into the HMR.     In many cases, amendments to the international recommendations and regulations are not adopted into the HMR because the framework or structure of the HMR makes adoption unnecessary. In other cases, we have addressed, or will address, the amendments in separate rulemaking proceedings.     The following is a list of significant amendments to the international standards that PHMSA is not currently proposing:      Fuel gas containment systems: The 20th Revised Edition to the UN Model Regulations added a special provision to allow for the transportation of fuel gas containment systems containing certain gases transported for disposal, recycling, repair, inspection, maintenance, or from where they are manufactured to a vehicle assembly plant. PHMSA does not believe the vehicle specification pressure vessels that are incorporated and authorized by the UN Model Regulations apply to domestic transportation as most fuel gas containment standards addressed are more appropriate for European road and rail regulations. PHMSA invites comment on this amendment in the UN Model Regulations and whether it would benefit industry to include a similar amendment in the HMR.      Severely damaged and defective lithium batteries: The 20th Revised Edition of the UN Model Regulations adopted transportation provisions for damaged and defective cells and batteries of UN Nos. 3090, 3091, 3480 and 3481 liable to rapidly disassemble, dangerously react, or produce a flame, a dangerous evolution of heat, or a dangerous emission of toxic, corrosive, or flammable gases or vapors under normal conditions of transport. In this NPRM, PHMSA is not proposing to adopt changes to the domestic requirements for the treatment of these lithium batteries, as it believes existing packaging and hazard communication requirements in Sec.  173.185(f) sufficiently address consignments of this nature.      Road gas elements vehicles: Amendment 39-18 of the IMDG Code adopted provisions for road gas elements vehicles. These vehicles contain elements (e.g cylinders, tubes, bundles of cylinders, pressure drums, or tanks) intended for the carriage of gases with a capacity of more than 450 L permanently fitted to a vehicle and fitted with necessary service equipment. PHMSA believes the HMR provisions authorizing the transportation of Multi-Element Gas Containers (MEGCs) and tube trailers adequately address the transportation of gases in a similar manner.      Competency-based training: PHMSA is seeking public comments on a Competency Based Training approach in this NPRM. The 2017-2018 ICAO Technical Instructions included proposed revisions to their training provisions in Attachment 4,\4\ noting that these provisions would replace the current Part 1; Chapter 4 in the 2019-2020 edition. The provisions presented at the ICAO DGP, and included in the 2017-2018 ICAO Technical Instructions, on utilizing a competency based training approach for dangerous goods have yet to be finalized and adopted. We welcome discussions on improving the quality of employee training and assessment within the scope of the existing training regime. The training provisions as they are currently stated in the HMR are not prescriptive and permit a wide latitude in implementation. Thus, employers can tailor employee training program in a manner that best addresses the job functions performed. Through this flexibility employers can utilize various training methods, including the

[[Page 60974]]

Competency Based Training approach. To aid the public in developing comments, three documents from ICAO DGP and UNSCOE containing information pertaining to Competency Based Training have been provided in the public docket for this rulemaking.     Any comments received may be utilized to better inform PHMSA's work in various international forums. Below are some thought starters for consideration for your comments:      If you currently follow a Competency Based Training approach to meet the requirements in Part 172, Subpart H:     [cir] Do you have suggestions or lessons learned that you would like to share?     [cir] What information or tools did/do you consider most helpful in implementing a Competency Based Training approach?     [cir] Have you reviewed the ICAO guidance provided in the Docket? If so, did you find the guidance helpful?      If you do not follow a Competency Based Training approach to meet the requirements in Part 172, Subpart H:     [cir] Have you reviewed the ICAO guidance provided in the Docket? If so, did you find the guidance helpful?     [cir] Are you aware of any barriers to implementing a Competency Based Training approach?

VI. Section-by-Section Review

    The following is a section-by-section review of the amendments proposed in this NPRM:

Part 171

Section 171.7     Section 171.7 provides a listing of all voluntary consensus standards incorporated by reference into the HMR, as directed by the ``National Technology Transfer and Advancement Act of 1996.'' According to the Office of Management and Budget (OMB), Circular A-119, ``Federal Participation in the Development and Use of Voluntary Consensus Standards and in Conformity Assessment Activities,'' government agencies must use voluntary consensus standards wherever practical in the development of regulations. Agency adoption of industry standards promotes productivity and efficiency in government and industry, expands opportunities for international trade, conserves resources, improves health and safety, and protects the environment.     PHMSA actively participates in the development and updating of consensus standards through representation on more than 20 consensus standard bodies and regularly reviews updated consensus standards to consider their merit for inclusion in the HMR. For this rulemaking, PHMSA evaluated updated international consensus standards pertaining to proper shipping names, hazard classes, packing groups, special provisions, packaging authorizations, air transport quantity limitations, and vessel stowage requirements. It determined that the revised standards provide an enhanced level of safety without imposing significant compliance burdens. These standards have well-established and documented safety histories, and their adoption will maintain the high safety standard currently achieved under the HMR. Therefore, in this NPRM, PHMSA proposes to add and revise the following incorporation by reference materials:      Paragraph (s)(2) would be added, to incorporate the International Atomic Energy Agency Code of Conduct on the Safety and Security of Radioactive Sources. Section 172.800 references the incorporation by reference of this document; however, this entry does not currently appear in Sec.  171.7 The proposed addition of this paragraph would correct this oversight. The incorporation of this document in Sec.  172.800 provides a list of Category 1 and 2 radioactive sources for which offerors or carriers require a security plan.      Paragraph (t)(1), which incorporates the International Civil Aviation Organization Technical Instructions for the Safe Transport of Dangerous Goods by Air (ICAO Technical Instructions), 2015-2016 Edition, would be revised to incorporate the 2019-2020 Edition. These instructions contain the detailed instructions for the international transport of hazardous materials by air.      Paragraph (v)(2), which incorporates the International Maritime Organization International Maritime Dangerous Goods Code (IMDG Code), Incorporating Amendment 38-16 (English Edition), would be revised to incorporate the 39-18 (English Edition), 2018 Edition. This code contains the detailed instructions for the international transport of hazardous materials by vessel.      Paragraph (w), which incorporates various International Organization for Standardization entries, would be revised to incorporate by reference standards for the specification, design, construction, testing, and use of gas cylinders:

--ISO 11118(E), Gas cylinders--Non-refillable metallic gas cylinders-- Specification and test methods would be replaced by ISO 11118:2015(E), Gas cylinders--Non-refillable metallic gas cylinders--Specification and test methods in paragraph (w)(53). The purpose of this standard is to provide a specification for the design, manufacture, inspection, and testing of non-refillable metallic gas cylinders for worldwide safe use, handling, and transport. --ISO 11120(E), Gas cylinders--Refillable seamless steel tubes of water capacity between 150 L and 3000 L--Design, construction and testing, First edition, March 1999 would be replaced by ISO 11120:2015(E), Gas cylinders--Refillable seamless steel tubes of water capacity between 150 L and 3,000 L--Design, construction and testing in paragraph (w)(62). This standard provides a specification for the design, manufacture, inspection and testing of tubes at the time of manufacture for worldwide usage. --ISO/TR 11364:2012(E), Gas cylinders--Compilation of national and international valve system/gas cylinder neck threads and their identification and marking system would be added in paragraph (w)(77). The purpose of this standard is to list all known cylinder/valve threads currently used and also threads used in the past and to specify a harmonized identification code and marking system for both cylinders and valves. --ISO 11623(E), Transportable gas cylinders--Periodic inspection and testing of composite gas cylinders, First edition, March 2002 would be replaced by ISO 11623:2015(E), Transportable gas cylinders--Periodic inspection and testing of composite gas cylinders in paragraph (w)(66). This standard specifies the requirements for periodic inspection and testing and to verify the integrity for further service of hoop-wrapped and fully-wrapped composite transportable gas cylinders, with aluminum- alloy, steel or non-metallic liners or of linerless construction (Types 2, 3, 4, and 5), intended for compressed, liquefied or dissolved gases under pressure, of water capacity from .5 L up to 450 L. --ISO 14246:2014(E), Gas cylinders--Cylinder valves--Manufacturing tests and examination would be added in paragraph (w)(69). This standard covers the function of a cylinder valve as a closure (defined by the UN Model Regulations). --ISO 16148:2016(E), Gas cylinders--Refillable seamless steel gas cylinders and tubes--Acoustic emission examination (AT) and follow-up ultrasonic examination (UT) for

[[Page 60975]]

periodic inspection and testing in paragraph (w)(71). This International Standard describes two methods of AT, defined as Method A and Method B, and a method of follow-up UT. These non-destructive examination techniques are an alternative to conventional testing procedures for cylinders and tubes. --ISO 17871:2015(E) Gas cylinders--Quick-release cylinder valves-- Specification and type testing in paragraph would be added to (w)(72). This standard covers the function of a quick-release cylinder valve as a closure (defined by the UN Model Regulations). --ISO 21172-1:2015(E), Gas cylinders--Welded steel pressure drums up to 3,000 litres capacity for the transport of gases--Design and construction--Part 1: Capacities up to 1,000 litres would be added in paragraph (w)(75). is to provide a specification for the design, manufacture, inspection, and approval of welded steel gas pressure drums. --ISO 22434:2006(E), Transportable gas cylinders--Inspection and maintenance of cylinder valves would be added in paragraph (w)(76). This International Standard specifies the requirements for the inspection and maintenance of cylinder valves, including valves with integrated pressure regulators.      Paragraphs (aa)(1)-(4), which updates 4 existing Organization for Economic Cooperation and Development (OECD) guidelines concerning corrosivity testing (Nos. 404, 430, 431, & 435). The references to these standards would be updated to the 2015 versions of the standards.      Paragraph (bb)(1), which incorporates the Transport Canada Transportation of Dangerous Goods Regulations, would add subparagraphs (xx), (xxi), and (xxii), to include SOR/2016-95 published June 1, 2016; SOR/2017-137 published July 12, 2017; and SOR/2017-253 published December 13, 2017, respectively. These proposed additions are to incorporate changes to the Transport Canada Transportation of Dangerous Goods Regulations.      Paragraph (bb)(2) would be added to incorporate by reference Containers for Transport of Dangerous Goods by Rail, a Transport Canada standard that was published in 2013. The standard applies to the design, manufacture, maintenance and qualification of tank cars and ton containers and the selection and use of large containers or transport units used in the handling, offering for transport, or transporting of dangerous goods by rail.      Paragraph (dd)(1), which incorporates the United Nations Recommendations on the Transport of Dangerous Goods--Model Regulations, 19th Revised Edition (2015), Volumes I and II, would be revised to incorporate the 20th Revised Edition (2017), Volumes I and II. This standard presents a basic scheme of provisions that allow uniform development of national and international regulations governing the various modes of transport.      Paragraph (dd)(2)(ii) would be added to incorporate the United Nations Recommendations on the Transport of Dangerous Goods, Manual of Tests and Criteria, 6th Revised Edition, Amendment 1. This standard contains criteria, test methods, and procedures to be used for the classification of hazardous materials according to the UN Model Regulations.      Paragraph (dd)(3), which incorporates the United Nations Recommendations on the Transport of Dangerous Goods, Globally Harmonized System of Classification and Labelling of Chemicals Sixth revised edition (2015), would be revised to incorporate the United Nations Recommendations on the Transport of Dangerous Goods, Globally Harmonized System of Classification and Labelling of Chemicals (GHS), 7th Revised Edition (2017). This standard helps identify the intrinsic hazards found in substances and mixtures and to convey hazard information about these hazards. Section 171.8     Section 171.8 defines terms generally used throughout the HMR that have broad or multi-modal applicability. In this NPRM, PHMSA is proposing to amend the definition of ``UN pressure receptacle'' to include pressure drums. Additionally, PHMSA proposes to add a definition for ``UN Pressure drum'' to mean a welded transportable pressure receptacle of a water capacity exceeding 150 L and not more than 1,000 L (e.g , cylindrical receptacles equipped with rolling hoops, spheres on skids). These amendments provide defining terms related to pressure drums for which ISO 21172-1:2015(E) Gas cylinders-- Welded steel pressure drums up to 3,000 litres capacity for the transport of gases--Design and construction--Part 1: Capacities up to 1,000 litres is proposed for incorporation in Sec.  178.71 Section 171.12     Section 171.12 prescribes requirements for the use of the Transport Canada TDG Regulations. In a March 30, 2017, final rule [HM-215N; 82 FR 15795], PHMSA amended the HMR to expand recognition of cylinders and pressure receptacles, cargo tank repair facilities, and certificates of equivalency in accordance with the TDG Regulations. The goal of these amendments is to promote flexibility and permit the use of advanced technology for the requalification and use of pressure receptacles; doing so will provide for a broader selection of authorized pressure receptacles, reduce the need for special permits, and to facilitate cross-border transportation of these cylinders. In this NPRM, PHMSA proposes to clarify the recognition of certificates of equivalency issued by Transport Canada. Transport Canada issues equivalency certificates as both a competent authority approval and for an alternative means of compliance with TDG Regulations. PHMSA provides reciprocity for equivalency certificates that are issued by Transport Canada as an alternative to the TDG Regulations; PHMSA does not provide recognition to Canada's competent authority approvals. In this NPRM, PHMSA is proposing to amend paragraph (a)(1) to clarify the extent of reciprocity regarding certificates of equivalency.     Additionally, PHMSA is proposing to amend paragraph (a)(3)(v) to update the standard incorporated by reference to which Canadian rail cars must conform. The existing reference to the Canadian General Standards Board standard 43.147 is replaced with Containers for Transport of Dangerous Goods by Rail (2013).

Part 172

Section 172.101     Section 172.101 contains the HMT and provides instructions for its use. In this NPRM, PHMSA is proposing to revise the instructional text that precedes the HMT for paragraph (e) of this section.     Paragraph (e) of Sec.  172.101 provides instructions for the use of column (4) of the HMT. Column (4) lists the identification number assigned to each proper shipping name. Most identification numbers are preceded by the letters ``UN'' and are associated with proper shipping names, which may be used for both domestic and international transportation. Some proper shipping names are assigned ``NA'' or ``North American'' numbers. As it currently stands, the HMR states that NA numbers are afforded recognition in both the United States and Canada. Furthermore, under Sec.  171.12, the HMR treats transporting hazardous materials to Canada in the same way as domestic transportation. This is problematic, however, because specific dangerous goods are classified

[[Page 60976]]

differently in the two countries. The Transport Canada Transportation of Dangerous Goods Regulations limit the use of NA numbers on transport documents to materials classified as ``Consumer commodity,'' and do not allow for documentation of other NA numbers. Therefore, in this NPRM, PHMSA is proposing to revise paragraph (e) to indicate that NA numbers are only recognized for use in the United States. Hazardous Materials Table (HMT)     In this NPRM, PHMSA is proposing to amend the HMT. Readers should review all changes for a complete understanding of the amendments. For purposes of the Government Printing Office's typesetting procedures, proposed changes to the HMT appear under three sections of the Table, ``remove,'' ``add,'' and ``revise.'' Certain entries in the HMT, such as those with revisions to the proper shipping names, appear as a ``remove'' and ``add.'' Proposed amendments to the HMT include the following: New HMT Entries  UN3537 Articles containing flammable gas, n.o.s  UN3538 Articles containing non-flammable, non-toxic gas, n.o.s  UN3539 Articles containing toxic gas, n.o.s  UN3540 Articles containing flammable liquid, n.o.s  UN3541 Articles containing flammable solid, n.o.s  UN3542 Articles containing a substance liable to spontaneous combustion, n.o.s  UN3543 Articles containing a substance which emits flammable gas in contact with water, n.o.s  UN3544 Articles containing oxidizing substance, n.o.s  UN3545 Articles containing organic peroxide, n.o.s  UN3546 Articles containing toxic substance, n.o.s  UN3547 Articles containing corrosive substance, n.o.s  UN3548 Articles containing miscellaneous dangerous goods, n.o.s

    PHMSA proposes to add a classification scheme for articles containing hazardous materials not otherwise specified by name in the HMR that contain hazardous materials of various hazard classes and divisions. This proposal addresses transportation scenarios where various hazardous materials or hazardous materials residues are present in articles above the quantities currently authorized for dangerous goods in machinery or apparatus. This proposal authorizes safe and secure methods to transport articles that may be too large to fit into typical packagings. Absent provisions to package and transport these materials safely, such articles may be offered for transport under provisions that do not adequately account for the physical and chemical properties of the substances or mode of transport and may require the issuance of an approval by the Associate Administrator for Hazardous Materials Safety.

 UN3535 Toxic solid, flammable, inorganic, n.o.s

    Consistent with the 20th Revised Edition of the UN Model Regulations, this new generic entry addresses toxic solids with a flammable subsidiary risk in Packing Groups I and II.

 UN3536 Lithium batteries installed in cargo transport unit lithium ion batteries or lithium metal batteries

    This new HMT entry addresses lithium metal and lithium ion batteries installed in a cargo transport unit and designed only to provide power external to the cargo transport unit. The lithium batteries must meet the requirements of Sec.  173.185 and contain the necessary systems to prevent overcharge and over discharge between the batteries. Such units are forbidden for transport on aircraft. Amendments to Column (2) Hazardous Materials Descriptions and Proper Shipping Names     Section 172.101(c) describes column (2) of the HMT and the requirements for hazardous materials descriptions and proper shipping names. For the entry ``2-Dimethylaminoethyl acrylate,'' the word ``stabilized'' is added to the end, as the substance has been determined to polymerize in certain conditions. Amendments to Column (5) Packing Group     The HMT entries for articles ``UN3316, Chemical kit'' and ``UN3316, First aid kit'' are revised to remove packing group II and III assignments. This revision would revert the entries to a single row with the packing group column left blank as they existed prior to adding the packing group II and III assignments in a final rule published on January 8, 2015 [Docket No. PHMSA-2013-0260 (HM-215M); 80 FR 1075]. This revision would address situations where materials in the kits are not assigned to a packing group or have packing group I assigned, as permitted by Sec.  173.161 Amendments to Column (7) Special Provisions     Section 172.101(h) describes column (7) of the HMT, which contains special provisions for each entry in the table. Section 172.102(c) prescribes the special provisions assigned to specific entries in the HMT. The particular modifications to the entries in the HMT are discussed below. See ``Section 172.102 special provisions'' below for a detailed discussion of the proposed additions, revisions, and deletions to the special provisions addressed in this NPRM.      Special provision 325. PHMSA proposes to add special provision 325 to the following HMT entries:

UN2912 Radioactive material, low specific activity (LSA-I) non fissile or fissile-excepted UN2913 Radioactive material, surface contaminated objects (SCO-I or SCO-II), non-fissile or fissile excepted UN2915 Radioactive material, Type A package non-special form, non fissile or fissile-excepted UN2916 Radioactive material, Type B(U) package non fissile or fissile- excepted UN2917 Radioactive material, Type B(M) package non fissile or fissile- excepted UN2919 Radioactive material, transported under special arrangement, non fissile or fissile excepted UN3321 Radioactive material, low specific activity (LSA-II) non fissile or fissile-excepted UN3322 Radioactive material, low specific activity (LSA-III) non fissile or fissile excepted

     Special provision 347. PHMSA proposes to add special provision 347 to the following HMT entries:

UN0349 Articles, explosives, n.o.s UN0367 Fuzes, detonating UN0384 Components, explosive train, n.o.s UN0481 Substances, explosive, n.o.s

     Special provision 368. Special provision 368 is added to the following HMT entry:

UN2908 Radioactive material, excepted package-empty packaging

     Special provision 369. Special provision 369 is revised for clarity and is applicable to the following HMT entry:

UN3507 Uranium hexafluoride, radioactive material, excepted package, less than 0.1 kg per package, non-fissile or fissile-excepted

     Special provision 383. Special provision 383 is removed from the following PG II HMT entries:

UN1133 Adhesives, containing a flammable liquid

[[Page 60977]]

UN1263 Paint related material including paint thinning, drying, removing, or reducing compound UN1263 Paint including paint, lacquer, enamel, stain, shellac solutions, varnish, polish, liquid filler and liquid lacquer base UN1210 Printing ink, flammable or Printing ink related material (including printing ink thinning or reducing compound), flammable UN1866 Resin Solution, flammable

     Special provision 387. PHMSA proposes revising special provision 387 to extend the sunset dates for provisions concerning the transportation of polymerizing substances from January 2, 2019, to January 2, 2021.      Special provision 388. PHMSA proposes to add new special provision 388 to the following HMT entries:

UN3090 Lithium metal batteries including lithium alloy batteries UN3091 Lithium metal batteries contained in equipment including lithium alloy batteries UN3480 Lithium ion batteries including lithium ion polymer batteries UN3481 Lithium ion batteries packed with equipment including lithium ion polymer batteries

     Special provision 389. PHMSA proposes to add new special provision 389 to the following new HMT entry:

UN3536 Lithium batteries installed in cargo transport unit lithium ion batteries or lithium metal batteries

     Special provision 391. PHMSA proposes to add new special provision 391 to the following new HMT entries:

UN3537 Articles containing flammable gas, n.o.s UN3538 Articles containing non-flammable, non-toxic gas, n.o.s UN3539 Articles containing toxic gas, n.o.s UN3540 Articles containing flammable liquid, n.o.s UN3541 Articles containing flammable solid, n.o.s UN3542 Articles containing a substance liable to spontaneous combustion, n.o.s UN3543 Articles containing a substance which emits flammable gas in contact with water, n.o.s UN3544 Articles containing oxidizing substance, n.o.s UN3545 Articles containing organic peroxide, n.o.s UN3546 Articles containing toxic substance, n.o.s UN3547 Articles containing corrosive substance, n.o.s UN3548 Articles containing miscellaneous dangerous goods, n.o.s

     Special provision 421. PHMSA proposes revising special provision 421 to extend the sunset dates for provisions concerning the transportation of polymerizing substances from January 2, 2019 to January 2, 2021.      Special provision A56. Special provision A56 is revised for clarity.      Special provision A105. PHMSA proposes to revise special provision A105 assigned to the following HMT entry:

UN3363 Dangerous goods in machinery or Dangerous goods in apparatus

     Special provision B136. PHMSA proposes to add new special provision B136 to the following HMT entries:

UN1363 Copra UN1386 Seed cake, containing vegetable oil solvent extractions and expelled seeds, with not more than 10 percent of oil and when the amount of moisture is higher than 11 percent, with not more than 20 percent of oil and moisture combined UN1398 Aluminum silicon powder, uncoated UN1435 Zinc ashes UN2071 Ammonium nitrate based fertilizer UN2216 Fish meal, stabilized or Fish scrap, stabilized UN2217 Seed cake with not more than 1.5 percent oil and not more than 11 percent moisture UN2793 Ferrous metal borings or Ferrous metal shavings or Ferrous metal turnings or Ferrous metal cuttings in a form liable to self-heating

     Portable tank special provisions. PHMSA proposes to revise portable tank special provision TP10 assigned to the following HMT entries:

UN1744 Bromine or Bromine solutions

     Special provisions W31 and W32. Special provision W32 is removed from the following PG I HMT entries (unless otherwise noted in table 1) and replaced with Special provision W31:

                                 Table 1 ------------------------------------------------------------------------           Proper shipping name                        UN No. ------------------------------------------------------------------------ Calcium phosphide.......................  UN1360 Aluminum phosphide......................  UN1397 Calcium carbide.........................  UN1402 Calcium hydride.........................  UN1404 Cesium or Caesium.......................  UN1407 Metal hydrides, water reactive, n.o.s ..  UN1409 Lithium aluminum hydride................  UN1410 Lithium borohydride.....................  UN1413 Lithium hydride.........................  UN1414 Lithium.................................  UN1415 Magnesium, powder or Magnesium alloys,    UN1418  powder. Magnesium aluminum phosphide............  UN1419 Rubidium................................  UN1423 Sodium borohydride......................  UN1426 Sodium hydride..........................  UN1427 Sodium..................................  UN1428 Sodium phosphide........................  UN1432 Stannic phosphide.......................  UN1433 Zinc phosphide..........................  UN1714 Potassium borohydride...................  UN1870 Magnesium hydride.......................  UN2010 Magnesium phosphide.....................  UN2011 Potassium phosphide.....................  UN2012 Strontium phosphide.....................  UN2013 Potassium...............................  UN2257 Aluminum hydride........................  UN2463 Lithium nitride.........................  UN2806 Water-reactive solid, n.o.s ............  UN2813 (PG I) Metallic substance, water-reactive,       UN3208  n.o.s Metallic substance, water-reactive, self- UN3209  heating, n.o.s Alkali metal amalgam, solid.............  UN3401 Alkaline earth metal amalgams, solid....  UN3402 Potassium, metal alloys, solid..........  UN3403 Potassium sodium alloys, solid..........  UN3404 ------------------------------------------------------------------------

     Special provision W40. Special provision W40 is removed from the following HMT entries:

UN1398 Aluminum silicon powder, uncoated UN1403 Calcium cyanamide with more than 0.1 percent of calcium carbide Amendments to Column (10) Vessel Stowage Requirements     Section 172.101(k) explains the purpose of column (10) of the HMT and prescribes the vessel stowage and segregation requirements for specific entries. Column (10) is divided into two columns: Column (10A) [Vessel stowage] specifies the authorized stowage locations on board cargo and passenger vessels, and column (10B) [Other provisions] specifies special stowage and segregation provisions. The meaning of each code in column (10B) is set forth in Sec.  176.84     Recent revisions to the stowage categories for Class 1 goods greatly simplified the stowage categories, but increased the difficulty in shipping explosives as break bulk cargo. Some shippers have found it difficult to meet the new stowage categories, particularly stowage category 04, which requires shipment on deck in a closed cargo transport unit or under deck in a closed cargo transport unit. Many of the items contained in these shipments are large and robust articles and are difficult to pack in a closed cargo transport unit. This has resulted in unnecessary delays and added expense.     The following table addresses this issue through modification of the stowage categories for individual UN numbers for which under deck stowage

[[Page 60978]]

was previously permitted prior to Amendment 36-12 of the IMDG Code. Table 2 contains the proposed changes listed in numerical order by UN identification number and additionally lists the proper shipping name, the current column (10A) entry, and the proposed column (10A) entry.

                                                     Table 2 ----------------------------------------------------------------------------------------------------------------                                                                                    Current code    Proposed code                       Proper shipping name                            UN No.       column  (10a)   column  (10a) ---------------------------------------------------------------------------------------------------------------- Cartridges for weapons, with bursting charge....................            0005              05              03 Cartridges for weapons, with bursting charge....................            0006              04              03 Cartridges for weapons, with bursting charge....................            0007              05              03 Bombs, with bursting charge.....................................            0033              05              03 Bombs, with bursting charge.....................................            0034              04              03 Bombs, with bursting charge.....................................            0035              04              03 Bombs, photo-flash..............................................            0037              05              03 Bombs, photo-flash..............................................            0038              04              03 Boosters, without detonator.....................................            0042              04              03 Bursters, explosive.............................................            0043              04              03 Charges, demolition.............................................            0048              04              03 Charges, depth..................................................            0056              04              03 Charges, shaped, without detonator..............................            0059              04              03 Charges, supplementary explosive................................            0060              04              03 Cord, detonating, flexible......................................            0065              04              03 Fracturing devices, explosive, without detonators for oil wells.            0099              04              03 Cord, detonating or Fuze, detonating metal clad.................            0102              04              03 Jet perforating guns, charged oil well without detonator........            0124              04              03 Mines with bursting charge......................................            0136              05              03 Mines with bursting charge......................................            0137              04              03 Mines with bursting charge......................................            0138              04              03 Projectiles, with bursting charge...............................            0167              05              03 Projectiles, with bursting charge...............................            0168              04              03 Projectiles, with bursting charge...............................            0169              04              03 Rockets, with bursting charge...................................            0180              05              03 Rockets, with bursting charge...................................            0181              04              03 Rockets, with bursting charge...................................            0182              04              03 Rockets, with inert head........................................            0183              04              03 Rocket motors...................................................            0186              04              03 Sounding devices, explosive.....................................            0204              05              03 Warheads, torpedo with bursting charge..........................            0221              04              03 Charges, propelling, for cannon.................................            0242              04              03 Charges, propelling.............................................            0271              04              03 Charges, propelling.............................................            0272              04              03 Cartridges, power device........................................            0275              04              03 Cartridges, oil well............................................            0277              04              03 Charges, propelling, for cannon.................................            0279              04              03 Rocket motors...................................................            0280              04              03 Boosters, without detonator.....................................            0283              04              03 Grenades, hand or rifle, with bursting charge...................            0284              04              03 Grenades, hand or rifle, with bursting charge...................            0285              04              03 Warheads, rocket with bursting charge...........................            0286              04              03 Warheads, rocket with bursting charge...........................            0287              04              03 Cord, detonating or Fuze, detonating metal clad.................            0290              04              03 Bombs, with bursting charge.....................................            0291              05              03 Grenades, hand or rifle, with bursting charge...................            0292              05              03 Grenades, hand or rifle, with bursting charge...................            0293              05              03 Mines with bursting charge......................................            0294              05              03 Rockets, with bursting charge...................................            0295              05              03 Sounding devices, explosive.....................................            0296              05              03 Cartridges for weapons, with bursting charge....................            0321              04              03 Projectiles, with bursting charge...............................            0324              05              03 Cartridges for weapons, blank...................................            0326              04              03 Cartridges for weapons, blank or Cartridges, small arms, blank..            0327              04              03 Cartridges for weapons, inert projectile........................            0328              04              03 Torpedoes with bursting charge..................................            0329              04              03 Torpedoes with bursting charge..................................            0330              05              03 Projectiles, with burster or expelling charge...................            0346              04              03 Cartridges for weapons, with bursting charge....................            0348              05              03 Warheads, rocket with bursting charge...........................            0369              05              03 Warheads, rocket with burster or expelling charge...............            0371              05              03 Sounding devices, explosive.....................................            0374              04              03 Sounding devices, explosive.....................................            0375              04              03 Cartridges, power device........................................            0381              04              03 Fuzes, detonating, with protective features.....................            0408              04              03 Fuzes, detonating, with protective features.....................            0409              04              03

[[Page 60979]]

  Cartridges for weapons, blank...................................            0413              04              03 Charges, propelling, for cannon.................................            0414              04              03 Charges, propelling.............................................            0415              04              03 Cartridges for weapons, inert projectile or Cartridges, small               0417              04              03  arms........................................................... Projectiles, with burster or expelling charge...................            0426              05              03 Projectiles, with burster or expelling charge...................            0427              05              03 Rockets, with expelling charge..................................            0436              04              03 Rockets, with expelling charge..................................            0437              04              03 Charges, shaped, without detonator..............................            0439              04              03 Charges, explosive, commercial without detonator................            0442              04              03 Charges, explosive, commercial without detonator................            0443              04              03 Cases, combustible, empty, without primer.......................            0447              04              03 Torpedoes with bursting charge..................................            0451              04              03 Charges, bursting, plastics bonded..............................            0457              04              03 Charges, bursting, plastics bonded..............................            0458              04              03 Articles, explosive, n.o.s .....................................            0462              04              03 Articles, explosive, n.o.s .....................................            0463              04              03 Articles, explosive, n.o.s .....................................            0464              04              03 Articles, explosive, n.o.s .....................................            0465              05              03 Articles, explosive, n.o.s .....................................            0466              04              03 Articles, explosive, n.o.s .....................................            0467              04              03 Articles, explosive, n.o.s .....................................            0468              04              03 Articles, explosive, n.o.s .....................................            0469              05              03 Articles, explosive, n.o.s .....................................            0470              04              03 Articles, explosive, n.o.s .....................................            0472              05              03 Rockets, with inert head........................................            0502              04              03 ----------------------------------------------------------------------------------------------------------------

    Consistent with changes to Amendment 39-18 of the IMDG Code, PHMSA proposes numerous changes to the special stowage and segregation provisions [Other provisions] indicated in column (10B) of the HMT.     Amendment 39-18 of the IMDG Code amended multiple entries to ensure proper segregation between acids and both amines and cyanides. Amines react dangerously with acids, evolving heat, and the heat of reaction has the potential to generate corrosive vapors. Cyanides react with acids to generate toxic vapors. However, current vessel segregation requirements are inconsistent. Therefore, PHMSA proposes to apply stowage codes 52, 53, and 58--which require stowage ``separated from acids,'' ``separated from alkaline compounds'', and ``separated from cyanides,'' respectively--to column 10B of the HMT, as shown in Table 3, below.     Consistent with changes adopted in Amendment 39-18 of the IMDG Code, PHMSA proposes to add existing stowage codes 12 and 25 to entries in the HMT. Vessel stowage code 12 requires keeping the cargo as cool as reasonably practicable. Vessel stowage code 25 requires protecting shipments from sources of heat. PHMSA proposes to add codes 12 and 25 to Nitrocellulose with alcohol with not less than 25 percent alcohol by mass, and with not more than 12.6 percent nitrogen, by dry mass, UN 2556. The addition of these two vessel stowage codes will help ensure that nitrocellulose is stowed so as to keep it as cool as practicable during transportation and to avoid possible loss of stabilization material in packages. Additionally, PHMSA proposes to add stowage code 25 to Dipropylamine, UN 2383 consistent with changes adopted in Amendment 39-18 of the IMDG Code.     PHMSA proposes to add vessel stowage codes to multiple HMT entries for uranium hexafluoride. In a previous final rule [Docket No. PHMSA- 2015-0273 (HM-215N); 82 FR 15796] a subsidiary hazard of 6.1 was added to the UN 2977 and UN 2978 Uranium hexafluoride entries, and the primary hazard for UN 3507, Uranium hexafluoride, radioactive material, excepted package was changed from 8 to 6.1 Consequential amendments to the stowage and segregation requirements codes for these materials were not addressed at the time of these changes in the IMDG Code or the HMR. In this NPRM, PHMSA is proposing to add existing vessel stowage code 74 and new vessel stowage code 151 to UN 2977 and UN 2978. Additionally, PHMSA proposes to add new vessel stowage code 152 to UN 3507. Stowage code 74 requires stowage separated from oxidizers. See section by section discussion on proposed changes to Sec.  176.84 for a description of stowage code 151 and 152. These proposed amendments are necessary to ensure appropriate stowage and segregation provisions that account for the subsidiary and tertiary hazards of these commodities.     Finally, we propose to add new stowage provision 154 and assign it to the NA 0123, NA 0494, UN 0494, and UN 0124 jet perforating gun HMT entries. This proposed new stowage provision indicates that notwithstanding the stowage category assigned to the entries in the HMT, jet perforating guns may be stowed in accordance with the provisions of packing instruction US 1 in Sec.  173.62 See the discussion on stowage provision 154 in the Sec.  176.84 section by section portion of this rulemaking.

 Table 3 ---------------------------------------------------------------------------------------------------------------- Proper shipping name UN No. Addition(s) ---------------------------------------------------------------------------------------------------------------- Jet perforating guns, charged oil well, with NA0124 154 detonator. [[Page 60980]] Jet perforating guns, charged oil well, without UN0124 154 detonator. Jet perforating guns, charged oil well, with NA0494 154 detonator. Jet perforating guns, charged oil well, without UN0494 154 detonator. Dimethylamine, anhydrous........................ UN1032 52 Ethylamine...................................... UN1036 52 Hydrogen fluoride, anhydrous.................... UN1052 53, 58 Methylamine, anhydrous.......................... UN1061 52 Trimethylamine, anhydrous....................... UN1083 52 Amylamines...................................... UN1106 PG II & III 52 n-Butylamine.................................... UN1125 52 Diethylamine.................................... UN1154 52 Diisopropylamine................................ UN1158 52 Ethyl chloroformate............................. UN1182 53, 58 Ethyldichlorosilane............................. UN1183 53, 58 Isobutylamine................................... UN1214 52 Isopropylamine.................................. UN1221 52 Methyl chloroformate............................ UN1238 53, 58 Methyldichlorosilane............................ UN1242 53, 58 Methyltrichlorosilane........................... UN1250 53, 58 Propylamine..................................... UN1277 52 Trichlorosilane................................. UN1295 53, 58 Trimethylamine, aqueous solutions with not more UN1297 all PG's 52 than 50 percent trimethylamine by mass. Trimethylchlorosilane........................... UN1298 53, 58 Vinyltrichlorosilane............................ UN1305 53, 58 Cacodylic acid.................................. UN1572 53, 58 Dimethyl sulfate................................ UN1595 53, 58 Acetic anhydride................................ UN1715 53, 58 Acetyl bromide.................................. UN1716 53, 58 Acetyl chloride................................. UN1717 53, 58 Butyl acid phosphate............................ UN1718 53, 58 Allyl chloroformate............................. UN1722 53, 58 Allyl iodide.................................... UN1723 53, 58 Allyltrichlorosilane, stabilized................ UN1724 53, 58 Aluminum bromide, anhydrous..................... UN1725 53, 58 Aluminum chloride, anhydrous.................... UN1726 53, 58 Ammonium hydrogendifluoride, solid.............. UN1727 53, 58 Amyltrichlorosilane............................. UN1728 53, 58 Anisoyl chloride................................ UN1729 53, 58 Antimony pentachloride, liquid.................. UN1730 53, 58 Antimony pentachloride, solutions............... UN 1731 all PG's 53, 58 Antimony pentafluoride.......................... UN1732 53, 58 Antimony trichloride, liquid and solid.......... UN1733 53, 58 Benzoyl chloride................................ UN1736 53, 58 Benzyl bromide.................................. UN1737 53, 58 Benzyl chloride and Benzyl chloride unstabilized UN1738 53, 58 Benzyl chloroformate............................ UN1739 53, 58 Hydrogendifluoride, solid, n.o.s ............... UN1740 all PG's 53, 58 Boron trifluoride acetic acid complex, liquid... UN1742 53, 58 Boron trifluoride propionic acid complex, liquid UN1743 53, 58 Bromine solutions............................... UN1744 all entries 53, 58 Bromine pentafluoride........................... UN1745 53, 58 Bromine trifluoride............................. UN1746 53, 58 Butyltrichlorosilane............................ UN1747 53, 58 Chloroacetic acid, solution..................... UN1750 53, 58 Chloroacetic acid, solid........................ UN1751 53, 58 Chloroacetyl chloride........................... UN1752 53, 58 Chlorophenyltrichlorosilane..................... UN1753 53, 58 Chlorosulfonic acid (with or without sulfur UN1754 53, 58 trioxide). Chromic acid solution........................... UN1755 all PG's 53, 58 Chromic fluoride, solid......................... UN1756 53, 58 Chromic fluoride, solution...................... UN1757 all PG's 53, 58 Chromium oxychloride............................ UN1758 53, 58 Cupriethylenediamine solution................... UN1761 all PG's 52 Cyclohexenyltrichlorosilane..................... UN1762 53, 58 Cyclohexyltrichlorosilane....................... UN1763 53, 58 Dichloroacetic acid............................. UN1764 53, 58 Dichloroacetyl chloride......................... UN1765 53, 58 Dichlorophenyltrichlorosilane................... UN1766 53, 58 Diethyldichlorosilane........................... UN1767 53, 58 Difluorophosphoric acid, anhydrous.............. UN1768 53, 58 Diphenyldichlorosilane.......................... UN1769 53, 58 Diphenylmethyl bromide.......................... UN1770 53, 58 [[Page 60981]] Dodecyltrichlorosilane.......................... UN1771 53, 58 Ferric chloride, anhydrous...................... UN1773 53, 58 Fluoroboric acid................................ UN1775 53, 58 Fluorophosphoric acid anhydrous................. UN1776 53, 58 Fluorosulfonic acid............................. UN1777 53, 58 Fluorosilicic acid.............................. UN1778 53, 58 Formic acid with more than 85% acid by mass..... UN1779 53, 58 Fumaryl chloride................................ UN1780 53, 58 Hexadecyltrichlorosilane........................ UN1781 53, 58 Hexafluorophosphoric acid....................... UN1782 53, 58 Hexamethylenediamine solution................... UN1783 all PG's 52 Hexyltrichlorosilane............................ UN1784 53, 58 Hydrofluoric acid and Sulfuric acid mixtures.... UN1786 53, 58 Hydrobromic acid, with more than 49 percent UN1788 all PG's 53, 58 hydrobromic acid. Hydrochloric acid............................... UN1789 all PG's 53, 58 Hydrofluoric acid............................... UN1790 all PG's 53, 58 Hypochlorite solutions.......................... UN1791 all PG's 53, 58 Iodine monochloride, solid...................... UN1792 53, 58 Isopropyl acid phosphate........................ UN1793 53, 58 Lead sulfate with more than 3 percent free acid. UN1794 53, 58 Nitrating acid mixtures......................... UN1796 all PG's 53, 58 Nitrohydrochloric acid.......................... UN1798 53, 58 Nonyltrichlorosilane............................ UN1799 53, 58 Octadecyltrichlorosilane........................ UN1800 53, 58 Octyltrichlorosilane............................ UN1801 53, 58 Perchloric acid with not more than 50 percent UN1802 53, 58 acid by mass. Phenolsulfonic acid, liquid..................... UN1803 53, 58 Phenyltrichlorosilane........................... UN1804 53, 58 Phosphoric acid solution........................ UN1805 53, 58 Phosphorus pentachloride........................ UN1806 53, 58 Phosphorus pentoxide............................ UN1807 53, 58 Phosphorus tribromide........................... UN1808 53, 58 Phosphorus trichloride.......................... UN1809 53, 58 Phosphorous oxychloride......................... UN1810 53, 58 Potassium hydrogendifluoride solid.............. UN1811 53, 58 Propionyl chloride.............................. UN1815 53, 58 Propyltrichlorosilane........................... UN1816 53, 58 Pyrosulfuryl chloride........................... UN1817 53, 58 Silicon tetrachloride........................... UN1818 53, 58 Nitrating acid mixtures, spent.................. UN1826 all PG's 53, 58 Stannic chloride, anhydrous..................... UN1827 53, 58 Sulfur chlorides................................ UN1828 53, 58 Sulfur trioxide, stabilized..................... UN1829 53, 58 Sulfuric acid with more than 51 percent acid.... UN1830 53, 58 Sulfuric acid, fuming with less than 30 percent UN1831 53, 58 free sulfur trioxide. Sulfuric acid, fuming with 30 percent or more UN1831 53, 58 free sulfur trioxide. Sulfuric acid, spent............................ UN1832 53, 58 Sulfurous acid.................................. UN1833 53, 58 Sulfuryl chloride............................... UN1834 53, 58 Thionyl chloride................................ UN1836 53, 58 Thiophosphoryl chloride......................... UN1837 53, 58 Titanium tetrachloride.......................... UN1838 53, 58 Trichloroacetic acid............................ UN1839 53, 58 Zinc chloride, solution......................... UN1840 53, 58 Propionic acid with not less than 10% and less UN1848 53, 58 than 90% acid by mass. Perchloric acid with more than 50 percent but UN1873 53, 58 not more than 72 percent acid, by mass. Acetyl iodide................................... UN1898 53, 58 Diisooctyl acid phosphate....................... UN1902 53, 58 Selenic acid.................................... UN1905 53, 58 Sludge, acid.................................... UN1906 53, 58 Bromoacetic acid solution....................... UN1938 all PG's 53, 58 Phosphorus oxybromide........................... UN1939 53, 58 Thioglycolic acid............................... UN1940 53, 58 Nitric acid other than red fuming............... UN2031 all entries 53, 58 Nitric acid, red fuming......................... UN2032 53, 58 2-Dimethylaminoethanol.......................... UN2051 52 Phthalic anhydride with more than .05 percent UN2214 53, 58 maleic anhydride. Maleic anhydride................................ UN2215 all entries 53, 58 Acrylic acid, stabilized........................ UN2218 53, 58 Benzotrichloride................................ UN2226 53, 58 Chromosulfuric acid............................. UN2240 53, 58 Di-n-butylamine................................. UN2248 52 [[Page 60982]] 1,2-Propylenediamine............................ UN2258 52 Tripropylamine.................................. UN2260 52 Dimethylcarbamoyl chloride...................... UN2262 53, 58 N,N-Dimethylcyclohexylamine..................... UN2264 52 Dimethyl-N-propylamine.......................... UN2266 52 Dimethyl thiophosphoryl chloride................ UN2267 53, 58 3,3'-Iminodipropylamine......................... UN2269 52 2-Ethylhexylamine............................... UN2276 52 Hexamethylenediamine, solid..................... UN2280 all PG's 52 Isophoronediamine............................... UN2289 52 Nitrobenzenesulfonic acid....................... UN2305 53, 58 Nitrosylsulfuric acid, liquid................... UN2308 53, 58 Trimethylcyclohexylamine........................ UN2326 52 Trimethylhexamethylenediamines.................. UN2327 52 Zinc chloride, anhydrous........................ UN2331 53, 58 Allylamine...................................... UN2334 52 Butyryl chloride................................ UN2353 53, 58 Cyclohexylamine................................. UN2357 52 Diallylamine.................................... UN2359 52 Diisobutylamine................................. UN2361 52 Dipropylamine................................... UN2383 25, 52 Isobutyryl chloride............................. UN2395 53, 58 Isopropyl chloroformate......................... UN2407 53, 58 Dibenzyldichlorosilane.......................... UN2434 53, 58 Ethylphenyldichlorosilane....................... UN2435 53, 58 Methylphenyldichlorosilane...................... UN2437 53, 58 Trimethylacetyl chloride........................ UN2438 53, 58 Sodium hydrogendifluoride....................... UN2439 53, 58 Stannic chloride pentahydrate................... UN2440 53, 58 Trichloroacetyl chloride........................ UN2442 53, 58 Vanadium oxytrichloride......................... UN2443 53, 58 Vanadium tetrachloride.......................... UN2444 53, 58 Vanadium trichloride............................ UN2475 53, 58 Iodine pentafluoride............................ UN2495 53, 58 Propionic anhydride............................. UN2496 53, 58 Valeryl chloride................................ UN2502 53, 58 Zirconium tetrachloride......................... UN2503 53, 58 Ammonium hydrogen sulfate....................... UN2506 53, 58 Chloroplatinic acid, solid...................... UN2507 53, 58 Molybdenum pentachloride........................ UN2508 53, 58 Potassium hydrogen sulfate...................... UN2509 53, 58 2-Chloropropionic acid.......................... UN2511 53, 58 Bromoacetyl bromide............................. UN2513 58 Furfurylamine................................... UN2526 52 Methacrylic acid, stabilized.................... UN2531 53, 58 Nitrocellulose with alcohol with not less than UN2556 12, 25 25 percent alcohol by mass, and with not more than 12.6 percent nitrogen, by dry mass. Trichloroacetic acid, solution.................. UN2564 all PG's 53, 58 Dicyclohexylamine............................... UN2565 52 Alkylsulfuric acids............................. UN2571 53, 58 Phosphorus oxybromide, molten................... UN2576 53, 58 Phenylacetyl chloride........................... UN2577 53, 58 Phosphorus trioxide............................. UN2578 53, 58 Aluminum bromide, solution...................... UN2580 53, 58 Aluminum chloride, solution..................... UN2581 53, 58 Ferric chloride, solution....................... UN2582 53, 58 Alkyl sulfonic acids, solid or Aryl sulfonic UN2583 53, 58 acids, solid, with more than 5 percent free sulfuric acid. Alkyl sulfonic acids, liquid or Aryl sulfonic UN2584 53, 58 acids, liquid with more than 5 percent free sulfuric acid. Alkyl sulfonic acids, solid or Aryl sulfonic UN2585 53, 58 acids, solid with not more than 5 percent free sulfuric acid. Alkyl sulfonic acids, liquid or Aryl sulfonic UN2586 53, 58 acids, liquid with not more than 5 percent free sulfuric acid. Boron trifluoride diethyl etherate.............. UN2604 53, 58 Triallylamine................................... UN2610 52 Benzyldimethylamine............................. UN2619 52 Chloric acid aqueous solution, with not more UN2626 53 than 10 percent chloric acid. Fluoroacetic acid............................... UN2642 53, 58 Cyanuric chloride............................... UN2670 53, 58 3-Diethyamino-propylamine....................... UN2684 52 N,N-Diethylethylenediamine...................... UN2685 52 2-Diethylaminoethanol........................... UN2686 52 Phosphorus pentabromide......................... UN2691 58 Boron tribromide................................ UN2692 53, 58 Tetrahydrophthalic anhydrides with more than UN2698 53, 58 0.05 percent of maleic anhydride. [[Page 60983]] Trifluoroacetic acid............................ UN2699 53, 58 Butyric anhydride............................... UN2739 53, 58 n-Propyl chloroformate.......................... UN2740 53, 58 Chloroformates, toxic, corrosive, flammable, UN2742 53, 58 n.o.s n-Butyl chloroformate........................... UN2743 53, 58 Cyclobutyl chloroformate........................ UN2744 53, 58 Chloromethyl chloroformate...................... UN2745 53, 58 Phenyl chloroformate............................ UN2746 53, 58 2-Ethylhexyl chloroformate...................... UN2748 53, 58 Diethylthiophosphoryl chloride.................. UN2751 53, 58 Acetic acid, glacial or Acetic acid solution, UN2789 53, 58 with more than 80 percent acid, by mass. Acetic acid solution............................ UN2790 all entries 53, 58 Batteries, wet, filled with acid, electric UN2794 53, 58 storage. Sulfuric acid with not more than 51% acid....... UN2796 53, 58 Phenyl phosphorus dichloride.................... UN2798 53, 58 Phenyl phosphorus thiodichloride................ UN2799 53, 58 Copper chloride................................. UN2802 53, 58 N-Aminoethylpiperazine.......................... UN2815 52 Ammonium hydrogendifluoride, solution........... UN2817 all PG's 53, 58 Amyl acid phosphate............................. UN2819 53, 58 Butyric acid.................................... UN2820 53, 58 Crotonic acid, solid............................ UN2823 53, 58 Ethyl chlorothioformate......................... UN2826 53, 58 Caproic acid.................................... UN2829 53, 58 Phosphorous acid................................ UN2834 53, 58 Di-n-amylamine.................................. UN2841 52 Boron trifluoride dihydrate..................... UN2851 53, 58 Hydroxylamine sulfate........................... UN2865 52, 53, 58 Titanium trichloride mixtures................... UN2869 all PG's 53, 58 Selenium oxychloride............................ UN2879 53, 58 N-Methylbutylamine.............................. UN2945 52 Sulfamic acid................................... UN2967 53, 58 Radioactive material, uranium hexafluoride non UN2978 74, 151 fissile or fissile-excepted. Radioactive material, uranium hexafluoride, UN2977 74, 151 fissile. Chlorosilanes, flammable, corrosive, n.o.s ..... UN2985 53, 58 Chlorosilanes, corrosive, flammable, n.o.s ..... UN2986 53, 58 Chlorosilanes, corrosive, n.o.s ................ UN2987 53, 58 Chlorosilanes, water-reactive, flammable, UN2988 53, 58 corrosive, n.o.s 2-(2-Aminoethoxy) ethanol....................... UN3055 52 Methanesulfonyl chloride........................ UN3246 53, 58 Chloroacetic acid, molten....................... UN3250 53, 58 Corrosive solid, acidic, inorganic, n.o.s ...... UN3260 all PG's 53, 58 Corrosive solid, acidic, organic, n.o.s ........ UN3261 all PG's 53, 58 Corrosive liquid, acidic, inorganic, n.o.s ..... UN3264 all PG's 53, 58 Corrosive liquid, acidic, organic, n.o.s ....... UN3265 all PG's 53, 58 Chloroformates, toxic, corrosive, n.o.s ........ UN3277 53, 58 Chlorosilanes, toxic, corrosive, n.o.s ......... UN3361 53, 58 Chlorosilanes, toxic, corrosive, flammable, UN3362 53, 58 n.o.s Formic acid..................................... UN3412 all PG's 53, 58 Boron trifluoride acetic acid complex, solid.... UN3419 53, 58 Boron trifluoride propionic acid complex, solid. UN3420 53, 58 Potassium hydrogendifluoride solution........... UN3421 all PG's 53, 58 Bromoacetic acid, solid......................... UN3425 53, 58 Phosphoric acid, solid.......................... UN3453 53, 58 Nitrosylsulphuric acid, solid................... UN3456 53, 58 Propionic acid with not less than 90% acid by UN3463 53, 58 mass. Crotonic acid, liquid........................... UN3472 53, 58 Iodine monochloride, liquid..................... UN3498 53, 58 Uranium hexafluoride, radioactive material, UN3507 152 excepted package, less than 0.1 kg per package, non-fissile or fissile-excepted. ---------------------------------------------------------------------------------------------------------------- Appendix B to Sec. 172.101 Appendix B to Sec. 172.101 lists marine pollutants regulated under the HMR. Based on test data submitted to PHMSA, the USCG, and the IMO, Amendment 39-18 of the IMDG Code was updated to indicate that 1- dodecene is not a marine pollutant. In this NPRM, PHMSA is proposing to amend the entry for ``Dodecene'' in the list of marine pollutants in appendix B to Sec. 172.101 to indicate that 1-dodecene is not a marine pollutant, and as a result, shipments of 1-dodecene are not subject to the provisions of the HMR applicable to marine pollutants. Section 172.102 Special Provisions Section 172.102 lists special provisions applicable to the transportation of specific hazardous materials. Special provisions contain [[Page 60984]] packaging requirements, prohibitions, and exceptions applicable to particular quantities or forms of hazardous materials. In this NPRM, PHMSA proposes the following revisions to Sec. 172.102 special provisions:  Special provision 132. This special provision prescribes conditions for use of description ``UN 2071, Ammonium nitrate based fertilizer, Class 9.'' As the composition limits and requirement on self-sustaining decomposition were replaced by a flow chart in sub- section 39.5 of the new Manual of Tests and Criteria, part III, section 39, the corresponding UN Model Regulations special provision 193 was revised by removing the specific conditions and making a reference to the applicable section of the UN Manual of Tests and Criteria. Consistent with these changes to the UN Model Regulations, in this NPRM, PHMSA is proposing to revise special provision 132 by removing the specific conditions applicable to use of this description and clarifying that UN 2071 may only be used for ammonium nitrate-based compound fertilizers and that they must be classified in accordance with the procedure as set out in the Manual of Tests and Criteria, part III, section 39.      Special provision 150. This special provision prescribes conditions for use of description ``UN 2067, Ammonium nitrate based fertilizer, Division 5.1 '' As the composition limits were replaced by a flow chart in sub-section 39.5 of the new Manual of Tests and Criteria, part III, section 39, the corresponding UN Model Regulations special provision 307 was revised by removing the specific conditions and making a reference to the applicable section of the UN Manual of Tests and Criteria. Consistent with these changes to the UN Model Regulations, in this NPRM, PHMSA is proposing to revise special provision 150 by removing the specific conditions applicable to use of this description by clarifying that UN 2067 may only be used for ammonium nitrate-based fertilizers and that they must be classified in accordance with the procedure as set out in the Manual of Tests and Criteria, part III, section 39.      Special provision 238. Special provision 238 prescribes requirements for neutron radiation detectors containing boron trifluoride. In a final rule published under Docket Number PHMSA 2015- 0273 (HM-215N) [82 FR 15795], special provision 238 was revised to align with special provision 373 of the UN Model Regulations. In reformatting the special provision for alignment, several of the preexisting references to paragraphs within the special provision were not revised accordingly. Specifically, in this NPRM, PHMSA is proposing to remove the first instance of the text ``a.'' in the introductory text as it is not necessary and inadvertently results in two paragraphs with the same letter header. In paragraph e, the references to preceding paragraphs within the special provision are revised from a(1), a(2), and a(3) to a, b, and c, respectively.      Special provision 325. Consistent with a pre-existing Special provision 325 in the UN Model Regulations, PHMSA proposes to add new special provision 325 to assist shippers of this material by clarifying that in the case of non-fissile or fissile-excepted uranium hexafluoride, the material must be classified as ``UN2978 Radioactive material, uranium hexafluoride non fissile or fissile-excepted.''. In this NPRM, PHMSA proposes to assign Special provision 325 to the following entries to aid shippers:

UN2912 Radioactive material, low specific activity (LSA-I) non fissile or fissile-excepted UN2913 Radioactive material, surface contaminated objects (SCO-I or SCO-II), non-fissile or fissile excepted UN2915 Radioactive material, Type A package non-special form, non fissile or fissile-excepted UN2916 Radioactive material, Type B(U) package non fissile or fissile- excepted UN2917 Radioactive material, Type B(M) package non fissile or fissile- excepted UN2919 Radioactive material, transported under special arrangement, non fissile or fissile excepted UN3321 Radioactive material, low specific activity (LSA-II) non fissile or fissile-excepted UN3322 Radioactive material, low specific activity (LSA-III) non fissile or fissile excepted

     Special provision 347. Special provision 347 restricts the use of certain HMT entries classed as Division 1.4S explosive materials to those articles successfully passing Test series 6(d) of Part I of the UN Manual of Tests and Criteria. A Division 1.4 explosive is defined as an explosive that presents a minor explosion hazard such that hazardous effects are confined to a package and no projection of fragments of appreciable size or range are expected; and that an external fire must not cause virtually instantaneous explosion of almost the entire contents of a package containing a Division 1.4 explosive. Explosive articles or substances are assigned to Division 1.4, Compatibility Group S (1.4S) if hazardous effects are confined within a package or the blast and projection effects do not significantly hinder emergency response efforts.     Special provision 347 is presently assigned to eight (8) Division 1.4S entries in the HMT including shaped charges, detonators, power device cartridges, detonator assemblies, and plastic bonded bursting charges. Following a review of other Division 1.4S entries, the UN Working Group on Explosives supported applying Special provision 347 to entries for articles and substances whose classification as 1.4S that are generic ``not otherwise specified'' (n.o.s ) and to UN 0367 (Fuzes, detonating) that are normally package dependent, noting that generic entries normally warrant more systematic testing. Therefore, in this NPRM, consistent with the UN Model Regulations, PHMSA proposes to add special provision 347 to the following entries: UN0349 Articles, explosives, n.o.s UN0367 Fuzes, detonating UN0384 Components, explosive train, n.o.s UN0481 Substances, explosive, n.o.s

    PHMSA requests comments on whether this proposed provision--to add special provision 347 to the four entries--is likely to have net benefits.      Special provision 368. Special provision 368 prescribes requirements for non-fissile or fissile-excepted uranium hexafluoride that must be described as UN3507 or UN2978, as appropriate. Based on an informal working paper submitted at the 50th session of the UN SCOE on the Transport of Dangerous Goods that highlighted potential errors in the 19th revised edition of the Model Regulations, it was agreed that Special provision 368 should have been assigned to ``UN 2908, Radioactive material, excepted package--empty packaging'' because empty uncleaned packagings containing residues of non-fissile or fissile- excepted uranium hexafluoride should be classified under UN3507 or UN2978 as appropriate. Therefore, in this NPRM, PHMSA proposes to assign special provision 368 to the following entry to aid shippers: UN2908 Radioactive material, excepted package--empty packaging.      Special provision 369. Special provision 369 prescribes requirements for UN3507, Uranium hexafluoride, radioactive material, excepted package, less than 0.1 kg per package, non-fissile or fissile- excepted. In this NPRM, PHMSA proposes to revise the first sentence of the special provision for

[[Page 60985]]

editorial clarity by replacing the words ``a radioactive material and corrosive subsidiary risk'' with ``radioactivity and corrosive subsidiary risks.''      Special provision 383. PHMSA proposes to remove special provision 383 which allows certain high viscosity flammable liquids, when offered for transportation by motor vehicle, to be reassigned to Packing Group III when packaged in UN metal drums with a capacity not exceeding 220 L (58 gallons). Proposed amendments to Sec.  173.121 in this NPRM, if adopted, would provide a larger capacity package, additional packaging options, and more modes of transport (all modes except air). PHMSA believes these amendments to Sec.  173.121 provide more regulatory relief than the existing provisions of special provision 383, and thus are proposing the deletion of special provision 383 and the removal of the special provision from the HMT for those entries to which it is assigned.      Special provision 388. Consistent with the UN Model Regulations, PHMSA proposes to add new special provision 388, which prescribes requirements for lithium batteries containing both primary lithium metal cells and rechargeable lithium ion cells that are not designed to be externally charged and for which the existing provisions for lithium batteries do not adequately address. Such batteries must meet the following conditions: (1) The rechargeable lithium ion cells can only be charged from the primary lithium metal cells; (2) Overcharge of the rechargeable lithium ion cells is precluded by design; (3) The battery has been tested as a primary lithium battery; and (4) Component cells of the battery must be of a type proved to meet the respective testing requirements of the UN Manual of Tests and Criteria, part III, subsection 38.3 Lithium batteries conforming to special provision 388 must be assigned to UN Nos. 3090 or 3091, as appropriate. When such batteries are transported in accordance with Sec.  173.185(c), the total lithium content of all lithium metal cells contained in the battery must not exceed 1.5 g and the total capacity of all lithium ion cells contained in the battery must not exceed 10 Wh.      Special provision 389. In conjunction with the new HMT entry ``UN3536, Lithium batteries installed in cargo transport unit lithium ion batteries or lithium metal batteries,'' PHMSA proposes to add new special provision 389, which prescribes requirements for lithium ion batteries or lithium metal batteries installed in a cargo transport unit and designed only to provide power external to the cargo transport unit. As explained in working paper submitted at the 48\h\ session of the UN SCOE on the Transport of Dangerous Goods: ``These units generally consist of banks of lithium ion or lithium metal batteries, electrically connected and with the necessary battery management systems, which are secured to racks, cabinets, or similar structures which, in turn, are securely attached to the interior structure of closed cargo transport units (typically either freight containers or freight vehicles). Thus, in effect, the closed cargo transport unit is the casing for a very large lithium battery. These battery systems are used in a variety of electric grid and similar applications, such as storage of energy generated by farms of large wind turbines, and also as a source for emergency power''.     This proposed special provision which captures many of the safety elements included in previous approvals issued by PHMSA would specify that the lithium batteries must meet the requirements of Sec.   173.185(a) and contain the necessary systems to prevent overcharge and over discharge between the batteries. The batteries inside the cargo transport unit are not subject to marking or labelling requirements of part 172 subparts D and E of this subchapter. The cargo transport unit shall display the UN number in a manner in accordance with Sec.   172.332 of this subchapter and be placarded on two opposing sides.     The batteries must be securely attached to the interior structure of the cargo transport unit (e.g , by means of placement in racks, cabinets, etc.) in such a manner as to prevent short circuits, accidental operation, and significant movement relative to the cargo transport unit under the shocks, loadings, and vibrations normally incidental to transport. Further, hazardous materials necessary for the safe and proper operation of the cargo transport unit (e.g , fire extinguishing systems and air conditioning systems), must be properly secured to or installed in the cargo transport unit and are not otherwise subject to this subchapter. Lastly, hazardous materials not necessary for the safe and proper operation of the cargo transport unit must not be transported within the cargo transport unit.      Special provision 391. As part of the classification and packaging framework for ``Articles containing dangerous goods'' proposed in this rulemaking, PHMSA proposes to add new special provision 391, which prohibits articles containing certain high-hazard materials of Division 2.3, Division 4.2, Division 4.3, Division 5.1, Division 5.2, or Division 6.1 (substances with a inhalation toxicity of Packing Group I) and articles containing more than one of the following hazards from being offered for transport or transported, except under conditions approved by the Associate Administrator for Hazardous Materials Safety: (1) Gases of Class 2; (2) Liquid desensitized explosives of Class 3; or (3) Self-reactive substances and solid desensitized explosives of Division 4.1      Special provision 422. PHMSA proposes revising special provision 422 to remove the transition ***period*** authorizing lithium battery Class 9 labels conforming to requirements in place on December 31, 2016 to continue to be used until December 31, 2018.      Special provision A56. Special provision A56 prescribes requirements for radioactive materials with subsidiary hazards when transported by aircraft. In this NPRM, PHMSA proposes to revise special provision A56 consistent with the revisions made to special provision A78 in the 2019-2020 ICAO Technical Instructions. Specifically, the revisions provide guidance for when the subsidiary risk of a radioactive material is explicitly forbidden for transport on either a passenger or cargo-only aircraft.      Special provision A105. PHMSA proposes to revise special provision A105, which prescribes requirements for the air transport of machinery or apparatus containing hazardous materials as an integral element of the machinery or apparatus. Where the quantity of hazardous materials contained as an integral element in machinery or apparatus exceeds the limits permitted for air transport in Sec.  173.222, and the hazardous materials meet the provisions of Sec.  173.222 for other than air transport, the machinery or apparatus may be transported by aircraft only with the prior approval of the Associate Administrator for Hazardous Materials Safety.      Special provision B136. Consistent with the 20th Revised Edition of the UN Model Regulations, PHMSA proposes to add new special provision B136 that authorizes non-specification closed bulk bins for the following solid substances:

UN1363 Copra UN1386 Seed cake, containing vegetable oil solvent extractions and expelled seeds, with not more than 10 percent of oil and when the amount of moisture is higher than 11 percent, with not more than 20 percent of oil and moisture combined UN1398 Aluminum silicon powder, uncoated UN1435 Zinc ashes

[[Page 60986]]

UN2071 Ammonium nitrate based fertilizer UN2216 Fish meal, stabilized or Fish scrap, stabilized UN2217 Seed cake with not more than 1.5 percent oil and not more than 11 percent moisture UN2793 Ferrous metal borings or Ferrous metal shavings or Ferrous metal turnings or Ferrous metal cuttings in a form liable to self-heating

     Portable tank special provisions     PHMSA proposes to revise Portable Tank Special Provision TP10 to authorize a three-month extension for the transportation of bromine portable tanks for the purposes of performing the next required test-- after emptying, but before cleaning.      Special provisions W31 and W32. Special provision W32 currently requires non-bulk packagings to be hermetically sealed, except for solid fused material. Amendment 39-18 of the IMDG Code removed the qualifying text from the equivalent special packaging provision. Discussions at the International Maritime Organization noted that when a substance evolves in contact with water flammable gases at the rate and quantity meeting the classification requirements for a Division 4.3 material, that there is no safety justification to permit their transportation in packagings which are not hermetically sealed. In Amendment 39-18, the text ``except for solid fused material'' was removed from special packing provision PP31 in packing instruction P403. PHMSA agrees, and in this NPRM we are proposing deleting special provision W32 and assigning W31, which requires non-bulk packagings to be hermetically sealed regardless of the form of the material.      Special provision W40. Special provision W40 prohibits the use of non-bulk bags. This requirement typically applies to solid substances in Packing Group II. Consistent with changes made in Amendment 39-18 of the IMDG Code, PHMSA is proposing that Special provision W40 be removed from the following HMT entries:

UN1396/(PG III) Aluminum powder, uncoated UN1398 Aluminum silicon powder, uncoated UN1403 Calcium cyanamide with more than 0.1 percent of calcium carbide UN1405/(PG III) Calcium silicide U3208/(PG III) Metallic substance, water-reactive, n.o.s

    Additionally, PPHMSA is proposing to add special provision W40 to the following HMT entries:

UN1405/(PG II) Calcium silicide UN3208/(PG II) Metallic substance, water-reactive, n.o.s Section 172.203     Section 172.203 prescribes additional description requirements for shipping papers. In this NPRM, PHMSA proposes to require, in revised Sec.  172.203(o), that the words ``TEMPERATURE CONTROLLED'' be added to the proper shipping name if not already indicated in the HMT, when appropriate. This proposed amendment would provide notice to those in the transport chain that a material is being offered under temperature control. Additionally, PHMSA proposes to add polymerizing substances to the list of types of materials paragraph (o) additional documentation requirements apply to. Section 172.407     Section 172.407 prescribes specifications for hazard communication labels. Consistent with changes made in Amendment 39-18 of the IMDG Code and the 2019-2020 ICAO Technical Instructions, PHMSA is proposing to amend paragraph (c)(1) to remove the requirement that the width of the solid line forming the inner border of labels must be at least 2 mm. Additionally, we are proposing to amend the requirement that the solid line inner border, currently required to be 5 mm inside and parallel to the edge, to include the word ``approximately'' before 5 mm. These changes provide flexibility for minor labeling variations that do not have an appreciable impact on transportation safety. Finally, paragraph (c)(1)(iii) which contains a ***transitional*** exception allowing for labels in conformance with the requirements of 49 CFR 172.407(c)(1) (revised as of October 1, 2014) to continue to be used until December 31, 2018, is removed and reserved. Section 172.514     Section 172.514 prescribes placarding requirements and exceptions for a bulk packaging containing a hazardous material. The general placarding requirements prescribe that bulk packagings are to be placarded on each side and each end. Due to the form and shape (e.g , round) of flexible bulk containers it is impractical to require placards on each side and each end. Consistent with the IMDG Code, in this NPRM, PHMSA is proposing to allow flexible bulk containers to be placarded in two opposing positions. Section 172.604     Section 172.604 prescribes requirements for emergency response telephone numbers. Paragraph (d) identifies materials for which an emergency response telephone number is not required when offered for transportation. In a March 30, 2017 final rule [HM-215N; 82 FR 15795], PHMSA harmonized the HMR with international regulations by adopting separate HMT entries for internal combustion engines based on the fuel, i.e , engine, internal combustion, flammable liquid powered and engine, internal combustion, flammable gas powered. Previously, a single HMT entry covered all engines. At that time, we did not amend Sec.   172.604(d)(2) to ensure that ``engines, internal combustion'' offered under any of the new proper shipping names would continue to be excepted from the emergency response telephone requirements of Sec.   172.604 In this NPRM, PHMSA proposes amending paragraph (d)(2) to list all possible proper shipping names for engines per the original intent. Section 172.800     Section 172.800 prescribes the requirements for developing and implementing plans to address security risks related to the transportation of hazardous materials in commerce. During review of existing references that are incorporated by reference in the HMR it was noted that the IAEA Code of Conduct Category 1 and 2, while referenced in paragraph (b)(15) was not appropriately incorporated by reference (see Sec.  171.7). In this NPRM, PHMSA is proposing to incorporate by reference the IAEA Code of Conduct on the Safety and Security of Radioactive Sources into paragraph (b)(15). Furthermore, we are proposing to revise a reference to known radionuclides in forms listed as RAM-QC by the Nuclear Regulatory Commission, to Nuclear Regulatory Commission, Category 1 and Category 2 radioactive materials as listed in Table 1, Appendix A to 10 CFR part 37. Lastly, we are listing the reference to Highway Route Controlled Quantities separately in this paragraph. This proposed amendment does not require the creation and retention of security plans by any new individuals, but simply incorporates by reference the appropriate IAEA reference and clarifies the existing requirement.

Part 173

Section 173.2a     Section 173.2a outlines classification requirements for materials having more than one hazard. PHMSA is proposing to amend paragraph (a) to indicate the appropriate classification precedence for the new ``Articles'' HMT entries

[[Page 60987]]

proposed in this NPRM. This change will give guidance to offerors and shippers using the new HMT entries numbers that do not conform to a single hazard class. Section 173.6     Section 173.6 provides authorization for certain hazardous materials meeting the definition of a material of trade (MOT) to be transported by motor vehicle in conformance with this section and be excepted from all other requirements of this subchapter if certain quantity limitations, packaging provisions, and hazard communication requirements are met. In two recent rulemakings [HM-218H; 81 FR 35483] and [HM-215N; 82 FR 15795] PHMSA removed packing group assignments from Column (5) of the HMT for all organic peroxides (Division 5.2), self- reactive substances (Division 4.1), explosives (Class 1), and articles containing hazardous materials. This removal of an indication of packing group for these materials and articles has led to questions on the ability of these materials and articles to utilize the MOTs exceptions provided in Sec.  173.6 Further, in this NPRM the addition of twelve new proper shipping names for articles is proposed. These proposed new proper shipping names are also not assigned a packing group. See ``Section 172.101 Hazardous Materials Table (HMT)'' for a detailed discussion of this proposal.     It was not the intention of these previous rulemakings or this NPRM to exclude these materials and articles from the ability to utilize the MOTs exceptions, provided the hazardous materials within the articles comply with the existing quantity limitations and other transport provisions of Sec.  173.6 In this NPRM, PHMSA proposes to add a new paragraph (a)(7) to clarify that materials and articles for which Column (5) of the Hazardous Materials Table in Sec.  172.101 does not indicate a packing group are authorized to utilize the MOTs exceptions as applicable, and indicate the appropriate quantity limits applicable to those materials in articles. In addition, PHMSA proposes to revise paragraph (b)(3) to clarify the securement requirement for the transportation of articles under the MOTS exceptions.     The packaging section 173.232 proposed in this NPRM for the new proper shipping names for articles requires packaging at the Packing Group II performance level. Non-specification packaging and transportation unpackaged is also authorized.     In addition, the two previous rulemakings removed packing groups from all organic peroxides (Division 5.2), self-reactive substances (Division 4.1), explosives (Class 1), and the specific articles indicated in Table 4 below. All articles and materials for which a packing group was recently removed from the HMT, the corresponding section referenced in Column (8) of the Sec.  172.101 Table requires either packaging meeting Packing Group II or III performance level requirements or non-specification packaging is authorized. Thus, PHMSA believes clarifying that materials and articles that are not assigned a Packing Group in the HMT are eligible to utilize the MOTs exception, and indicating that the appropriate quantity limit for these materials and articles based on the PG II or PG III levels shown in Sec.   173.6(a)(1)(ii) or as shown in Sec.  173.6(a)(3) for articles containing Division 4.3 materials is appropriate to remove any doubt concerning MOTs applicability to these materials and articles.

                                 Table 4 ------------------------------------------------------------------------       Proper shipping name                UN No.          Class/division ------------------------------------------------------------------------ Ammunition, tear-producing, non-  UN2017                             6.1  explosive, without burster or  expelling charge, non-fuzed. Ammunition, toxic, non-           UN2016                             6.1  explosive, without burster or  expelling charge, non-fuzed. Batteries, containing sodium....  UN3292                             4.3 Lithium ion batteries including   UN3480                               9  lithium ion polymer batteries. Lithium ion batteries contained   UN3481                               9  in equipment including lithium  ion polymer batteries. Lithium ion batteries packed      UN3481                               9  with equipment including  lithium ion polymer batteries. Lithium metal batteries           UN3090                               9  including lithium alloy  batteries. Lithium metal batteries           UN3091                               9  contained in equipment  including lithium alloy  batteries. Lithium metal batteries packed    UN3091                               9  with equipment including  lithium alloy batteries. Mercury contained in              UN3506                               8  manufactured articles. Oxygen generator, chemical        UN3356                             5.1  (including when contained in  associated equipment, e.g ,  passenger service units (PSUs),  portable breathing equipment  (PBE), etc).. Safety devices, electrically      UN3268                               9  initiated \*. Tear gas candles................  UN1700                             6.1 ------------------------------------------------------------------------

Section 173.62     Section 173.62 outlines specific packaging requirements for explosives. In paragraph (c), in the Table of Packing Methods, Packing Instruction US 1 containing packing instructions for jet perforating guns, PHMSA is proposing to increase the maximum authorized amount of explosive contents per tool pallet and cargo vessel compartment from 90.8 kg to 95 kg. These limits are consistent with a provision added to Amendment 39-18 of the IMDG Code authorizing jet perforating guns to be transported to or from offshore oil platforms, mobile offshore drilling units, and other offshore installations in offshore well tool pallets, cradles, or baskets. PHMSA notes that the amendments adopted in section 7.1.4.4.5 of Amendment 39-18 of the IMDG Code require both ends of jet perforating guns to be protected by means of steel end caps. PHMSA is not proposing to adopt this additional requirement for steel end caps noting the safe transportation record of these explosive articles under the existing requirements of the HMR. Section 173.121     Section 173.121 provides criteria for the assignment of packing groups to Class 3 materials. Paragraph (b) provides criteria for viscous flammable liquids of Class 3 (e.g , paints, enamels, lacquers, and varnishes) to be placed in packing group III on the basis of their viscosity, coupled with other criteria. Consistent with recent changes to the IMDG Code, PHMSA is proposing to amend paragraph (b)(1)(iii) to authorize a packaging capacity up to 450 L (119 gallons), an increase from the presently authorized 30 L. A working paper submitted to the IMO Sub-Committee on Carriage of Cargoes and Containers (CCC), noted that both the UN Model Regulations and The European Agreements Concerning the

[[Page 60988]]

International Carriage of Dangerous Goods by Road (ADR) and Rail (RID) allow receptacles up to 450 L, and that due to the nature of viscous materials (e.g lower flow rate in the event of damage to a receptacle, and lower levels of solvent vapors) which present a lower fire risk than non-viscous flammable liquids there has been a history of safe transport of these materials by road and rail since the introduction of the provision. The working paper also explained that:

    Recognizing that global transport of dangerous goods is inherently multi-modal, the harmonization of the IMDG Code with other modes will aid trade and reduce incidents of non-compliance due to misunderstandings. At the point of packing, the manufacturer will not know which route (by road/rail/inland waterway or sea) the package will take. This leads to the possibility of accidental consignment by sea of packages between 30 and 450 litres.

    This proposed change would increase the allowed volume of viscous liquids in a single package and would be applicable to all modes except for air. Specifically, in this NPRM, PHMSA is proposing to increase the packaging limits for viscous flammable liquids of packing group II material that may be placed in packing group III. For transport by vessel, PHMSA proposes an increase from 30 L to 450 L. For transport by rail and highway, PHMSA proposes an increase from 100 L to 450 L. Consistent with the ICAO Technical Instructions, the packaging quantity limits to air will remain 30 L for passenger aircraft and 100 L for cargo aircraft. Section 173.124     Section 173.124 contains definitions for Class 4, Divisions 4.1, 4.2, and 4.3 In this NPRM, PHMSA is proposing to amend paragraph (a)(4)(iv) to extend the sunset dates for provisions concerning the transportation of polymerizing substances from January 2, 2019, to January 2, 2021. See the background section of this rulemaking for a more detailed discussion on polymerizing substances. Section 173.127     Section 173.127 provides a definition and criteria for the assignment of packing groups for Division 5.1 Oxidizers. A new Section 39 in the UN Manual of Tests and Criteria was introduced containing all provisions for the classification of ammonium nitrate based fertilizers. As a consequence of the new section, existing text in both the Manual and the Model Regulations was amended or removed to avoid duplicative provisions in both publications. In this NPRM, PHMSA is proposing to revise the classification criteria for solid ammonium nitrate based fertilizers by requiring that they are classified in accordance with the procedures prescribed in the UN Manual of Tests and Criteria, Part III, Section 39. These proposed changes are not intended to result in changes to the current classification provisions for ammonium nitrate fertilizers, but rather consolidate the provisions for ease of use and prevent inadvertent misclassification. Section 173.134     Section 173.134 provides definitions and exceptions for infectious substances. Consistent with the UN Model Regulations, PHMSA is proposing to revise the definition for ``patient specimen'' in paragraph (a)(4) by removing redundant references to humans and animals. Section 173.136     Section 173.136 provides the definition for corrosive materials. In the UN Model Regulations, the definition for corrosive materials was revised to align with the current text in Chapter 3.2 of the UN GHS and the Organization for Economic Cooperation and Development (OECD) Test Guidelines for Testing of Chemicals. PHMSA is proposing to amend the definition in paragraph (a) for a corrosive material by replacing the text ``full thickness destruction'' with ``irreversible damage.'' Section 173.137 and Appendix I to Part 173     Section 173.137 prescribes the requirements for assigning a packing group to Class 8 materials. Currently the HMR require offerors to classify Class 8 corrosive material and assign a packing group based on test data. The HMR authorize a skin corrosion test and various in vitro test methods that do not involve animal testing. However, data obtained from either currently authorized test is generally the only data acceptable for classification and assignment of a packing group. In this NPRM, consistent with changes to the UN Model Regulations, PHMSA proposes to include alternative packing group assignment methods for making a corrosivity classification determination for mixtures that do not involve testing. These proposed amendments include bridging principles and a calculation method for the classification of mixtures.     In a new paragraph (d), PHMSA proposes creating an alternative, tiered approach to classification and packing group assignment depending on how much information is available about the mixture itself, similar mixtures, and/or the mixture's ingredients. When sufficient data is available on similar mixtures to estimate skin corrosion hazards for bridging, the bridging principle method may be used to classify and assign a packing group. When no bridging data is available, the more conservative calculation method may be used. This tiered approach ensures an appropriate level of safety in situations where reliable data may not be available. These alternatives for classifying corrosive mixtures allow offerors the ability to make a classification and packing group assignment without having to conduct physical tests.     Additionally, the new corrosivity classification methods are much more closely aligned with those found in the UN GHS. However, not all GHS corrosivity classification methods were incorporated in the new UN Model Regulations corrosivity requirements. For example, the use of extreme pH values to assign corrosivity were not addressed in the UN Model Regulations, and as such are not proposed in this NPRM. Consistent with the proposed change to the definition of a corrosive material in Sec.  173.136, PHMSA is proposing to replace all instances of the text ``full thickness destruction'' with ``irreversible damage.'' PHMSA is also proposing to add a new appendix I to part 173, containing a flow chart for use with the calculation method.     Finally, PHMSA is proposing to update the four existing OECD Guidelines currently incorporated by reference in this section to their 2015 versions (Test Nos. 404, 430, 431, and 435). OECD Guideline 404 and OECD Guideline 435 contain minor variations in the types of information to be recorded as a part of the test report in relation to the previously incorporated versions. OECD Guideline 430 and OECD Guideline 431 were updated to include a reference to a developed document on integrated approaches to testing and assessment. OECD Guideline 431. Section 173.159     Section 173.159 prescribes requirements applicable to the transportation of electric storage batteries containing electrolyte acid or alkaline corrosive battery fluid (i.e , wet batteries). Consistent with the UN Model Regulations, PHMSA is proposing several editorial amendments in paragraphs (a) and (d) to specify that electrically non-conductive packaging materials must be used and that contact

[[Page 60989]]

with other electrically conductive materials must be prevented. Section 173.185     Section 173.185 prescribes requirements for lithium cells and batteries. The introductory paragraph defines terms as used in this section. In this NPRM, PHMSA is proposing to clarify in the introduction that a single cell battery is considered a ``cell'' and must be transported in accordance with the requirements for cells. In Sec.  173.185(a), the HMR describe UN cell and battery design testing, general cell and battery design safety requirements, and packaging requirements. In this NPRM, PHMSA proposes to amend Sec.  173.185(a) to include a lithium cell and battery test summary with a standardized set of elements. Manufacturers and subsequent distributers of lithium cells and batteries manufactured after June 30, 2003, must make this information available to others in the supply chain. This action is intended to provide subsequent distributors and consumers the information necessary to ensure that lithium cells and batteries offered and reoffered for transport meet the appropriate UN design tests. This test summary is intended to provide a signal to users that the battery is from a legitimate and compliant source, and allowing those in the transport chain to more easily identify non-counterfeit products. PHMSA, believes that potential ancillary benefits from this proposed lithium battery test summary include; a reduction in shipments of counterfeit cells and batteries, incremental safety gains in transport and use due to an increase in the use of batteries that are of a tested and approved type, and additional benefits received by consumers from a higher quality battery (e.g , a higher capacity factor, slower decay rate, longer life expectancy, better warranties, more reliable customer service).     PHMSA developed a guidance document to assist manufacturers and distributors with understanding and implementing this requirement. The guidance includes an explanation of the requirement, a sample test summary, and questions and answers. A copy of this guidance is available in the docket for this rulemaking. PHMSA requests comments on the usefulness of the guidance material and comments to improve its clarity and additional questions to add to the guidance.     The HMR in Sec.  173.185(b) require lithium cells and batteries to be packed in inner packagings in such a manner as to prevent short circuits, including movement which could lead to short circuits. These inner packagings must be placed in an outer package conforming to the requirements of part 178, subparts L and M, at the Packing Group II performance level. PHMSA proposes several amendments to Sec.   173.185(b) to update and clarify various provisions. PHMSA proposes to amend Sec.  173.185(b)(2)(ii) to specify that lithium cells and batteries including lithium cells or batteries packed with, or contained in, equipment, must be packaged in a manner that prevents damage caused by movement or placement within the package. The current text requires lithium batteries to be packaged in a manner to prevent movement. This could be interpreted as to require no movement within the package. This proposed amendment would minimize ambiguity in the current requirements and only prohibit movement that leads to damage within the package.     Further, PHMSA proposes to amend Sec.  173.185(b)(3)(i) to specify that inner packagings must be separated from electrically conductive materials. This proposed change is based on revisions to the UN Model Regulations that revised the existing requirement that inner packagings separate lithium cells and batteries from conductive materials to require separation from ``electrically conductive'' materials. PHMSA proposes to amend Sec.  173.185(b)(6) to clarify the provisions for the use of large packagings. Currently, large packagings are authorized for the transport of a single battery including a battery contained in equipment. This amendment would clarify that large packagings are limited to a single battery or to a single item of equipment. This acknowledges that a single item of equipment may contain one or more batteries. Finally consistent with revisions to the ICAO Technical Instructions, PHMSA proposes to add a new paragraph (b)(7) to prohibit the placement of lithium batteries in the same outer packaging as substances and articles of the following classes and divisions: Class 1 (explosives) other than Division 1.4S; Division 2.1 (flammable gases); Class 3 (flammable liquids); Division 4.1 (flammable solids); or Division 5.1 (oxidizers) when offered for transport or transported by aircraft. PHMSA is proposing this action to promote consistency with the ICAO Technical Instructions and in response to a recommendation (A- 16-001) from the National Transportation Safety Board (NTSB) stemming from the investigation of the July 28, 2011, in-flight fire and crash of Asiana Airlines Flight 991 that resulted in the loss of the aircraft and crew. The investigation report cited as a contributing factor the flammable materials and lithium ion batteries that were loaded together either in the same or adjacent pallets. Logically, if the materials are not allowed to be stowed in the same or adjacent pallets, segregation within the same package also would result in decreased risk in the event of a fire.     From our experience with public comments on this issue related to ICAO and the UN, PHMSA understands it is not common industry practice nor a desired option for U.S shippers to pack lithium batteries with other hazardous materials in the same outer package. There appears to be limited U.S market interest in this type of packing configuration. Therefore. PHMSA expects codifying this provision to have negligible negative implications to U.S shippers while leveling the playing field by applying the provision to non-US originating shipments imported into the U.S     Section 173.185(c) of the HMR describes provisions for the carriage of up to eight small lithium cells or two small lithium batteries per package with alternative hazard communication that replaces the Class 9 label with a lithium battery mark. Additional conditions for the transport of small lithium cells and batteries by air are contained in Sec.  173.185(c)(4). In this NPRM, PHMSA proposes several amendments to Sec.  173.185(c)(2), (c)(3), and (c)(4) to align the HMR with the UN Model Regulations and the ICAO Technical Instructions, address the hazards associated with placing lithium batteries next to other hazardous materials, and clarify specific provisions. PHMSA proposes to amend Sec.  173.185(c)(2) to except equipment that is robust enough to protect lithium batteries from damage or short circuit from the requirement to be packaged. The current regulations provide an exception from the requirement for the package to be rigid, but otherwise requires the equipment to be placed into a package. This proposed amendment would remove an unnecessary requirement to package otherwise robust equipment that protect lithium batteries from damage or short circuits. This proposal further aligns the HMR with the UN Model Regulations provisions found in special provision 188 for packaging of lithium cells batteries and equipment. PHMSA proposes to add a new Sec.  173.185(c)(3)(iii) to require that when packages of lithium cells or batteries required to bear the lithium battery mark are placed in an overpack, the lithium battery mark must either (1) be clearly visible through the overpack; or

[[Page 60990]]

(2) the lithium battery mark must also be affixed on the outside of the overpack, and the overpack must be marked with the word ``OVERPACK'' in lettering at least 12 mm (0.47 inches) high. PHMSA proposes to amend Sec.  173.185(c)(4)(ii) to adopt an ``OVERPACK'' marking minimum size requirement consistent with the proposed requirement for surface transport in Sec.  173.185(c)(3)(iii). PHMSA proposes to clarify the limits for spare batteries in Sec.  173.185(c)(4)(iv) to state that up to ``two spare sets'' of cells or batteries can be placed in a package with equipment. For the purposes of this paragraph, a spare set is equal to the number of individual spare cells or batteries required to power each piece of equipment. For example, if a single item of equipment requires two lithium batteries to operate, a maximum of four additional batteries (two spare sets) may be placed in the package provided the package continues to meet the other conditions of Sec.   173.185(c). PHMSA proposes to add a new Sec.  173.185(c)(4)(v) to specify that for air transport, lithium cells and batteries may not be placed in the same package as other hazardous materials. Further, packages containing small lithium cells and batteries must not be placed into an overpack with packages containing Class 1 (explosives) other than Division 1.4S, Division 2.1 (flammable gases), Class 3 (flammable liquids), Division 4.1 (flammable solids) or Division 5.1 (oxidizers). Each of the remaining sub-paragraphs in Sec.   173.185(c)(4) would be renumbered and remain unchanged. PHMSA is proposing this action to promote consistency with the ICAO Technical Instructions and in response to a recommendation (A-16-001) from the National Transportation Safety Board (NTSB) stemming from the investigation of the July 28, 2011, in-flight fire and crash of Asiana Airlines Flight 991 that resulted in the loss of the aircraft and crew. The investigation report cited as a contributing factor the flammable materials and lithium ion batteries that were loaded together either in the same or adjacent pallets. Logically, if the materials are not allowed to be stowed in the same or adjacent pallets, segregation within the same package also would result in decreased risk in the event of a fire.     Section 173.185(d) of the HMR describes provisions for the transport of lithium cells and batteries for disposal or recycling. In this NPRM, PHMSA proposes to authorize the use of certain rigid large packagings to transport a single large battery or a single large item of equipment. This will provide additional packaging options to transport large batteries and equipment that by nature of their size or shape cannot fit into a non-bulk package. The UN Model Regulations do not include large packagings as an option for lithium batteries shipped for disposal or recycling. Nevertheless, PHMSA expects that large batteries and equipment would potentially require large packagings. Like the authorizations for the use of large packagings elsewhere in Sec.  173.185, PHMSA would authorize the use of a large packaging for a single large battery or a single item of equipment containing batteries. PHMSA proposes to separate the existing Sec.  173.185(d) into separate subparagraphs (d)(1) and (2) to accommodate these amendments.     Section 173.185(e) of the HMR describes provisions for the transport of low production and prototype lithium cells and batteries including equipment. In this NPRM, PHMSA proposes an editorial amendment to the Sec.  173.185(e) introductory paragraph to clarify that the ``transported for purposes of testing'' condition applies to prototype cells and batteries and that both low production and prototype lithium cells and batteries may be contained in equipment. PHMSA also proposes an editorial amendment to paragraphs (e)(1) and (2) to specify that cushioning material must be electrically non-conductive instead of the existing ``non-conductive'' requirement. In addition, PHMSA proposes a new paragraph (e)(4) to authorize the use of certain rigid large packagings to transport a single large battery or a single large item of equipment. This will provide additional packaging options to transport large batteries and equipment that by nature of their size or shape cannot fit into a non-bulk package. Each of the remaining sub- paragraphs in Sec.  173.185(e) would be renumbered and remain unchanged.     Section 173.185(f) of the HMR describes provisions for the transport of lithium batteries that have been damaged or identified by the manufacturer as being defective for safety reasons, and that have the potential of producing a dangerous evolution of heat, fire, or short circuit (e.g , those being returned to the manufacturer for safety reasons). PHMSA proposes an editorial amendment to Sec.   173.185(f)(2) to specify that cushioning material must be electrically non-conductive, which would harmonize the HMR with the international standards. PHMSA also proposes to amend Sec.  173.185(f)(3) to clarify the provisions for the use of large packagings. Currently, large packagings are authorized for the transport of a single battery including a battery contained in equipment. This amendment would clarify that large packagings are limited to a single battery and to a single item of equipment. This acknowledges that a single item of equipment may contain one or more batteries. Section 173.218     Section 173.218 contains packaging requirements for shipments of stabilized fish meal and fish scrap. Stabilization of fish meal and fish scrap by applying antioxidants is required in order to offer the material under a Class 9 stabilized proper shipping name. Historically, the IMDG Code and the HMR only reference one antioxidant--ethoxyquin-- by name although other antioxidants exist. In response to testing performed by the International Fishmeal and Fish Oil Organization (IFFO) \5\ that indicated that of concentrations of 50 ppm (mg/kg) of ethoxyquin, 100 ppm (mg/kg) of butylated hydroxytoluene (BHT), and 250 ppm (mg/kg) of tocopherol-based antioxidant are effective in stabilizing fish meal, the UN and the IMO adopted allowances for the use of two additional antioxidants (butylated hydroxytoluene and tocopherols) and a reduction in the required ethoxyquin concentration at time of shipment from 100 ppm to 50 ppm. ---------------------------------------------------------------------------

    \5\ [*https://www.unece.org/fileadmin/DAM/trans/doc/2016/dgac10c3/ST-SGAC.10-C.3-2016-82e.pdf*](https://www.unece.org/fileadmin/DAM/trans/doc/2016/dgac10c3/ST-SGAC.10-C.3-2016-82e.pdf) ---------------------------------------------------------------------------

    In this NPRM, PHMSA is proposing to amend paragraph (c) of this section to lower the required ethoxyquin level at the time of shipment in bulk in freight containers for transportation by vessel from 100 ppm to 50 ppm and to specify acceptable levels of for butylated hydroxytoluene (100 ppm) and for tocopherols (250 ppm) in shipments of fish meal or fish scrap transported by vessel in bulk in freight containers. Reducing the required minimum concentration of ethoxyquin and permitting the use of additional antioxidants would potentially reduce cost, add flexibility while maintaining an equivalent level of safety. Section 173.220     Section 173.220 prescribes transportation requirements and exceptions for internal combustion engines, vehicles, machinery containing internal combustion engines, battery-powered equipment or machinery, and fuel cell-powered equipment or machinery.     Special provision 135 is assigned to the HMT entries for certain vehicles. It specifies that if a vehicle is powered by

[[Page 60991]]

both a flammable liquid and a flammable gas internal combustion engine, it must be consigned under the entry ``Vehicle, flammable gas powered.'' Special provision 135 does not, however, clearly indicate that a flammable gas powered vehicle must also comply with the requirements applicable to the quantity of flammable liquid in the fuel tank in addition to all of the applicable provisions for flammable gas- powered vehicle. Consistent with the ICAO Technical Instructions, PHMSA proposes to clarify in a new paragraph (b)(2)(ii)(C) that if a vehicle is powered by a flammable liquid and a flammable gas internal combustion engine, the flammable liquid fuel tank requirements of paragraphs (b)(1) of this section must also be met.     In this NPRM, PHMSA is proposing to make an editorial amendment to the requirements for vehicles powered by lithium batteries in paragraph (d). Specifically, we are clarifying that when a lithium battery is removed from the vehicle and is packed separately from the vehicle in the same outer packaging, the package must be classified as ``UN 3481, Lithium ion batteries packed with equipment'' or ``UN 3091, Lithium batteries packed with equipment,'' and is not eligible for classification as ``UN3171, Battery-powered vehicle or Battery-powered equipment.'' This clarification is a result of a working paper submitted at the 26th Meeting of the ICAO Dangerous Goods Panel (ICAO DGP/26) concerning the carriage of battery powered vehicles such as ``e-bikes'' and it addresses instances where a shipper removes the lithium battery from the battery powered vehicle and subsequently packs the battery in a separate packaging which is then placed with the vehicle in the same outer packaging. Although this was the result of an amendment to the ICAO Technical Instructions, we believe that it provides clarification of a preexisting requirement for all modes of transport. Section 173.222     Section 173.222 specifies the requirements for dangerous goods in machinery or apparatus. During the course of reviewing provisions associated with the new HMT entries for ``Articles containing hazardous materials, n.o.s ,'' PHMSA found that the quantity limits prescribed in Sec.  173.222 are inconsistent with certain international standards. The current authorized quantity of hazardous materials in one item of machinery or apparatus are as follows: 1 kg for solids; 0.5 L for liquids, and 0.5 kg for Division 2.2 gases. These quantity limits are consistent with the ICAO Technical Instructions; however, they are not aligned with the UN Model Regulations or the IMDG Code. Special provision 301 of the UN Model Regulations and the IMDG Code authorize up to the limited quantity amount for each item of dangerous goods contained in the machinery or apparatus.     In a previous final rule published on March 5, 1999 [Docket No. RSPA-98-4185 (HM-215C); 64 FR 10741] PHMSA's predecessor agency, the Research and Special Projects Administration (RSPA), aligned the HMR with the ICAO Technical Instructions by adding ``Dangerous goods in machinery or Dangerous goods in apparatus'' to the HMT. The proper shipping name was assigned identification number ``NA8001,'' special provision 136 was added for directions on class assignment, and Sec.   173.222 was added containing requirements applicable to the new entry. In the HM-215C rulemaking, RSPA stated that upon the assignment of a UN identification number, it would revise the entry accordingly [81 FR 53935]. This was accomplished in the 11th revised edition of the UN Model Regulations, in which identification number UN3363 and Class 9 were assigned to this entry. The ICAO Technical Instructions were amended to be consistent with the UN Model Regulations. Subsequently, the HMR was updated accordingly in a final rule published on June 21, 2001 [Docket No. RSPA-2000-7702 (HM-215D); 66 FR 33315]. While the HMR were amended to incorporate the identification number and Class 9 designation, the quantity limit was not amended to allow up to the limited quantity amount authorized by the UN Model Regulations; therefore, the ICAO quantity limits were retained for all modes of transport.     In the 20th Revised Edition of UN Model Regulations and Amendment 39-18 of IMDG Code, the new ``Articles containing hazardous materials, n.o.s '' entries apply to articles which contain only hazardous materials that exceed the permitted limited quantity amount for UN3363. The ICAO addressed the difference between the quantity authorized in the Technical Instructions and both the UN Model Regulations and the IMDG Code by amending ICAO special provision A107. The revised special provision A107 indicates that where the quantity of dangerous goods contained as an integral element in machinery or apparatus exceeds the limits permitted by ICAO Technical Instructions Packing Instruction 962 (same as the existing HMR authorization), and the dangerous goods meet the provisions of Special Provision 301 of the UN Model Regulations, the machinery or apparatus may be transported as UN3363 only with the prior approval of the appropriate authority of the State of Origin and the State of the Operator under the written conditions established by those authorities.     In order to more closely align with the UN Model Regulations and IMDG Code, for other than air transportation, PHMSA is proposing to increase the quantity limits for liquids and solids in paragraph (c) up to the limited quantity amount prescribed in the corresponding section of Part 173 referenced in Column (8A) of the Sec.  172.101 Table. Without this amendment, the HMR would differ from the UN Model Regulations and IMDG Code for application of the new ``Articles, n.o.s '' entries, and an approach used by the ICAO Technical Instructions would be necessary for all modes. The authorized quantity for gases would remain unchanged for all modes of transport. Section 173.224     Section 173.224 establishes packaging and control and emergency temperatures for self-reactive materials. The Self-Reactive Materials Table in paragraph (b)(7) of this section specifies self-reactive materials authorized for transportation without first being approved for transportation by the Associate Administrator for Hazardous Materials Safety, as well as requirements for transporting these materials. In paragraph (b)(7), PHMSA proposes to add a new entry ``Phosphorothioic acid, O-[(cyanophenyl methylene) azanyl] O,O-diethyl ester'' to the Self-Reactive Materials Table. In addition, a new ``Note 5'' assigned to this entry would be added to the list following the table.     Paragraph (c) of this section prescribes requirements for new self- reactive materials, formulations, and samples. In paragraph (c)(4), PHMSA proposes to authorize small samples of certain potentially explosive or self-reactive substances when transported for testing purposes. These substances usually consist of organic molecules which are active ingredients, building blocks, or intermediates for pharmaceutical or ***agricultural*** chemicals. The molecules of the substances often carry functional groups listed in tables A6.1 and/or A6.2 in Annex 6 (Screening Procedures) of the UN Manual of Tests and Criteria, that would indicate explosive or self-reactive properties; however, these substances are not designed to be explosives of Class 1. This amendment is necessary

[[Page 60992]]

because during the early development phase of a new product, complete test data is often unavailable but the substances must be transported for further testing. The provisions proposed in paragraph (c)(4) prescribe applicability criteria and packaging conditions for these substances to be transported as samples for the purpose of testing. These criteria and packaging conditions are based on submissions to the UNSCOE on the Transport of Dangerous Goods showing the effectiveness of the packaging method proposed in this NPRM.     Consistent with the UN Model Regulations, PHMSA is proposing to revise paragraph (b)(4) to authorize the transportation of self- reactive substances packed in accordance with packing method OP8 (non- bulk packaging authorization) where transport in IBCs or portable tanks is permitted in accordance with Sec.  173.225, provided that the control and emergency temperatures specified in the instructions are complied with. This proposed change allows materials that are authorized in bulk packagings to also be transported in appropriate non-bulk packagings. Section 173.225     Section 173.225 prescribes packaging requirements and other provisions for organic peroxides. The UN Model Regulations continually update their Organic Peroxide Table based on data submitted by governments and industry groups with consultative status to account for new peroxides and formulations that have become commercially available. Consistent with revisions to the UN Model Regulations, PHMSA proposes to revise the Organic Peroxide Table in paragraph (c) by adding the entries: ``Di-(4-tert-butylcyclohexyl)peroxydicarbonate [as a paste],'' ``Diisobutyryl peroxide [as a stable dispersion in water],'' and ``1- Phenylethyl hydroperoxide.'' We propose to revise the Organic Peroxide IBC Table in paragraph (e) to maintain alignment with the UN Model Regulations by adding new entries for ``Cumyl peroxyneodecanoate, not more than 52%, stable dispersion, in water,'' ``2,5-Dimethyl-2,5- di(tert-butylperoxy)hexane, not more than 52% in diluent type A,'' ``3,6,9-Triethyl-3,6,9-trimethyl-,4,7-triperoxonane not more than 27% diluent type A,'' and ``tert-Amyl peroxy-2-ethylhexanoate, not more than 62% in a diluent type A'' and by adding a type 31HA1 IBC authorization to the existing entry for ``tert-Butyl hydroperoxide, not more than 72% with water.''     In addition, consistent with the UN Model Regulations, PHMSA is proposing that organic peroxides may also be transported packed in accordance with packing method OP8 where transport in IBCs or portable tanks is permitted, provided that the control and emergency temperatures specified in the instructions are complied with. Section 173.232     New section 173.232 prescribes requirements for articles not otherwise specified by name in the HMR that contain hazardous materials of various hazard classes and divisions. This proposal addresses situations in which hazardous materials or hazardous materials residues are present in articles in quantities greater than the amounts authorized for dangerous goods in machinery or apparatus. This proposal authorizes a safe method to transport articles that may be too large to fit into typical packages. Absent these provisions to package and transport these materials safely, these articles may be offered for transport under provisions that do not adequately account for the physical and chemical properties of the substances and may require the issuance of an approval by PHMSA's Associate Administrator for Hazardous Materials Safety. PHMSA believes this will be especially beneficial to new articles coming to market as they would no longer require an approval or an amendment to the Hazardous Materials Table to authorize transport. Section 173.301b     Section 173.301b describes additional requirements when shipping gases in UN pressure receptacles. In paragraph (c)(1), PHMSA is proposing to incorporate ISO 17871:2015 containing specification and type testing requirements for quick release cylinder valves. In paragraph (d)(1), PHMSA is phasing out ISO 13340:2001, Transportable gas cylinders--Cylinder valves for non-refillables cylinders-- Specification and prototype testing, which can be utilized until December 31, 2020. ISO 13340:2001 is being phased out because the applicable valve standard in ISO 13340:2001 has been incorporated into ISO 11118:2015. Section 173.304b     Section 173.304b contains additional requirements for shipment of liquefied compressed gases in UN pressure receptacles. In this NPRM, consistent with a change made by in the 20th Revised Edition of the UN Model Regulations, PHMSA is proposing to amend paragraph (b)(5) by replacing ``liquid phase'' with ``liquefied gas'' and ``compressed'' with ``compressed gas'' to better describe the phases of the material being stored and to align with the UN language. Section 173.422     Section 173.422 contains additional requirements for excepted packages containing Class 7 (radioactive) materials. Shipments of excepted packages containing Class 7 materials are not required to meet the general shipping paper requirements found in the HMR. Amendments 39-18 of the IMDG Code adopted a requirement that vessels carrying these excepted packages include information concerning these packages (e.g , UN ID Number and location on board the vessel) on the Dangerous Cargo Manifest (DCM). Historically, the HMR has not required any documentation to accompany shipments of excepted packages containing radioactive material when offered for transportation by vessel. In this NPRM, PHMSA proposes to amend the DCM requirements in Sec.  173.60 to require information about these shipments to be included in the DCM carried aboard the vessel. Without a corresponding amendment to Sec.   173.422 to require the information to be provided to the vessel operator, the vessel operator would not have the information available that would be required to be included on the DCM.     In this NPRM, PHMSA proposes to add a new paragraph (f) that would require excepted packages of radioactive materials offered for transportation by vessel to have a special transport document such as a bill of lading, air waybill, or other similar document that includes the UN identification number for the material being offered, the name and address of the consignor and consignee, and a container packing certificate, in accordance with the requirements in Sec.  176.27 This proposed amendment provides for the conveyance of necessary information to the vessel operator for creation of the DCM.

Part 174

Section 174.50     Section 174.50 prescribes regulations for the movement of nonconforming or leaking packages by rail. Under the HMR, no person may offer for transportation or transport a bulk hazmat packaging (typically a tank car) by rail unless that packaging is marked, represented, maintained, reconditioned, repaired, and retested in accordance with the HMR (Sec.  171.2(g)). However, Sec.  174.50 authorizes the movement of a

[[Page 60993]]

non-conforming bulk hazmat package moved by rail when: (1) The movement is necessary to reduce or eliminate an immediate threat or harm to human health or the environment; or (2) the movement is approved by the Federal Railroad Administration's (FRA's) Associate Administrator for Railroad Safety.     Approvals issued by FRA's Associate Administrator for Railroad Safety are commonly referred to as One-Time Movement Approvals (OTMAs).\6\ Transport Canada issues similar approvals for the movement of non-conforming bulk hazmat packages and tank cars, which are referred to as Temporary Certificates. Historically, for movements of non-conforming tank cars from Canada to or through the United States, the offeror would have to obtain both an OTMA from FRA and a Temporary Certificate from Transport Canada. These applications initiate administrative processes and safety reviews by both governments that nearly always result in the same conclusion. Since the safety analysis used to evaluate Temporary Certificates in Canada is similar to the safety analysis used to evaluate OTMAs by FRA, the requirement to obtain two government approvals for a cross border movement provides no additional safety benefit and is redundant and burdensome. Thus, to facilitate cross border trade, for movements to or through the United States from Canada, PHMSA proposes to amend the regulation to recognize Temporary Certificates issued by Transport Canada. This amendment would reduce the duplicative requirement to apply for both an OTMA from the United States and a Temporary Certificate from Canada, should the non- conforming package need to be transported over the United States- Canadian border. ---------------------------------------------------------------------------

    \6\ On October 7, 2014 FRA issued guidance on One-Time Movement Approvals titled One-Time Movement Approval Procedures, HMG-127. ---------------------------------------------------------------------------

    On July 12, 2007, Transport Canada published, ``Regulations Amending the Transportation of Dangerous Goods Regulations (International Harmonization Update, 2016).'' In this publication, Transport Canada indicated that recognition of OTMA may be included in a future amendment. This amendment aims to facilitate international transportation and at the same time ensures the safety of people, property, and the environment. Finally, for low-risk movements of non- conforming tank cars, Transport Canada authorizes the one-time movement without the need to obtain a temporary certificate (see TP-14877). For clarification, such movements under the TDG Regulations are already authorized by Sec.  171.12, provided the movements are compliant with all applicable requirements in the TDG Regulations and Sec.  171.12

Part 175

Section 175.10     Section 175.10 specifies the conditions for which passengers, crew members, or an operator may carry hazardous materials aboard an aircraft. Consistent with revisions to the ICAO Technical Instructions, in this NPRM, PHMSA is proposing several revisions to this section.     PHMSA proposes to revise paragraph (a)(2) to account for lighters powered by lithium batteries (e.g , laser plasma lighters, tesla coil lighters, flux lighters, arc lighters, and double arc lighters). The assigned provisions would be consistent with a combination of the existing requirements applicable to portable electronic devices powered by lithium batteries and battery powered portable electronic smoking devices. Specifically, each lithium battery must be of a type which meets the requirements of each test in the UN Manual of Tests and Criteria, Part III, Subsection 38.3 and must not exceed the size limits authorized for portable electronic devices. Recharging of the devices and/or the batteries on board the aircraft is not permitted consistent with the requirements for portable electronic smoking devices. In addition, lithium battery powered lighters without a safety cap or means of protection against unintentional activation are prohibited in carry-on baggage, checked baggage, and as when carried on one's person.     PHMSA proposes to revise paragraph (a)(3), to authorize medical devices containing radioactive material fitted externally as the result of medical treatment, consistent with the ICAO Technical Instructions. In addition, the reference to implanted medical devices containing lithium batteries would be removed. For medical devices containing lithium batteries (including those implanted, externally fitted, or carried by passengers or crew members) the quantity limits provided in (a)(18)(i) or (ii) apply, as applicable.     PHMSA proposes to revise paragraph (a)(14) for consistency with the ICAO Technical Instructions and other paragraphs in this section. The first sentence is revised to clarify that the paragraph is applicable to battery powered heat-producing devices rather than ``electrically powered'' articles. For lithium battery powered devices, quantity limits would be added in new paragraphs (i) and (ii) consistent with the existing requirements applicable to portable electronic devices powered by lithium batteries and battery powered portable electronic smoking devices. The requirements for spare batteries would be revised to reference the provisions for spare batteries in paragraph (a)(18).     PHMSA proposes to revise paragraph (a)(15) by adding a new paragraph (vi) to separate and clarify the handling requirements applicable to each ``non-spillable'' and ``dry sealed'' batteries both presently prescribed in paragraph (v). PHMSA also proposes to add a new paragraph (vii) to authorize passengers with restricted mobility to carry a spare non-spillable or dry sealed battery for their mobility aid. Presently, spare lithium batteries are permitted for passengers with lithium battery-powered mobility aids; this was deemed acceptable for mobility aids equipped with non-spillable or dry sealed batteries.     PHMSA proposes to amend provisions for carriage of wheelchairs or other mobility aids equipped with a lithium ion battery by removing the requirement that ``collapsible'' mobility aids necessitate removal of the battery. The intent of the existing requirement was to allow the removal of the batteries from lightweight collapsible mobility aids when these do not afford any protection to the batteries. However, the existing text in both the HMR and ICAO Technical Instructions can be construed to mean that if the battery was designed to be removable from the mobility aid, that it must be removed in all circumstances, even when adequate protection to the batteries is provided. In cases when the batteries are adequately protected, it is preferable that they remain installed in the mobility aid; however, there may be situations when that is not possible or safe to do so and in these cases the batteries must be removed. Therefore, in this NPRM, PHMSA is proposing to amend (a)(17)(v) by removing the word ``collapsible'' and clarifying that when the wheelchair or mobility aid does not provide adequate protection to the battery, that the battery must be removed and handled in accordance with the existing conditions prescribed in (a)(17)(v)(A) through (E).     PHMSA proposes to amend the provisions for carriage of personal electronic devices (PEDs) containing lithium batteries to address safety concerns related to recent security restrictions requiring passengers to carry personal electronic devices in checked baggage. Consistent with the ICAO

[[Page 60994]]

Technical Instructions, Sec.  175.10(a)(18) would be revised to require that when portable electronic devices powered by lithium batteries are in checked baggage, they must be completely powered off and protected to prevent unintentional activation or damage.     PHMSA proposes to revise the carriage requirements for battery- powered portable electronic smoking devices in paragraph (a)(19). The 2015-2016 Edition of the ICAO Technical Instructions incorporated provisions prohibiting passengers and crew from carrying such devices in checked baggage or recharging them in the cabin, and requiring that any spare batteries be protected from short circuit. In a working paper submitted by the United States at ICAO DGP/26 meeting, it was reported that even after the prohibition, ten incidents involving these devices were documented between May 2015 and May 2017. As described in the working paper, seven of the incidents occurred inside a passenger aircraft and three occurred inside an airport. These incidents typically involved the electronic smoking device while it was being transported in carry-on baggage, with the suspected cause of the majority of these incidents being the accidental activation of the device. Specifically, in this NPRM, PHMSA is proposing to align the HMR with the ICAO Technical Instructions by requiring passengers or crew to take effective measures for preventing accidental activation of the heating element of the device when transporting such devices in carry- on baggage on board passenger aircraft. Examples of effective measures include, but are not limited to: Removing the battery from the electronic smoking device; separating the battery from the heating coil; placing the electronic smoking device into a protective case; using a protective cover, safety latch, or locking device on the electronic smoking device's heating coil activation button; and electronics or technology in the device designed to prevent accidental activation, such as those requiring the electronic smoking device to be powered on before the heating coil button can be activated. In most electronic smoking devices, the battery can either be easily removed or easily separated from the heating element.     PHMSA proposes to add a new paragraph (a)(26) that would amend the passenger provisions for carriage of baggage equipped with lithium batteries (e.g , smart baggage) intended to power features designed to make travel easier, such as location tracking, PED battery charging, short range wireless connections, digital weighing, or motors. To address concerns that passengers would check baggage containing lithium batteries (e.g , power banks) despite existing requirements that articles whose primary purpose is to provide power to another device be carried as spare batteries in the cabin as carry-on baggage, the ICAO Technical Instructions were amended to require that passengers remove lithium batteries from baggage they intend to check, in accordance with the provisions for spare batteries. Specifically, baggage equipped with a lithium battery or batteries would be required to be carried as carry-on baggage, unless the battery or batteries are removed from the baggage. Once the battery or batteries are removed from baggage intended to be checked, the battery or batteries must be carried in the cabin in accordance with the provisions for spare batteries prescribed in paragraph (a)(18). This restriction in checked baggage would not apply to baggage containing lithium metal batteries with a lithium content not exceeding 0.3 grams, or lithium ion batteries with a Watt- hour rating not exceeding 2.7 Wh. Section 175.33     Section 175.33 establishes requirements for shipping papers and for the notification of the pilot-in-command when hazardous materials are transported by aircraft. In paragraph (a)(11), applicable to ``UN 1845, Carbon dioxide, solid (dry ice),'' PHMSA proposes that the text ``hold'' be replaced with the word ``cargo compartment.'' This would be consistent with use of the term ``compartment'' in other areas of the HMR and ICAO Technical Instructions. Consistent with revisions to the ICAO Technical Instructions, in paragraph (a)(13)(i), PHMSA proposes to include the airport at which the lithium batteries will be unloaded on the information to the pilot-in-command when a summary is used for lithium batteries. Including the airport at which the batteries will be unloaded is consistent with the authorization to use a summary instead of the default information to the pilot in command for ``UN 1845, Carbon dioxide, solid (dry ice).'' Section 175.78     Section 175.78 prescribes the stowage compatibility of hazardous materials offered for transportation by aircraft. Consistent with international standards, in a March 30, 2017, final rule [HM-215N; 82 FR 15795], PHMSA added new Class 3 HMT entry ``UN 3528,'' applicable to the fuel contained in engines and machinery powered by Class 3 flammable liquids. In accordance with the segregation requirements prescribed in this section, engines and machinery classified under the new UN 3528 entry in Class 3 are required to be segregated from dangerous goods with a primary or subsidiary hazard of Division 5.1 Prior to the addition of the UN 3528 HMT entry, such engines and machinery were classed in Class 9 and therefore not required to be segregated from Division 5.1 materials. The packing requirements by air for UN 3528 require engines to be drained and the tank caps fitted securely. These precautions ensure that there is only a negligible amount of residual fuel remaining. There is no indication that, as prepared for transport, UN 3528 poses any more hazard now that would require these items to be segregated than when these items were previously identified as a Class 9. Therefore, in this NPRM, PHMSA is proposing to add an exception from the segregation requirement by adding a ``Note 3'' to the paragraph (b) Segregation Table and adding a new paragraph (c)(8) stating that materials consigned under UN 3528 need not be segregated from packages containing hazardous materials in Division 5.1     Consistent with the ICAO Technical Instructions, PHMSA is proposing to require that packages and overpacks containing lithium cells and batteries that bear the Class 9 label must not be stowed on an aircraft next to, in contact with, or in a position that would allow interaction with, packages or overpacks containing other hazardous materials in Class 1 (other than Division 1.4S), Division 2.1, Class 3, Division 4.1 and Division 5.1 Specifically, the current paragraph (b) would be reformatted into two paragraphs. A new paragraph (b)(2) would be added to prescribe the segregation requirements applicable to lithium cells and batteries. The existing Segregation Table would be revised by adding the necessary columns and rows representing hazard classes not presently in the Table. These changes to the Table would indicate that hazardous materials in the classes described above must be segregated from packages and overpacks containing lithium cells or batteries prepared in accordance with Sec.  173.185(b)(3) and (c)(4)(vi). PHMSA is proposing this action to promote consistency with the ICAO Technical Instructions and in response to a recommendation (A-16-001) from the National Transportation Safety Board (NTSB) stemming from the investigation of the July 28, 2011, in-flight fire and crash of Asiana Airlines Flight 991 that resulted in the loss of the aircraft and

[[Page 60995]]

crew. The investigation report cited as a contributing factor the flammable materials and lithium ion batteries that were loaded together either in the same or adjacent pallets.

Part 176

Section 176.30     Section 176.30 prescribes requirements for DCM's, lists, or stowage plans required to be carried aboard vessels transporting hazardous materials. In this NPRM, PHMSA is proposing to add a new paragraph (a)(9) to require that DCMs include information on shipments of excepted packages containing Class 7 materials. For shipments of excepted packages containing Class 7 material only the UN identification number, the name and address of the consignor and the consignee, and the stowage location of the hazardous material on board the vessel would be required to be entered on the DCM, list, or stowage plan carried aboard the vessel. Section 176.84     Section 176.84 prescribes the meanings and requirements for numbered or alphanumeric stowage provisions for vessel shipments listed in column (10B) of the Sec.  172.101 HMT. The provisions in Sec.   176.84 are broken down into general stowage provisions, which are defined in the ``table of provisions'' in paragraph (b), and the stowage provisions applicable to vessel shipments of Class 1 explosives, which are defined in the table in paragraph (c)(2). In a previous final rule [Docket No. PHMSA-2015-0273 (HM-215N); 82 FR 15796], a subsidiary hazard of 6.1 was added to the UN 2977 and UN 2978 uranium hexafluoride entries, and the primary hazard for UN 3507, Uranium hexafluoride, radioactive material, excepted package was changed from 8 to 6.1 Consequential amendment to the stowage and segregation requirements codes for these materials were not addressed at the time of these changes in the IMDG Code or the HMR. In this NPRM, we propose to create new stowage provisions that clarify what segregation requirements apply to shipments of uranium hexafluoride.     PHMSA proposes to create a new stowage provision 151 and assign it to the UN 2977 and UN 2978 uranium hexafluoride entries. This new stowage provision will require segregation for Class 7 materials to apply to uranium hexafluoride shipped under these two UN numbers.     Additionally, consistent with Amendment 39-18 of the IMDG Code, PHMSA proposes to create a new stowage provision 152 and assign it to UN 3507, Uranium hexafluoride, radioactive material, excepted package. This proposed new stowage provision requires segregation as for Class 8, but excepts segregation in relation to Class 7 materials. This exception to the general segregation requirements between Class 8 and Class 7 materials allows shipments of excepted packages of uranium hexafluoride to be stowed in close proximity to shipments of fully regulated uranium hexafluoride.     Based on changes to the IMDG Code to address the appropriate segregation requirements for shipments of uranium hexafluoride, PHMSA proposes to create a new stowage provision 153 and assign it to the UN 2977 and UN 2978 uranium hexafluoride HMT entries. This proposed new stowage provision requires these materials to be stowed ``separated longitudinally by an intervening complete compartment or hold from'' Divisions 1.1, 1.2, and 1.5     Based on changes to the IMDG Code to provide additional flexibility in the stowage requirements for jet perforating guns, PHMSA proposes to create a new stowage provision 154 and assign it to the NA 0123, NA 0494, UN 0494, and UN 0124 jet perforating gun HMT entries. This proposed new stowage provision indicates that, notwithstanding the stowage category assigned to the entries in the HMT, jet perforating guns may be stowed in accordance with the provisions of packing instruction US 1 in Sec.  173.62 These jet perforating guns are currently assigned to stowage categories ``02'' and ``04.'' Both stowage categories require stowage in closed cargo transport units. The inclusion of new stowage provision 154 clarifies that regardless of the stowage category assigned, jet perforating guns offered in accordance with US 1 in Sec.  173.62 are not required to be offered for transport or transported in closed cargo transport units.

Part 178

Section 178.71     Section 178.71 prescribes specifications for UN pressure receptacles. Consistent with the UN Model Regulations, PHMSA proposes to amend paragraphs (d)(2), (i), (j), and (q)(12), to reflect the adoption of the latest ISO standards for the design, construction, and testing of gas cylinders and their associated service equipment. In paragraph (d)(2), PHMSA is proposing to phase out ISO 13340:2001, which is authorized for valves manufactured until December 31, 2020, and to incorporate by reference ISO 14246:2014 (E) ``Gas cylinders--Cylinder valves--Manufacturing tests and examination'', which addresses initial inspection and testing requirements for valves. ISO 13340:2001 is being phased out because the applicable valve has been incorporated into ISO 11118:2015. In paragraph (f), PHMSA is proposing to amend the title of the paragraph to include pressure drums and to add ISO 21172-1:2015(E), ``Gas cylinders--Welded steel pressure drums up to 3 000 litres capacity for the transport of gases--Design and construction--Part 1: Capacities up to 1 000 litres'' in new paragraph (f)(4). A note was added to the UN Mode Regulations that authorizes welded steel gas pressure drums with dished ends convex to pressure to be used for the transport of corrosive substances provided all applicable additional requirements are met, irrespective of section 6.3.3.4 of this standard which prohibits such use. Therefore, PHMSA is proposing the same deviation from the ISO standard in (p).     In addition, in paragraph (i), PHMSA is proposing to phase out ISO 11118:1999 ``Gas Cylinders for Non-refillable Metallic Gas Cylinders,'' which is authorized until December 31, 2022, and to replace it with new standard, ISO 11118:2015. In paragraph (j), PHMSA is proposing to phase out ISO 111120:1999, ``Gas Cylinders for Refillable Seamless Steel Tubes,'' which is authorized until December 31, 2022, and to replace it with ISO 111120:2015. In paragraph (q)(12), PHMSA is incorporating ISO/ TR 11364, ``Gas cylinders--Compilation of national and international valve stem/gas cylinder neck threads and their identification and marking system'' to specify a harmonized identification code and marking system for both cylinders and valves. Section 178.75     Section 178.75 prescribes specifications for MEGCs. In paragraph (d)(3)(v), PHMSA is proposing to phase out ISO 11120:1999, which is authorized for construction and testing of receptacles of MEGCs until December 31, 2020, and to authorize the new, updated standard ISO 11120:2015. Changes to the new edition of this standard include the addition of an annex outlining typical chemistry groupings for seamless steel tubes, the addition of nickel chromium molybdenum steel, the modification of ultrasonic examination provisions, and revisions to the provisions for the design of tubes for embrittling gases.

[[Page 60996]]

Section 178.601     Section 178.601 prescribes the general requirements for test procedures for non-bulk packagings and packages. A test report must be prepared and made available to a user of a packaging or a DOT representative upon request. In this NPRM, PHMSA is proposing to require in paragraph (l)(2)(viii) that the test report for plastic packagings that are subject to the hydraulic pressure test must include the temperature of the water used for the test. Tests with different water temperatures applied to one design type can produce different test results (pass or fail). This action is consistent with amendments to the UN Model Regulations. Section 178.801     Section 178.801 prescribes the general requirements for test procedures of an IBC containing a hazardous material. A test report for an IBC must be prepared and made available to a user of a packaging or a DOT representative upon request. In this NPRM, PHMSA is proposing to require in paragraph (l)(2)(viii) that the test report for rigid plastics and composite IBCs that are subject to the hydraulic pressure test must include the temperature of the water used for the test. Tests with different water temperatures applied to one design type can produce different test results (pass or fail). The inclusion of the temperature of the water used for the test will allow for tests that more accurately simulate the original design type testing when such additional testing is performed. Section 178.810     Section 178.810 prescribes the requirements for an IBC drop test. In paragraph (c)(1), PHMSA proposes to clarify that the same IBC or a different IBC of the same design type may be utilized for the required drop tests.

Part 180

Section 180.207     Section 180.207 prescribes requirements for requalification of UN pressure receptacles. In March 2017, PHMSA published a final rule under Docket HM-215N [82 FR 15796 (March 30, 2017)]. In this rule, PHMSA amended the HMR to expand recognition of cylinders and pressure receptacles, cargo tank repair facilities, and certificates of equivalency in accordance with the Transport Canada TDG Regulations. The goal of these amendments is to promote flexibility and permit the use of advanced technology for the requalification and use of pressure receptacles, to provide for a broader selection of authorized pressure receptacles, reduce the need for special permits, and to facilitate cross-border transportation of these cylinders. In the HMR in Sec.   171.12 (a)(4) permit the transportation of a cylinder authorized by Transport Canada TDG Regulations to, from, or within the United States. In HM-215N, PHMSA amended (a)(4)(ii) to authorize the use of Canadian manufactured cylinders. Specifically, PHMSA authorized the transportation of CTC, CRC, BTC, and TC cylinders that have a corresponding DOT specification cylinder prescribed in the HMR. HM-215N did not remove or amend existing requirements for DOT specification cylinders; rather, PHMSA is providing that a shipper may use either a DOT specification cylinder or a TC cylinder, as appropriate.     In this NPRM, PHMSA proposes to clarify the amendments in HM-215N and allow for the requalification of ``CAN'' marked UN cylinders in the United States. Cylinders marked with the letters ``CAN'' for Canada as a country of manufacture or a country of approval may be requalified in the United States, provided the requirements in Sec. Sec.  178.69, 178.70, and 178.71, as applicable, are met. This amendment aims to facilitate international transportation, while ensuring the safety of people, property, and the environment     Consistent with changes to the UN Model Regulations, PHMSA proposes to revise paragraph (d)(1) to incorporate ISO 16148:2016, which addresses the requalification of seamless steel cylinders and tubes. This proposed addition will allow the internal inspection and hydraulic pressure test for seamless steel ISO cylinders and tubes to be replaced by non-destructive testing methods identified in ISO 16148:2018. Additionally, in paragraph (d)(4), PHMSA is proposing to phase out ISO 11623:2002, which is authorized for inspection and testing of composite UN cylinders until December 31, 2020, and authorizing the new standard, ISO 11623:2015. Finally, PHMSA proposes adding new paragraph (d)(6) to incorporate inspection and maintenance requirements for cylinder valves preformed during requalification, as found in ISO 22434:2006 ``Transportable gas cylinders--Inspection and maintenance of cylinder valves.'' Changes to the revised standard include; up-to-date terminology particularly for the various types of composite cylinders, up-to-date normative references for steel and aluminum-alloy liner materials, and an update of some photographs to provide sharper examples of damage.

VII. Regulatory Analyses and Notices

A. Statutory/Legal Authority for This Rulemaking

    This proposed rule is published under the statutory authority of Federal hazardous materials transportation law (49 U.S.C 5101 et seq.). Section 5103(b) of Federal hazmat law authorizes the Secretary of Transportation to prescribe regulations for the safe transportation, including security, of hazardous materials in intrastate, interstate, and foreign commerce. This proposed rule would amend regulations to maintain alignment with international standards by incorporating various amendments, including changes to proper shipping names, hazard classes, packing groups, special provisions, packaging authorizations, air transport quantity limitations, and vessel stowage requirements. To this end, the proposed rule amends the HMR to more fully align with the biennial updates of the UN Model Regulations, the IMDG Code, and the ICAO Technical Instructions.     The following external agencies were consulted in the development of this rule:      Federal Aviation Administration;      Federal Motor Carrier Safety Administration;      Federal Railroad Administration; and      U.S Coast Guard.     Section 49 U.S.C 5120(b) of Federal hazmat law authorizes the Secretary to ensure that, to the extent practicable, regulations governing the transportation of hazardous materials in commerce are consistent with standards adopted by international authorities. This rule proposes to amend the HMR to maintain alignment with international standards by incorporating various amendments to facilitate the transport of hazardous material in international commerce. To this end, as discussed in detail above, PHMSA proposes to incorporate changes into the HMR based on the 20th Revised Edition of the UN Model Regulations, Amendment 39-18 to the IMDG Code \7\, and the 2019-2020 Edition of the ICAO Technical Instructions, which become effective January 1, 2019. The large volume of hazardous materials transported in international commerce warrants the harmonization of domestic and international requirements to the greatest extent possible. ---------------------------------------------------------------------------

    \7\ Amendment 39-18 to the IMDG Code may be voluntarily applied on January 1, 2019; however, the previous amendment remains effective through December 31, 2019.

---------------------------------------------------------------------------

[[Page 60997]]

B. Executive Order 12866, Executive Order 13563, and DOT Regulatory Policies and Procedures

    This notice is not considered a significant regulatory action under section 3(f) of Executive Order 12866 (``Regulatory Planning and Review'') and, therefore, was not reviewed by the Office of Management and Budget. This notice is not considered a significant rule under the Regulatory Policies and Procedures of the Department of Transportation (44 FR 11034). Cost-Reducing Aspects of Harmonization     General Harmonization Benefit: Given current available information, PHMSA has developed an estimate of the avoided compliance costs of harmonization, and discusses and requests comment on additional benefits.     To estimate the benefits to affected industries from avoided compliance costs, PHMSA relies on a benefit-transfer value of the hazard communication cost savings utilized in previous PHMSA international harmonization rulemakings \8\, based on an Occupational Safety and Health Administration (OSHA) study. The original rulemaking harmonized U.S regulations with international standards so that industry did not have to adhere to two separate hazard communication systems.\9\ This value--$0.001 per dollar of hazardous materials output--is based on OSHA's estimate of the costs for industry to comply with the revised Hazard Communication Standard \10\ and an estimate of the value of hazardous material in trade. The savings then accrue to all exporters, who would otherwise incur theses costs of hazard communication. ---------------------------------------------------------------------------

    \8\ PHMSA's harmonization rulemakings, HM-215M: Hazardous Materials: Harmonization with International Standards (RRR), Final Rule, 80 FR 1075, January 8, 2015 and HM-215N: Hazardous Materials: Harmonization with International Standards (RRR), 82 FR 15796, March 30, 2017     \9\ Department of Transportation, Pipeline and Hazardous Materials Safety Administration. Hazardous Materials: Harmonization with International Standards (RRR), Final Rule, 78FR 987, January 7, 2013; p. 1023.     \10\ OSHA's estimate relied on comparing the costs of complying with the revised Hazard Communication Standard to the overall output of hazardous materials. The study measured four cost elements: revisions to labels and safety data sheets, additional training, additional management activities, and printing of color packaging. PHSMA determined that only the first three cost elements were relevant for harmonization purposes, and estimated the value of these costs as a fraction of the total value of hazardous materials produced in the United States to determine the $0.001 per dollar of hazardous materials output. ---------------------------------------------------------------------------

    Using this estimate of the avoided hazard communication costs, PHMSA estimated the potential benefits to exporters of harmonizing the HMR with international standards. PHMSA relied on the 2012 Bureau of Economic Analysis' (BEA) International Accounts Products for Detailed Goods Trade Data to value industry imports and exports.\11\ ---------------------------------------------------------------------------

    \11\ Bureau of Economic Analysis, U.S Department of Commerce, U.S Trade in Goods (IDS-0008), available at: [*http://www.bea.gov/international/detailed\_trade\_data.htm*](http://www.bea.gov/international/detailed_trade_data.htm) ---------------------------------------------------------------------------

    PHSMA updated our estimate of value of hazardous materials involved in international trade by using U.S trade in goods seasonally adjusted, Census-based total gross imports, and gross exports in the fuels and lubricants, chemicals, and medicinal/dental/pharmaceutical products industries for the 2016, the most recent year available.      Gross imports: $343.431 billion.     [cir] Fuels and lubricants: $162.077 billion.     [cir] Chemicals: $69.655 billion.     [cir] Medicinal/dental/pharmaceutical products: $111.700 billion.      Gross exports: $269.518 billion.     [cir] Fuels and lubricants: $112.462 billion.     [cir] Chemicals: $103.779 billion.     [cir] Medicinal/dental/pharmaceutical products: $53.277 billion.      Gross imports plus gross exports: $612.949 billion.     For estimating benefits of this topic, according to the 2012 CFS, commodities worth $13,852,143 million were transported in the U.S in 2012, of which $2,334,425 million worth were hazardous (or 16.9 percent).\12\ However, the 16.9 percent proportion (of total shipment values classed as hazardous materials) estimated may have had a high- side bias due to the variety of different classes of products classified as hazardous. The percentage of shipments properly classified as hazardous is likely lower, particularly for medicinal/ dental/pharmaceuticals (for this analysis PHSMA assume 10 percent). ---------------------------------------------------------------------------

    \12\ U.S Department of Transportation & U.S Department of Commerce (2015). Hazardous Materials 2012 Economic Census, Transportation, 2012 Commodity Flow Survey, available at: [*https://www.census.gov/econ/cfs/2012/ec12tcf-us-hm.pdf*](https://www.census.gov/econ/cfs/2012/ec12tcf-us-hm.pdf) [see Table 1a]. ---------------------------------------------------------------------------

    Multiplying this $613 billion (rounded) figure by 10 percent (the estimated proportion of annual trade in these three industries that are hazardous products) by the average hazard communication cost per dollar of hazardous materials produced in the United States ($0.001) results in an estimate of benefits of $61.2 million (rounded) annually. Over the ten-year analysis ***period*** from 2019 to 2028, this equates to a net present value of $431 million to $522 million, using a 7 percent and 3 percent discount rate, respectively.     Because it is difficult to directly compare the scope and nature of changes made in the OSHA rule with those made by PHMSA in each HM-215 rulemaking series, the estimates developed should be considered illustrative of very rough and highly uncertain impacts of general harmonization, Given the high degree of uncertainty in these estimates, due to the inability of PHMSA to align provisions in this rule, and their potential impacts, with the OSHA rule we use to draw our estimate from, we do not consider these quantified cost savings, averted costs, or benefits. PHMSA requests comments on the general harmonization benefit methodology utilized as well as any qualitative or quantitative information that our stakeholders can provide on the impact of general harmonization to their operations.     Corrosivity Classification: Current regulations require shippers to classify Class 8 materials to a packing group based on animal test data or to utilize authorized in vitro test methods. However, these regulations require that data obtained from the testing qualify as the only acceptable data for the classification and assignment to a packing group. The proposed addition of Sec.  173.137(d) provides alternative packing group assignment methods to classify corrosive mixtures that does not involve physical testing. The proposed tiered approach to classification and packing group assignment depends on how much information is available for the mixture itself, similar mixtures, and/ or its ingredients. Specifically, the proposed amendments include the following methods of classification for mixtures: Dilution, batching, criteria for substantially similar mixtures, and a calculation method using existing data for the component substances of the mixture.     PHMSA expects there to be cost savings to shippers of mixtures that chose to classify their materials using the new classification options instead of traditional testing methods (e.g in-vitro or in-vivo). Traditional skin corrosion testing involving animals costs approximately $1,800. Whereas, the alternative in-vitro tests range from $500 to $850, 13 14 with a median cost of $675.

[[Page 60998]]

The new classification methods for mixtures are faster and demonstrate an equivalent level of safety at a much lower cost. PHSMA expects that many shippers of Class 8 materials will use the new regulatory flexibility to utilize the lower cost, non-testing alternatives. ---------------------------------------------------------------------------

    \13\ Humane Society International. Costs of Animal and Non- Animal Testing. [*http://www.hsi.org/issues/chemical\_product\_testing/facts/time\_and\_cost.html*](http://www.hsi.org/issues/chemical_product_testing/facts/time_and_cost.html)     \14\ These skin corrosion tests are named the Draize rabbit skin test for $1,800, EpiDerm human skin model in vitro test for $850, and the CORROSITEX membrane barrier for $500. ---------------------------------------------------------------------------

    These non-test methods have varying degrees of time required for determination of a classification. Methods such as dilution and batching are relatively straight forward and require minimal time to arrive at a classification determination. Methods such as bridging and calculation require more time to arrive at a classification determination. PHMSA does not have a reliable estimate of the time to perform these non-test classification methods. For the purposes of this analysis, we have utilized the most time-consuming calculation method. To arrive at a classification determination using the calculation method the person preforming the calculation must utilize data on the known components of the mixture, and using a formula arrive at a number that correlates to an assignment of a packing group. PHMSA assumes that data on components of a mixture will generally be available, and that preforming this calculation takes approximately 3 hours to complete. Utilizing a weighted hourly wage of $79.06, \15\ PHMSA estimates a cost of $237.18 for preforming the calculation method to arrive at a corrosivity classification determination. The median cost of currently authorized in-vitro and in-vivo testing is $1,237.5 This represents a cost savings of $1,000.32 per test. ---------------------------------------------------------------------------

    \15\ Occupation labor rates based on 2017 Occupational and Employment Statistics Survey (OES) for ``Chemical Engineers (17- 2041)'' in the Chemical Manufacturing industry. The hourly mean wage for this occupation ($54) is adjusted to reflect the total costs of employee compensation based on the BLS Employer Costs for Employee Compensation Summary, which indicates that wages for civilian workers are 68.3 percent of total compensation (total wage = wage rate/wage % of total compensation). ---------------------------------------------------------------------------

    PHSMA is challenged in monetizing total cost savings due to a lack of data describing baseline conditions, including a breakdown of the types of hazardous materials that make up the 2012 CFS total flow estimates and the total number of traditional tests industry currently conducts annually to comply with Sec.  173.137 In addition, PHSMA does not have enough information to predict how this proposed rulemaking will change industry behavior. Absent more definitive data, PHMSA assumes 500 to 3,000 new mixtures tested per year. If all of these mixtures use the new non-testing methods, and cost savings equal $1,000.32 per test, total industry cost savings could equate to $0.4 to $3.9 million dollars per year. PHSMA seeks comment if these numbers represent an accurate estimate of new mixtures tested annually. Costs of Harmonization     Please see the RIA for this rulemaking--a copy of which has been placed in the docket--for detailed analysis of the costs of various amendments proposed in this NPRM. Additionally, where noted below, please see the Paperwork Reduction Act section of this rulemaking for a detailed discussion of applicable proposals.     Requiring 6(d) testing for certain explosives: PHMSA believes that requiring additional tests will result in greater costs for manufacturers of explosives presently approved for transport under UN0349, UN0367, UN0384, or UN0481. Please see the Paperwork Reduction Act section of this rulemaking for a detailed discussion of these estimated costs.     Lithium Battery Test Summary: PHMSA believes that the proposed creation of a lithium cell or battery test summary and the proposed requirement for subsequent distributors to make the test summary available will result in costs to cell and battery manufacturers, as well as subsequent distributors. Please see the Paperwork Reduction Act section of this rulemaking for a detailed discussion of these estimated costs. Net Benefit     Based on the discussions of benefits and costs provided above, PHMSA estimates discounted net cost savings at 3 percent discount rate of approximately $97,000-$2.2 million per year and at 7 percent discount rate of approximately $60,000-$2.1 million per year. Please see the complete RIA for a more detailed analysis of the costs and benefits of this proposed rule.

C. Executive Order 13771

    This proposed rule has been analyzed in accordance with Executive Order 13771 (``Reducing Regulation and Controlling Regulatory Costs'') and is likely to result in an E.O 13771 deregulatory action, as it will result in cost savings (see above for discussion of the Benefits and Costs of Harmonization).

D. Executive Order 13132

    This proposed rule has been analyzed in accordance with the principles and criteria contained in Executive Order 13132 (``Federalism''). It preempts State, local, and Indian tribe requirements, but does not propose any regulation that has substantial direct effects on the States, the relationship between the national government and the States, or the distribution of power and responsibilities among the various levels of government. Therefore, the consultation and ***funding*** requirements of Executive Order 13132 do not apply.     The Federal hazmat law (49 U.S.C 5101 et seq.) contains an express preemption provision (49 U.S.C 5125(b)) that preempts State, local, and Indian tribe requirements on certain covered subjects, as follows:     (1) The designation, description, and classification of hazardous material;     (2) The packing, repacking, handling, labeling, marking, and placarding of hazardous material;     (3) The preparation, execution, and use of shipping documents related to hazardous material and requirements related to the number, contents, and placement of those documents;     (4) The written notification, recording, and reporting of the unintentional release in transportation of hazardous material; and     (5) The design, manufacture, fabrication, inspection, marking, maintenance, recondition, repair, or testing of a packaging or container represented, marked, certified, or sold as qualified for use in transporting hazardous material in commerce.     This proposed rule addresses covered subject items (1), (2), (3), (4), and (5) above and preempts State, local, and Indian tribe requirements not meeting the ``substantively the same'' standard. This proposed rule is necessary to incorporate changes adopted in international standards, effective January 1, 2019. If the proposed changes are not adopted in the HMR, U.S companies--including numerous small entities competing in foreign markets--would be at an economic disadvantage because of their need to comply with a dual system of regulations. The changes in this proposed rulemaking are intended to avoid this result. Federal hazmat law provides at 49 U.S.C 5125(b)(2) that, if DOT issues a regulation concerning any of the covered subjects, DOT must determine and publish in the Federal Register the effective date of Federal preemption. The effective date may not be earlier than the 90th day following the date of issuance of the final rule and not later than two years after the date of issuance. PHMSA proposes that the effective date of Federal preemption be 90 days from publication of a final rule in this matter.

[[Page 60999]]

E. Executive Order 13175

    This proposed rule was analyzed in accordance with the principles and criteria contained in Executive Order 13175 (``Consultation and Coordination with Indian Tribal Governments''). Because this proposed rule does not have tribal implications, and does not impose substantial direct compliance costs the ***funding*** and consultation requirements of Executive Order 13175 do not apply.

F. Regulatory Flexibility Act, Executive Order 13272, and DOT Procedures and Policies

    The Regulatory Flexibility Act (5 U.S.C 601 et seq.) requires an agency to review regulations to assess their impact on small entities, unless the agency determines that a rule is not expected to have a significant economic impact on a substantial number of small entities. This proposed rule facilitates the transportation of hazardous materials in international commerce by providing consistency with international standards. It applies to offerors and carriers of hazardous materials, some of whom are small entities, such as chemical manufacturers, users and suppliers, packaging manufacturers, distributors, and training companies. As previously discussed under ``Executive Order 12866,'' the amendments in this proposed rule should result in net cost savings and ease the regulatory compliance burden for shippers engaged in domestic and international commerce, including trans-border shipments within North America.     Many companies will realize economic benefits as a result of these amendments. Additionally, the changes effected by this NPRM will relieve U.S companies, including small entities competing in foreign markets, from the burden of complying with a dual system of regulations. Therefore, PHMSA expects that these amendments will not, if promulgated, have a significant economic impact on a substantial number of small entities. However, PHMSA solicits comments on the anticipated economic impacts to small entities.     This proposed rule has been developed in accordance with Executive Order 13272 (``Proper Consideration of Small Entities in Agency Rulemaking'') and DOT's procedures and policies to promote compliance with the Regulatory Flexibility Act to ensure that potential impacts of draft rules on small entities are properly considered.

G. Paperwork Reduction Act

    PHMSA is proposing to revise the approved information collections under the following Office of Management and Budget (OMB) Control Numbers: OMB Control No. 2137-0018, ``Inspection and Testing of Portable Tanks and Intermediate Bulk Containers;'' OMB Control No. 2137-0034, ``Hazardous Materials Shipping Papers & Emergency Response Information;'' OMB Control No. 2137-0557, ``Approvals for Hazardous Materials;'' OMB Control No. 2137-0572, ``Testing Requirements for Non- Bulk Packaging (Formerly: Testing Requirements for Packaging);'' OMB Control No. 2137-0559, ``Rail Carriers and Tank Car Tank Requirements, Rail Tank Car Tanks--Transportation of Hazardous Materials by Rail.'' OMB Control Number 2137-0018, ``Inspection and Testing of Portable Tanks and Intermediate Bulk Containers''     PHMSA estimates this rulemaking will result in an increase in burden due to the proposed requirement to indicate the water temperature during a hydraulic pressure test for rigid plastics and composite IBCs. PHMSA does not estimate an increase in the number of respondents or responses, because the proposed amendment only adds burden for respondents already pressure testing rigid plastics and composite IBCs. PHMSA estimates that it will take an average of 1 additional minute to add the additional information to the test report. This information collection, currently accounts for 20 respondents completing 100 test reports per year at 6 minutes per response. Increasing the burden time to 7 minutes per response increases the burden by 33 hours. At a mean hourly wage of $38.77, \16\ it is estimated to increase annual salary costs by $1,279.41 PHMSA does not anticipate this requirement to affect out-of-pocket expenses. ---------------------------------------------------------------------------

    \16\ Occupation labor rates based on 2017 Occupational and Employment Statistics Survey (OES) for ``First-line supervisors of transportation and material moving workers, except aircraft cargo handling (53-1048)'' in the Plastics and Rubber Products Manufacturing industry. The hourly mean wage for this occupation ($26.48) is adjusted to reflect the total costs of employee compensation (i.e , benefits) based on the BLS Employer Costs for Employee Compensation Summary, which indicates that wages for civilian workers are 68.3 percent of total compensation (total wage = wage rate/wage % of total compensation). ---------------------------------------------------------------------------

    Annual Increase in Number of Respondents: 0.     Annual Increase in Number of Responses: 0.     Annual Increase in Burden Hours: 33.     Annual Increase in Salary Costs: $1,279.41     Annual Increase in Burden Costs: $0. OMB Control Number 2137-0034, ``Hazardous Materials Shipping Papers & Emergency Response Information''     PHMSA estimates that this NPRM will result in an overall increase in burden attributed to the proposed requirement to create a test summary for lithium cells and batteries manufactured after June 30, 2003. As currently proposed, lithium cell or battery manufacturers will need to create a test summary for all of the previously manufactured lithium cells and batteries. Following the publication of the final rule, PHMSA will revise the annual burden, as a test summary will only need to be created following manufacture of a new lithium cell and battery. Because this NPRM accounts for previously manufactured lithium cells and batteries, PHMSA believes that the burden will substantially decrease for subsequent years after a final rule goes into effect.     PHMSA identified 73 domestic lithium cell or battery manufacturers per U.S Census' Annual Survey of Manufactures (ASM) (NAICS code 335912).\17\ PHMSA looked at publicly available company websites for 35 domestic companies known to manufacture lithium cells or batteries. Of the 35 domestic lithium cell or battery manufacturers websites that were reviewed, 14 provided product information (e.g specification sheets or safety data sheets) for specific lithium cells or batteries the company currently manufactures or sells. Based on the information provided on these 14 company websites, the mean number of lithium cells and batteries currently manufactured by these domestic manufacturers is 32. Based on the uncertainties noted below, PHMSA estimates that the number of batteries and cells currently manufactured--that were tested between June 30, 2003 and the estimated date of a final rule publication--by each domestic lithium cell or battery manufacture to be 80 per manufacturer (32 lithium cells or batteries manufactured x 2.5). Therefore, 5,840 new test summaries must be created for lithium cells or batteries (73 manufacturers x 80 lithium cells or batteries). ---------------------------------------------------------------------------

    \17\ 2015 County Business Patterns. ``Geography Area Series: County Business Patterns by Legal Form of Organization.'' 2016 Annual Survey of Manufactures. ``Annual Survey of Manufactures: General Statistics: Statistics for Industry Groups and Industries: 2016 and 2015.'' ---------------------------------------------------------------------------

    The time to create a test summary is estimated conservatively at 30 minutes per document. PHMSA personnel obtained various existing test reports for lithium cells and batteries and

[[Page 61000]]

completed sample test summary documents utilizing these test reports with an average time to complete of 13 minutes. In these exercises, the test reports contained almost all the information required for completion of the test summary. PHMSA expects this to be the case for most test summaries and assumes that test reports will be readily available for most design types, but to account for the procuring of any missing information where required, we have estimated the test summary completion time to be 30 minutes. Therefore, PHMSA estimates that this proposal will increase burden by 2,920 hours (5,840 test reports x 30 minutes).     To determine the projected salary cost for preparing new test summaries, PHMSA estimates a mean hourly wage rate of approximately $67.03 \18\ for a total of $195,721.76 in salary cost (2,920 burden hours x $67.03). PHMSA does not estimate any out-of-pocket expenses for the creation of the test summary. ---------------------------------------------------------------------------

    \18\ Occupation labor rates based on 2017 Occupational and Employment Statistics Survey (OES) for ``Electrical Engineers (17- 2070)'' in the Other Electrical Equipment and Component Manufacturing industry. The hourly mean wage for this occupation ($45.78) is adjusted to reflect the total costs of employee compensation (i.e , benefits) based on the BLS Employer Costs for Employee Compensation Summary, which indicates that wages for civilian workers are 68.3 percent of total compensation (total wage = wage rate/wage % of total compensation). ---------------------------------------------------------------------------

Uncertainties --Information on company websites generally only accounts for battery and cells that are currently actively offered for sale by the company. The proposed TS requirement would be applicable to all batteries and cells manufactured after June 30, 2003. Thus, the canvassing of domestic manufacturer websites does not account for these previously made cells and batteries. --While several websites did show component cells for sale, others did not. It is difficult to know if some battery manufacturers that only list completed batteries on their websites also make their own cells. --Canvassing searched 14 domestic lithium battery cell and battery manufacturers (out of an estimated 73). Companies that did not provide individual product listings were not included in our calculations. However, the companies that were researched do constitute a representative sample of lithium cell and battery manufacturers making cells and batteries for automobiles, military, medical, and portable electronic devices.

    Annual Increase in Number of Respondents: 73.     Annual Increase in Number of Responses: 5,840.     Annual Increase in Burden Hours: 2,920.     Annual Increase in Salary Costs: $195,721.76     Annual Increase in Burden Costs: $0.     This test summary requirement is also anticipated to increase the burden for recordkeeping requirements. As detailed in the proposed requirements, the test summary must be made available, including to subsequent distributors, upon request. For the purposes of this analysis PHMSA assumes that in order to make a test summary available manufacturers and downstream distributors of lithium cells and batteries will likely choose the alternative that results in the least amount of recordkeeping burden possible. PHMSA believes this least burdensome method would be to provide links to battery manufacturer websites where the information will be made available. This assumption presumes that infrastructure such as website storage capacity and upkeep are available and existing costs for cell and battery manufacturers and distributors. Each of these actions requires one recordkeeping action per test summary for cell and battery manufacturers and one record for each link generated by downstream distributors.     To attempt to quantify the burden hours and salary costs for this proposed recordkeeping requirement, PHMSA examined entities in NAICS codes for battery retailers, wholesalers, and merchants (NAICS 453998 & 423610) and identified the percentage of entities in each NAICS industry that is involved in distributing batteries based on the sub- NAICS product series information provided in the 2012 Economic Census by Industry. PHSMA multiplied this percent by the more recent, 2016 County Business Patterns estimate of the total number of entities to estimate the number of potentially impacted respondents. Based on these calculations, PHMSA estimates that 5,644 downstream distributors of lithium cells and batteries comprised of product manufacturers and distributors/retailers, in addition to the 73 domestic manufacturers identified above could be subject to additional recordkeeping requirements as a result of this proposal. We further estimate that product manufacturers utilize cells and batteries from an average of 5 different cell or battery manufacturers. Lastly, we estimate that distributors and retail outlets utilize cells and batteries from an average of 20 cell or battery manufacturers. See table 5 for a breakdown of the lithium cell and battery supply chain, the number of estimated entities, and the number of estimated test summaries that are required to be made available.

                                 Table 5 ------------------------------------------------------------------------                                                             Individual              Supply chain                  Number of      recordkeeping                                           respondents       responses ------------------------------------------------------------------------ Cells/Batteries to product                           73            5,840  manufacturers........................ Product manufacturers to distributors/            5,224           26,120  retailers............................ Distributors/retailers to customer....              420            8,400                                        ---------------------------------     Total.............................            5,790           40,360 ------------------------------------------------------------------------

    PHMSA estimates that ensuring test summaries are available will take 5 minutes utilizing the electronic methods noted above. This results in a total recordkeeping requirement of 3,363.33 annual burden hours (40,360 responses x 5 minutes). At an estimated mean annual salary wage of approximately $67.03 \19\ PHMSA estimates the salary

[[Page 61001]]

cost for recordkeeping will increase by $225,437.51 PHMSA does not estimate that this will increase in any out-of-pocket expenses. ---------------------------------------------------------------------------

    \19\ Occupation labor rates based on 2017 Occupational and Employment Statistics Survey (OES) for ``Electrical Engineers (17- 2070)'' in the Other Electrical Equipment and Component Manufacturing industry. The hourly mean wage for this occupation ($45.78) is adjusted to reflect the total costs of employee compensation (i.e , benefits) based on the BLS Employer Costs for Employee Compensation Summary, which indicates that wages for civilian workers are 68.3 percent of total compensation (total wage = wage rate/wage % of total compensation). ---------------------------------------------------------------------------

    Annual Increase in Number of Respondents: 5,717.     Annual Increase in Number of Responses: 40,360.     Annual Increase in Burden Hours: 3,363.33     Annual Increase in Salary Costs: $225,437.51     Annual Increase in Burden Costs: $0.     PHMSA is also proposing additional requirements that would affect the burden for OMB Control No. 2137-0034, but PHMSA believes that the overall effect on the number of respondents and burden hours are negligible in relationship to the number of respondents and burden hours currently associated with this information collection. The requirements include proposing: To require ``TEMPERATURE CONTROLLED'' on a shipping paper if not already indicated in the proper shipping, when appropriate; to remove 1-dodecene to the list of marine pollutants in Appendix B to Sec.  172.101; to reduce the information required on a Dangerous Cargo Manifest for excepted packages containing Class 7 materials transported by vessel. OMB Control Number 2137-0557, ``Approvals for Hazardous Materials''     We anticipate this NPRM will increase the overall burden for this information collection request. PHMSA is proposing to add special provision 347 to four entries on the HMT, which would require the articles to pass the 6(d) test from Part I of the UN Manual of Tests and Criteria to maintain Compatibility Group ``S'' classification. It is estimated that this will increase the number of annual respondents by 54. PHMSA estimates that each respondent will submit 10 applications each year, for a total increase of 540 annual responses (54 respondents x 10 responses). PHMSA estimates that each application will take 4.75 hours to complete, for a total increase of 2,565 annual burden hours (2,500 response x 4.75 hours). At a mean hourly wage of $79.06,\20\ PHMSA estimates an increase of $202,797 in salary costs. PHMSA does not estimate any additional out-of-pocket expenses. ---------------------------------------------------------------------------

    \20\ Occupation labor rates based on 2017 Occupational and Employment Statistics Survey (OES) for ``Chemical Engineers (17- 2041)'' in the Chemical Manufacturing industry. The hourly mean wage for this occupation ($54) is adjusted to reflect the total costs of employee compensation based on the BLS Employer Costs for Employee Compensation Summary, which indicates that wages for civilian workers are 68.3 percent of total compensation (total wage = wage rate/wage % of total compensation). ---------------------------------------------------------------------------

    Annual Increase in Number of Respondents: 54.     Annual Increase in Number of Responses: 540.     Annual Increase in Burden Hours: 2,565.     Annual Increase in Salary Costs: $202,797.     Annual Increase in Burden Costs: $0.     PHMSA is also proposing additional requirements that would affect the burden for OMB Control No. 2137-0557, but PHMSA believes that the overall effect on the number of respondents and burden hours are negligible in relationship to the number of respondents and burden hours associated with this OMB Control Number. PHMSA expects a minimal increase due to the proposed revision of special provision A105, which would allow a person to obtain approval from the Associate Administrator for Hazardous Materials Safety if the quantity of hazardous materials exceeds the quantity limits and applicability provisions of Sec.  173.222(c). PHMSA also expects a minimal decrease in the number of approval applicants based on the adoption of a new entry in the Sec.  173.224 Self-Reactive Materials Table and the adoption of three new entries in the Sec.  173.225 Organic Peroxide Table. Respondents wishing to offer these materials in transportation, are no longer required to obtain approval by the Associate Administrator for Hazardous Materials Safety. OMB Control No. 2137-0572, ``Testing Requirements for Non-Bulk Packaging (Formerly: Testing Requirements for Packaging)''     PHMSA estimates this rulemaking will result in an increase in burden due to the proposed requirement to include the water temperature during the hydraulic pressure test for plastic non-bulk packagings. PHMSA does not estimate an increase in the number of respondents or responses, because the proposed amendment only adds burden to persons currently pressure testing plastic non-bulk packagings. PHMSA currently estimates that 5,000 respondents create 3 test reports per year, and that each test report takes 2 hours to complete. Based on the estimated percentage of respondents who currently requalify plastic non-bulk packagings, PHMSA estimates that it will take an average of 1 minute to add the water temperature on the requalification report, for an estimated increase of 250 burden hours. At a mean hourly wage of $68.58,\21\ it is estimated to increase annual salary costs of $17,145. PHMSA does not anticipate this requirement to affect out-of-pocket expenses. ---------------------------------------------------------------------------

    \21\ Occupation labor rates based on 2017 Occupational and Employment Statistics Survey (OES) for ``Transportation, Storage, and Distribution Managers (11-3071)'' in the Transportation and Warehousing industry. The hourly mean wage for this occupation ($48.43) is adjusted to reflect the total costs of employee compensation based on the BLS Employer Costs for Employee Compensation Summary, which indicates that wages for civilian workers are 68.3 percent of total compensation (total wage = wage rate/wage % of total compensation). ---------------------------------------------------------------------------

    Annual Increase in Number of Respondents: 0.     Annual Increase in Number of Responses: 0.     Annual Increase in Burden Hours: 250.     Annual Increase in Salary Costs: $17,145.     Annual Increase in Burden Costs: $0. OMB Control No. 2137-0559 ``Rail Carrier and Tank Car Tank Requirements, Rail Tank Car Tanks--Transportation of Hazardous Materials by Rail''     PHMSA anticipates this NPRM will result in a decrease in burden because of the proposed requirement to recognize Transport Canada issued Temporary Certificates for one time movements of non-compliant tank cars, in lieu of a DOT-issued OTMA when the tank car shipment's origin or destination is in Canada. Data from the FRA indicates that in calendar year 2017 there were 214 one time movement requests for tank car shipments with an origin or destination in Canada. PHMSA estimates that half of these movements will operate under a Temporary Certificate issued by Transport Canada, and thus not require PHMSA approval. Therefore, PHMSA estimates there will be a decrease in 54 annual respondents. Each of these respondents is estimated to annually request two OTMAs, for a decrease of 108 responses. PHMSA estimates that each application requires 4.75 hours to complete, resulting in a reduction of 513 burden hours. At an estimated mean hourly wage of $68.58,\22\ this reduction is expected to save $35,181.54 in salary cost. PHMSA

[[Page 61002]]

estimates there is no reduction in out-of-pocket expenses. ---------------------------------------------------------------------------

    \22\ Occupation labor rates based on 2017 Occupational and Employment Statistics Survey (OES) for ``Transportation, Storage, and Distribution Managers (11-3071)'' in the Transportation and Warehousing industry. The hourly mean wage for this occupation ($46.84) is adjusted to reflect the total costs of employee compensation based on the BLS Employer Costs for Employee Compensation Summary, which indicates that wages for civilian workers are 68.3 percent of total compensation (total wage = wage rate/wage % of total compensation). ---------------------------------------------------------------------------

    Annual Decrease in Number of Respondents: 54.     Annual Decrease in Number of Responses: 108.     Annual Decrease in Burden Hours: 513.     Annual Decrease in Salary Costs: $38,181.54     Annual Decrease in Burden Costs: $0.     Under the Paperwork Reduction Act of 1995, no person is required to respond to an information collection unless it has been approved by OMB and displays a valid OMB control number. Section 1320.8(d) of title 5 of the CFR requires that PHMSA provide interested members of the public and affected agencies and opportunity to comment on information and recordkeeping requests. PHMSA specifically requests comments on the information collection and recordkeeping burdens associated with developing, implementing, and maintaining these proposed requirements. Address written comments to the Dockets Unit as identified in the ADDRESSES section of this rulemaking. We must receive comments regarding information collection burdens prior to the close of the comment ***period*** identified in the DATES section of this rulemaking. In addition, you may submit comments specifically related to the information collection burden to the PHMSA Desk Officer, Office of Management and Budget, at fax number 202-395-674. Requests for a copy of this information collection should be directed to Steven Andrews or Shelby Geller, Standards and Rulemaking Division (PHH-10), Pipeline and Hazardous Materials Safety Administration, 1200 New Jersey Avenue SE, Washington, DC 20590-0001. If these proposed requirements are adopted in a final rule, PHMSA will submit the revised information collection and recordkeeping requirements to OMB for approval.

H. Regulation Identifier Number (RIN)

    A regulation identifier number (RIN) is assigned to each regulatory action listed in the Unified Agenda of Federal Regulations. The Regulatory Information Service Center publishes the Unified Agenda in April and October of each year. The RIN contained in the heading of this document can be used to cross-reference this action with the Unified Agenda.

I. Unfunded Mandates Reform Act of 1995

    This proposed rule does not impose unfunded mandates under the Unfunded Mandates Reform Act of 1995. It does not result in costs of $160.8 million or more, adjusted for inflation, to either State, local, or tribal governments, in the aggregate, or to the private sector in any one year, and is the least burdensome alternative that achieves the objective of the rule.

J. Environmental Assessment

    The National Environmental Policy Act of 1969, 42 U.S.C 4321-4375, requires that Federal agencies analyze proposed actions to determine whether the action will have a significant impact on the human environment. The Council on Environmental Quality (CEQ) regulations that implement NEPA (40 CFR parts 1500-1508) require Federal agencies to conduct an environmental review considering (1) the need for the proposed action, (2) alternatives to the proposed action, (3) probable environmental impacts of the proposed action and alternatives, and (4) the agencies and persons consulted during the consideration process. 1. Purpose and Need     This NPRM would amend the HMR (49 CFR parts 171-180) to maintain alignment with international standards by incorporating the 20th Revised Edition of the UN Model Regulations, Amendment 39-18 to the IMDG Code, the 2019-2020 ICAO Technical Instructions, and Transport Canada's newest amendments to TDG Regulations.     This action is necessary to incorporate changes adopted in the IMDG Code, the ICAO Technical Instructions, and the UN Model Regulations, effective January 1, 2019. If the changes in this proposed rule are not adopted in the HMR by this effective date, U.S companies--including numerous small entities competing in foreign markets--would be at an economic disadvantage because of their need to comply with a dual system of regulations. The changes in this proposed rulemaking are intended to avoid this result.     The intended effect of this action is to align the HMR with international transport standards and requirements to the extent practicable in accordance with Federal hazmat law (see 49 U.S.C 5120). When considering the adoption of international standards under the HMR, PHMSA reviews and evaluates each amendment on its own merit, on its overall impact on transportation safety, and on the economic implications associated with its adoption. Our goal is to harmonize internationally without diminishing the level of safety currently provided by the HMR or imposing undue burdens on the regulated public. PHMSA has provided a brief summary of each revision and the justification for the revision. 2. Alternatives     In proposing this rulemaking, PHMSA is considering the following alternatives: No Action Alternative     If PHMSA were to select the No Action Alternative, current regulations would remain in place and no new provisions would be added. Preferred Alternative     This alternative is the current proposal as it appears in this NPRM, applying to transport of hazardous materials by various transport modes (highway, rail, vessel, and aircraft). The proposed amendments included in this alternative are more fully addressed in the preamble and regulatory text sections of this NPRM. However, they generally include:     (1) Updated references to various international hazardous materials transport standards;     (2) Amendments to the Hazardous Materials Table to include twelve new N.O.S entries for articles containing dangerous goods, as well as additional defining criteria, authorized packagings, and safety requirements for transportation of these articles;     (3) Amendments to add, revise, or remove certain proper shipping names, packing groups, special provisions, packaging authorizations, bulk packaging requirements, and vessel stowage requirements. Additionally, changes throughout the packaging requirements in part 173 to authorize more flexibility when choosing packages for hazardous materials;     (4) Changes to the corrosivity classification procedures to include methods that do not involve testing for making a corrosivity classification determination for mixtures;     (5) The creation of a lithium cell or battery test summary; and     (6) Amendments to the HMR regarding the segregation of lithium cells and batteries offered for transport or transported on aircraft in relation to other hazardous materials. 3. Probable Environmental Impact of the Alternatives No Action Alternative     If PHMSA were to select the No Action Alternative, current regulations would remain in place and no new provisions would be added. However, efficiencies gained through harmonization with updates to international transport standards--

[[Page 61003]]

including regulated substances, definitions, packagings, stowage requirements/codes, flexibilities allowed, enhanced markings, segregation requirements, etc.--would not be realized.     Additionally, the No Action Alternative would not adopt enhanced and clarified regulatory requirements, which are intended to decrease the risk of environmental and safety incidents. For example, updates to corrosivity classification requirements are intended to better ensure that hazardous materials in this hazard class are properly identified. The lithium battery test summary and the lithium battery segregation requirements are intended to provide added protections against the risks that lithium batteries pose to air transportation. Also, the vessel stowage requirements seek to better separate materials that may be reactive to reduce the risks of serious incidents. While these are only a few examples, the provisions proposed in this Notice have been developed and vetted by the U.S and international experts responsible for the following hazardous materials standards: UN Model Regulations, ICAO Technical Instructions, IMDG Code, and the Transport Canada TDG Regulations. Not adopting the proposed environmental and safety requirements in the NPRM under the No Action Alternative would result in a lost opportunity for reducing environmental and safety-related incidents.     Greenhouse gas emissions would remain relatively the same under the No Action Alternative. However, it is expected that fewer incidents result in fewer emissions of greenhouse gases and other pollutants. Preferred Alternative     If PHMSA selects the provisions as proposed in this NPRM, we believe that safety and environmental risks would be reduced and that protections to human health and environmental resources would be increased. Potential environmental impacts of each proposed amendment in the preferred alternative are discussed as follows:     1. Incorporation by Reference: PHMSA proposes to update references to various international hazardous materials transport standards including the 2019-2020 ICAO Technical Instructions; Amendment 39-18 to the IMDG Code; the 20th Revised Edition of the UN Model Regulations; amendment 1 to the 6th Revised Edition of the UN Manual of Tests and Criteria; and the latest amendments to the Transport Canada TDG Regulations. Additionally, we propose to add three new references to standards and update six other references to standards applicable to the manufacture use and requalification of pressure vessels published by the International Organization for Standardization.     PHMSA believes that this proposed amendment, which will increase standardization and consistency of regulations, will result in greater protection of human health and the environment. Consistency between U.S and international regulations enhances the safety and environmental protection of international hazardous materials transportation through better understanding of the regulations, an increased level of industry compliance, the ***smooth*** flow of hazardous materials from their points of origin to their points of destination, and consistent emergency response procedures in the event of a hazardous materials incident. The HMR authorize shipments prepared in accordance with the ICAO Technical Instructions from transport by aircraft and for transport by motor vehicle either before or after being transported by aircraft. Similarly, the HMR authorize shipments prepared in accordance with the IMDG Code if all or part of the transportation is by vessel. The authorizations to use the ICAO Technical Instructions and the IMDG Code are subject to certain conditions and limitations outlined in part 171 subpart C.     Harmonization will result in more targeted and effective training, thereby facilitating enhanced environmental protection. This proposed amendment will eliminate inconsistent hazardous materials regulations, which hamper compliance training efforts. For ease of compliance with appropriate regulations, air and vessel carriers engaged in the transportation of hazardous materials generally elect to comply with the ICAO Technical Instructions and IMDG Code, as appropriate.     Greenhouse gas emissions would remain the same under this proposed amendment.     2. Consistent with amendments adopted into the UN Model Regulations, PHMSA proposes to revise the Hazardous Materials Table in Sec.  172.101 to include 12 new N.O.S entries for articles containing dangerous goods and to add into the HMR defining criteria, authorized packagings, and safety requirements for transportation of these articles. Inclusion of entries in the HMT reflects a degree of danger associated with a particular material and identifies appropriate packaging intended to reduce the likelihood of release of hazardous materials that threaten human health and safety and the environment. This proposed change provides a level of protection and consistency for all articles specifically listed in the HMT, without diminishing environmental protection and safety.     Greenhouse gas emissions would remain the same under this proposed amendment.     3. PHMSA proposes amendments to the HMT to add, revise, or remove certain proper shipping names, packing groups, special provisions, packaging authorizations, bulk packaging requirements, and vessel stowage requirements. Amendments to HMT proper shipping names include: requiring additional 6(d) testing for certain explosive articles; adding an entry for ``Lithium batteries installed in cargo transport unit''; and adding two new entries for ``Toxic solid, flammable, inorganic, n.o.s '' Additionally, we also propose to add and revise special provisions, large packaging authorizations, and intermediate bulk container (IBC) authorizations consistent with the UN Model Regulations to provide a wider range of packaging options to shippers of hazardous materials.     Inclusion of entries in the HMT reflects a degree of danger associated with a particular material and identifies appropriate packaging. These proposed inclusions in the HMT provide a greater level of protection against release and consistency across borders.     4. Changes to the corrosivity classification procedures to include methods that do not involve testing for making a corrosivity classification determination for mixtures.     PHMSA believes that this proposed amendment permits additional flexibility for classifying corrosive mixtures and allows offerors the ability to make a classification and packing group assignment without having to conduct physical tests. This allowance does not compromise environmental protection or safety. Increased use of not-test methods for classification of mixtures results in less product being utilized to conduct physical testing, less clean-up and disposal that occurs after testing, which provide environmental benefits along with expanded alternatives to traditional testing methods.     5. Consistent with amendments adopted into the UN Model Regulations, PHMSA proposes to require the creation of a lithium cell or battery test summary.     PHMSA believes that these proposed amendments provide important additional information to downstream shippers and consumers of lithium batteries, including a standardized set of

[[Page 61004]]

elements that provide traceability and accountability that lithium cells and batteries offered for transport meet the appropriate UN design tests. Testing standards for lithium batteries help ensure design types are subject to as many as eight separate tests designed to assess their ability to withstand the anticipated rigors incurred during transport. Increased availability of documentation indicating that cells and batteries are of a tested type could lead to a decrease in the number of illegitimate lithium batteries that can present a hazard to users and the environment.     6. Amendments to the HMR regarding the segregation of lithium cells and batteries offered for transport or transported on aircraft in relation to other hazardous materials.     PHMSA believes that the proposed amendments requiring lithium batteries to be segregated from other listed dangerous goods would enhance safety and environmental protection by decreasing the risk posed by a fire involving lithium batteries or another dangerous good. The segregation requirements are intended to avoid the cumulative effects of a fire involving both goods simultaneously. PHMSA believes that this proposed amendment would provide for a net increase in environmental protection and safety by potentially lessening the severity of a fire aboard an aircraft, thus preventing release and damage to human health and the natural environment.Summary In summary, consistency between these international regulations and the HMR allows shippers and carriers to train their hazmat employees in a single set of requirements for classification, packaging, hazard communication, handling, stowage, etc., thereby minimizing the possibility of improperly preparing and transporting a shipment of hazardous materials because of differences between domestic and international regulations. These proposed changes mirror changes in the Dangerous Goods List of the 20th Revised Edition of the UN Model Regulations, the 2019-2020 ICAO Technical Instructions, and Amendment 39-18 to the IMDG Code. It is extremely important for the domestic HMR to mirror these international standards regarding the entries in the HMT to ensure consistent naming conventions across modes and international borders. In some instances, the proposed changes in this Notice may result in a streamlining or reduction in burden to industry. However, in each case, PHMSA believes that those changes are consistent with safety and will not significantly increase the risk of release. Most of the proposed regulations in this Notice increase protections aimed at avoiding safety and environmental risks. Greenhouse gas emissions would not significantly increase under this proposed amendment, but fewer incidents are expected to result in fewer emissions of greenhouse gases and other pollutants. 4. Agencies Consulted This NPRM represents PHMSA's first action in the U.S for this program area. PHMSA has coordinated with the U.S Federal Aviation Administration, the Federal Motor Carrier Safety Administration, the Federal Railroad Administration, and the U.S Coast Guard, in the development of this proposed rule. PHMSA will consider the views expressed in comments to the NPRM submitted by members of the public, state and local governments, and industry. 5. Conclusion The provisions of this proposed rule build on current regulatory requirements in order to enhance the transportation safety and security of shipments of hazardous materials transported by highway, rail, aircraft, and vessel, thereby reducing the risks of an accidental or intentional release of hazardous materials and consequent environmental damage. PHMSA proposes to find that the net environmental impact of this proposal will be positive and that there are no significant environmental impacts associated with this proposed rule. PHMSA welcomes any views, data, or information related to environmental impacts that may result if the proposed requirements are adopted, as well as the ``no action alternative'' and other viable alternatives and their environmental impacts. K. Privacy Act Anyone is able to search the electronic form of any written communications and comments received into any of our dockets by the name of the individual submitting the document (or signing the document, if submitted on behalf of an association, business, labor union, etc.). You may review DOT's complete Privacy Act Statement in the Federal Register published on April 11, 2000 (65 FR 19477), or you may visit [*http://www.dot.gov/privacy.html*](http://www.dot.gov/privacy.html) L. Executive Order 13609 and International Trade Analysis Under Executive Order 13609 (``Promoting International Regulatory Cooperation''), agencies must consider whether the impacts associated with significant variations between domestic and international regulatory approaches are unnecessary or may impair the ability of American business to export and compete internationally. In meeting shared challenges involving health, safety, labor, security, environmental, and other issues, international regulatory cooperation can identify approaches that are at least as protective as those that are or would be adopted in the absence of such cooperation. International regulatory cooperation can also reduce, eliminate, or prevent unnecessary differences in regulatory requirements. Similarly, the Trade Agreements Act of 1979 (Pub. L. 96-39), as amended by the Uruguay Round Agreements Act (Pub. L. 103-465), prohibits Federal agencies from establishing any standards or engaging in related activities that create unnecessary obstacles to the foreign commerce of the United States. For purposes of these requirements, Federal agencies may participate in the establishment of international standards, so long as the standards have a legitimate domestic objective, such as providing for safety, and do not operate to exclude imports that meet this objective. The statute also requires consideration of international standards and, where appropriate, that they be the basis for U.S standards. PHMSA participates in the establishment of international standards to protect the safety of the American public, and it has assessed the effects of the proposed rule to ensure that it does not cause unnecessary obstacles to foreign trade. In fact, the rule is designed to facilitate international trade. Accordingly, this rulemaking is consistent with Executive Order 13609 and PHMSA's obligations under the Trade Agreement Act, as amended. M. National Technology Transfer and Advancement Act The National Technology Transfer and Advancement Act of 1995 (15 U.S.C 272 note) directs Federal agencies to use voluntary consensus standards in their regulatory activities unless doing so would be inconsistent with applicable law or otherwise impractical. Voluntary consensus standards are technical standards (e.g , specification of materials, test methods, or performance requirements) that are developed or adopted by voluntary [[Page 61005]] consensus standard bodies. This NPRM involves multiple voluntary consensus standards which are discussed at length in the discussion on Sec. 171.7 List of Subjects 49 CFR Part 171 Exports, Hazardous materials transportation, Hazardous waste, Imports, Incorporation by reference, Reporting and recordkeeping requirements. 49 CFR Part 172 Education, Hazardous materials transportation, Hazardous waste, Incorporation by reference, Labeling, Markings, Packaging and containers, Reporting and recordkeeping requirements. 49 CFR Part 173 Hazardous materials transportation, Incorporation by reference, Packaging and containers, Radioactive materials, Reporting and recordkeeping requirements, Uranium. 49 CFR Part 174 Hazardous materials transportation, Rail carriers, Reporting and recordkeeping requirements, Security measures. 49 CFR Part 175 Air carriers, Hazardous materials transportation, Radioactive materials, Reporting and recordkeeping requirements. 49 CFR Part 176 Maritime carriers, Hazardous materials transportation, Incorporation by reference, Radioactive materials, Reporting and recordkeeping requirements. 49 CFR Part 178 Hazardous materials transportation, Incorporation by reference, Motor vehicle safety, Packaging and containers, Reporting and recordkeeping requirements. 49 CFR Part 180 Hazardous materials transportation, Motor carriers, Motor vehicle safety, Packaging and containers, Railroad safety, Reporting and recordkeeping requirements. In consideration of the foregoing, PHMSA proposes to amend 49 CFR chapter I as follows: PART 171--GENERAL INFORMATION, REGULATIONS, AND DEFINITIONS 0 1. The authority citation for part 171 continues to read as follows: Authority: 49 U.S.C 5101-5128, 44701; Pub. L. 101-410 section 4 (28 U.S.C 2461 note); Pub. L. 104-134, section 31001; 49 CFR 1.81 and 1.97 0 2. In Sec. 171.7: 0 a. Paragraph (s)(2) is added; 0 b. Paragraphs (t)(1), (v)(2), (w)(1) through (68) are revised; 0 c. Paragraphs (w)(69) through (77) are added; 0 d. Paragraphs (aa)(1) through (4) are revised; 0 e. Paragraphs (bb)(1) (xx), (xxi), and (xxii) and (bb)(2) are added; and 0 d. Paragraphs (dd)(1) through (3) are revised. The revisions and additions to read as follows: Sec. 171.7 Reference material. \* \* \* \* \* (s) \* \* \* (2) Code of Conduct on the Safety and Security of Radioactive Sources (International Atomic Energy Agency Code of Conduct), 2004, into Sec. 172.800 (t) \* \* \* (1) Technical Instructions for the Safe Transport of Dangerous Goods by Air (ICAO Technical Instructions), 2019-2020 Edition, copyright 2018, into Sec. Sec. 171.8; 171.22; 171.23; 171.24; 172.101; 172.202; 172.401; 172.512; 172.519; 172.602; 173.56; 173.320; 175.10, 175.33; 178.3 \* \* \* \* \* (v) \* \* \* (2) International Maritime Dangerous Goods Code (IMDG Code), Incorporating Amendment 39-18 (English Edition), 2018 Edition, into Sec. Sec. 171.22; 171.23; 171.25; 172.101; 172.202; 172.203; 172.401; 172.502; 172.519; 172.602; 173.21; 173.56; 176.2; 176.5; 176.11; 176.27; 176.30; 176.83; 176.84; 176.140; 176.720; 176.906; 178.3; 178.274 (w) \* \* \* (1) ISO 535-1991(E) Paper and board--Determination of water absorptiveness--Cobb method, 1991, into Sec. Sec. 178.707; 178.708; 178.516 (2) ISO 1496-1: 1990 (E)--Series 1 freight containers-- Specification and testing, Part 1: General cargo containers. Fifth Edition, (August 15, 1990), into Sec. 173.411 (3) ISO 1496-3(E)--Series 1 freight containers--Specification and testing--Part 3: Tank containers for liquids, gases and pressurized dry bulk, Fourth edition, March 1995, into Sec. Sec. 178.74; 178.75; 178.274 (4) ISO 1516:2002(E), Determination of flash/no flash--Closed cup equilibrium method, Third Edition, 2002-03-01, into Sec. 173.120 (5) ISO 1523:2002(E), Determination of flash point--Closed cup equilibrium method, Third Edition, 2002-03-01, into Sec. 173.120 (6) ISO 2431-1984(E) Standard Cup Method, 1984, into Sec. 173.121 (7) ISO 2592:2000(E), Determination of flash and fire points-- Cleveland open cup method, Second Edition, 2000-09-15, into Sec. 173.120 (8) ISO 2719:2002(E), Determination of flash point--Pensky-Martens closed cup method, Third Edition, 2002-11-15, into Sec. 173.120 (9) ISO 2919:1999(E), Radiation Protection--Sealed radioactive sources--General requirements and classification, (ISO 2919), second edition, February 15, 1999, into Sec. 173.469 (10) ISO 3036-1975(E) Board--Determination of puncture resistance, 1975, into Sec. 178.708 (11) ISO 3405:2000(E), Petroleum products--Determination of distillation characteristics at atmospheric pressure, Third Edition, 2000-03-01, into Sec. 173.121 (12) ISO 3574-1986(E) Cold-reduced carbon steel sheet of commercial and drawing qualities, into Sec. 178.503; part 178, appendix C. (13) ISO 3679:2004(E), Determination of flash point--Rapid equilibrium closed cup method, Third Edition, 2004-04-01, into Sec. 173.120 (14) ISO 3680:2004(E), Determination of flash/no flash--Rapid equilibrium closed cup method, Fourth Edition, 2004-04-01, into Sec. 173.120 (15) ISO 3807-2(E), Cylinders for acetylene--Basic requirements-- Part 2: Cylinders with fusible plugs, First edition, March 2000, into Sec. Sec. 173.303; 178.71 (16) ISO 3807:2013(E), Gas cylinders--Acetylene cylinders--Basic requirements and type testing, Second edition, 2013-09-01, into Sec. Sec. 173.303; 178.71 (17) ISO 3924:1999(E), Petroleum products--Determination of boiling range distribution--Gas chromatography method, Second Edition, 1999-08- 01, into Sec. 173.121 (18) ISO 4126-1:2004(E): Safety devices for protection against excessive pressure--Part 1: Safety valves, Second edition 2004-02-15, into Sec. 178.274 (19) ISO 4126-7:2004(E): Safety devices for protection against excessive pressure--Part 7: Common data, First Edition 2004-02-15 into Sec. 178.274 (20) ISO 4126-7:2004/Cor.1:2006(E): Safety devices for protection against excessive pressure--Part 7: Common data, Technical Corrigendum 1, 2006-11-01, into Sec. 178.274 (21) ISO 4626:1980(E), Volatile organic liquids--Determination of boiling range of organic solvents used as raw materials, First Edition, 1980-03-01, into Sec. 173.121 [[Page 61006]] (22) ISO 4706:2008(E), Gas cylinders--Refillable welded steel cylinders--Test pressure 60 bar and below, First Edition, 2008-07-014, Corrected Version, 2008-07-01, into Sec. 178.71 (23) ISO 6406(E), Gas cylinders--Seamless steel gas cylinders-- Periodic inspection and testing, Second edition, February 2005, into Sec. 180.207 (24) ISO 6892 Metallic materials--Tensile testing, July 15, 1984, First Edition, into Sec. 178.274 (25) ISO 7225(E), Gas cylinders--Precautionary labels, Second Edition, July 2005, into Sec. 178.71 (26) ISO 7866(E), Gas cylinders--Refillable seamless aluminum alloy gas cylinders--Design, construction and testing, First edition, June 1999, into Sec. 178.71 (27) ISO 7866:2012(E), Gas cylinders--Refillable seamless aluminum alloy gas cylinders--Design, construction and testing, Second edition, 2012-09-01, into Sec. 178.71 (28) ISO 7866:2012/Cor.1:2014(E), Gas cylinders--Refillable seamless aluminum alloy gas cylinders--Design, construction and testing, Technical Corrigendum 1, 2014-04-15, into Sec. 178.71 (29) ISO 8115 Cotton bales--Dimensions and density, 1986 Edition, into Sec. 172.102 (30) ISO 9809-1:1999(E): Gas cylinders--Refillable seamless steel gas cylinders--Design, construction and testing--Part 1: Quenched and tempered steel cylinders with tensile strength less than 1100 MPa., First edition, June 1999, into Sec. Sec. 178.37; 178.71; 178.75 (31) ISO 9809-1:2010(E): Gas cylinders--Refillable seamless steel gas cylinders--Design, construction and testing--Part 1: Quenched and tempered steel cylinders with tensile strength less than 1 100 MPa., Second edition, 2010-04-15, into Sec. Sec. 178.37; 178.71; 178.75 (32) ISO 9809-2:2000(E): Gas cylinders--Refillable seamless steel gas cylinders--Design, construction and testing--Part 2: Quenched and tempered steel cylinders with tensile strength greater than or equal to 1 100 MPa., First edition, June 2000, into Sec. Sec. 178.71; 178.75 (33) ISO 9809-2:2010(E): Gas cylinders--Refillable seamless steel gas cylinders--Design, construction and testing--Part 2: Quenched and tempered steel cylinders with tensile strength greater than or equal to 1100 MPa., Second edition, 2010-04-15, into Sec. Sec. 178.71; 178.75 (34) ISO 9809-3:2000(E): Gas cylinders--Refillable seamless steel gas cylinders--Design, construction and testing--Part 3: Normalized steel cylinders, First edition, December 2000, into Sec. Sec. 178.71; 178.75 (35) ISO 9809-3:2010(E): Gas cylinders--Refillable seamless steel gas cylinders--Design, construction and testing--Part 3: Normalized steel cylinders, Second edition, 2010-04-15, into Sec. Sec. 178.71; 178.75 (36) ISO 9809-4:2014(E), Gas cylinders--Refillable seamless steel gas cylinders--Design, construction and testing--Part 4: Stainless steel cylinders with an Rm value of less than 1 100 MPa, First edition, 2014-07-15, into Sec. Sec. 178.71; 178.75 (37) ISO 9978:1992(E)--Radiation protection--Sealed radioactive sources--Leakage test methods. First Edition, (February 15, 1992), into Sec. 173.469 (38) ISO 10156:2010(E): Gases and gas mixtures--Determination of fire potential and oxidizing ability for the selection of cylinder valve outlets, Third edition, 2010-04-01, into Sec. 173.115 (39) ISO 10156:2010/Cor.1:2010(E): Gases and gas mixtures-- Determination of fire potential and oxidizing ability for the selection of cylinder valve outlets, Technical Corrigendum 1, 2010-09-01, into Sec. 173.115 (40) ISO 10297:1999(E), Gas cylinders--Refillable gas cylinder valves--Specification and type testing, First Edition, 1995-05-01, into Sec. Sec. 173.301b; 178.71 (41) ISO 10297:2006(E), Transportable gas cylinders--Cylinder valves--Specification and type testing, Second Edition, 2006-01-15, into Sec. Sec. 173.301b; 178.71 (42) ISO 10297:2014(E), Gas cylinders--Cylinder valves-- Specification and type testing, Third Edition, 20014-07-15, into Sec. Sec. 173.301b; 178.71 (43) ISO 10461:2005(E), Gas cylinders--Seamless aluminum-alloy gas cylinders--Periodic inspection and testing, Second Edition, 2005-02-15 and Amendment 1, 2006-07-15, into Sec. 180.207 (44) ISO 10462 (E), Gas cylinders--Transportable cylinders for dissolved acetylene--Periodic inspection and maintenance, Second edition, February 2005, into Sec. 180.207 (45) ISO 10462:2013(E), Gas cylinders--Acetylene cylinders-- Periodic inspection and maintenance, Third edition, 2013-12-15, into Sec. 180.207 (46) ISO 10692-2:2001(E), Gas cylinders--Gas cylinder valve connections for use in the micro-electronics industry--Part 2: Specification and type testing for valve to cylinder connections, First Edition, 2001-08-01, into Sec. Sec. 173.40; 173.302c (47) ISO 11114-1:2012(E), Gas cylinders--Compatibility of cylinder and valve materials with gas contents--Part 1: Metallic materials, Second edition, 2012-03-15, into Sec. Sec. 172.102; 173.301b; 178.71 (48) ISO 11114-2:2013(E), Gas cylinders--Compatibility of cylinder and valve materials with gas contents--Part 2: Non-metallic materials, Second edition, 2013-04-01, into Sec. Sec. 173.301b; 178.71 (49) ISO 11117:1998(E): Gas cylinders--Valve protection caps and valve guards for industrial and medical gas cylinders.--Design, construction and tests, First edition, 1998-08-01, into Sec. 173.301b (50) ISO 11117:2008(E): Gas cylinders--Valve protection caps and valve guards--Design, construction and tests, Second edition, 2008-09- 01, into Sec. 173.301b (51) ISO 11117:2008/Cor.1:2009(E): Gas cylinders--Valve protection caps and valve guards--Design, construction and tests, Technical Corrigendum 1, 2009-05-01, into Sec. 173.301b (52) ISO 11118(E), Gas cylinders--Non-refillable metallic gas cylinders--Specification and test methods, First edition, October 1999, into Sec. 178.71 (53) ISO 11118(E), Gas cylinders--Non-refillable metallic gas cylinders--Specification and test methods, Second edition, 2015-09-15, into Sec. 178.71 (54) ISO 11119-1(E), Gas cylinders--Gas cylinders of composite construction--Specification and test methods--Part 1: Hoop-wrapped composite gas cylinders, First edition, May 2002, into Sec. 178.71 (55) ISO 11119-1:2012(E), Gas cylinders--Refillable composite gas cylinders and tubes--Design, construction and testing--Part 1: Hoop wrapped fibre reinforced composite gas cylinders and tubes up to 450 l, Second edition, 2012-08-01, into Sec. 178.71 (56) ISO 11119-2(E), Gas cylinders--Gas cylinders of composite construction--Specification and test methods--Part 2: Fully wrapped fibre reinforced composite gas cylinders with load-sharing metal liners, First edition, May 2002, into Sec. 178.71 (57) ISO 11119-2:2012(E), Gas cylinders--Refillable composite gas cylinders and tubes--Design, construction and testing--Part 2: Fully wrapped fibre reinforced composite gas cylinders and tubes up to 450 l with load-sharing metal liners, Second edition, 2012-07-15, into Sec. 178.71 (58) ISO 11119-2:2012/Amd.1:2014(E), Gas cylinders--Refillable composite gas cylinders and tubes--Design, construction and testing-- Part 2: Fully wrapped fibre [[Page 61007]] reinforced composite gas cylinders and tubes up to 450 l with load- sharing metal liners, Amendment 1, 2014-08-15, into Sec. 178.71 (59) ISO 11119-3(E), Gas cylinders of composite construction-- Specification and test methods--Part 3: Fully wrapped fibre reinforced composite gas cylinders with non-load-sharing metallic or non-metallic liners, First edition, September 2002, into Sec. 178.71 (60) ISO 11119-3:2013(E), Gas cylinders-- Refillable composite gas cylinders and tubes--Design, construction and testing--Part 3: Fully wrapped fibre reinforced composite gas cylinders and tubes up to 450 l with non-load-sharing metallic or non-metallic liners, Second edition, 2013-04-15, into Sec. 178.71 (61) ISO 11120(E), Gas cylinders--Refillable seamless steel tubes of water capacity between 150 L and 3000 L--Design, construction and testing, First edition, March 1999, into Sec. Sec. 178.71; 178.75 (62) ISO 11120(E), Gas cylinders--Refillable seamless steel tubes of water capacity between 150 l and 3000 l--Design, construction and testing, Second Edition, 2015-02-01, into Sec. Sec. 178.71; 178.75 (63) ISO 11513:2011(E), Gas cylinders--Refillable welded steel cylinders containing materials for sub-atmospheric gas packaging (excluding acetylene)--Design, construction, testing, use and periodic inspection, First edition, 2011-09-12, into Sec. Sec. 173.302c; 178.71; 180.207 (64) ISO 11621(E), Gas cylinders--Procedures for change of gas service, First edition, April 1997, into Sec. Sec. 173.302, 173.336, 173.337 (65) ISO 11623(E), Transportable gas cylinders--Periodic inspection and testing of composite gas cylinders, First edition, March 2002, into Sec. 180.207 (66) ISO 11623(E), Transportable gas cylinders--Periodic inspection and testing of composite gas cylinders, Second edition, 2015-12-01, into Sec. 180.207 (67) ISO 13340:2001(E) Transportable gas cylinders--Cylinder valves for non-refillable cylinders--Specification and prototype testing, First edition, 2004-04-01, into Sec. Sec. 173.301b; 178.71 (68) ISO 13736:2008(E), Determination of flash point--Abel closed- cup method, Second Edition, 2008-09-15, into Sec. 173.120 (69) ISO 14246:2014(E), Gas cylinders--Cylinder valves-- Manufacturing tests and examination, Second Edition, 2014-06-15, into Sec. 178.71 (70) ISO 16111:2008(E), Transportable gas storage devices--Hydrogen absorbed in reversible metal hydride, First Edition, 2008-11-15, into Sec. Sec. 173.301b; 173.311; 178.71 (71) ISO 16148:2016(E), Gas cylinders--Refillable seamless steel gas cylinders and tubes--Acoustic emission examination (AT) and follow- up ultrasonic examination (UT) for periodic inspection and testing, Second Edition, 2016-04-15, into Sec. 180.207 (72) ISO 17871:2015(E), Gas cylinders--Quick-release cylinder valves--Specification and type testing, First Edition, 2015-08-15, into 173.301 (73) ISO 18172-1:2007(E), Gas cylinders--Refillable welded stainless steel cylinders--Part 1: Test pressure 6 MPa and below, First Edition, 2007-03-01, into Sec. 178.71 (74) ISO 20703:2006(E), Gas cylinders--Refillable welded aluminum- alloy cylinders--Design, construction and testing, First Edition, 2006- 05-01, into Sec. 178.71 (75) ISO 21172-1:2015(E), Gas cylinders--Welded steel pressure drums up to 3 000 litres capacity for the transport of gases--Design and construction--Part 1: Capacities up to 1 000 litres, First edition, 2015-04-01, into Sec. 178.71 (76) ISO 22434:2006(E), Transportable gas cylinders--Inspection and maintenance of cylinder valves, First Edition, 2006-09-01, into Sec. 180.207 (77) ISO/TR 11364:2012(E), Gas cylinders--Compilation of national and international valve system/gas cylinder neck threads and their identification and marking system, First Edition, 2012-12-01, into Sec. 178.71 \* \* \* \* \* (aa) \* \* \* (1) Test No. 404: Acute Dermal Irritation/Corrosion, OECD Guidelines for the Testing of Chemicals, Section 4: Health Effects, adopted 28 July 2015, into Sec. 173.137 (2) Test No. 430: In Vitro Skin Corrosion: Transcutaneous Electrical Resistance Test (TER), OECD Guidelines for the Testing of Chemicals, Section 4: Health Effects, adopted 28 July 2015, into Sec. 173.137 (3) Test No. 431: In Vitro Skin Corrosion: Reconstructed Human Epidermis (RHE) Test Method, OECD Guidelines for the Testing of Chemicals, Section 4: Health Effects, adopted 28 July 2015, into Sec. 173.137 (4) Test No. 435: In Vitro Membrane Barrier Test Method for Skin Corrosion, OECD Guidelines for the Testing of Chemicals, Section 4: Health Effects, adopted 28 July 2015, into Sec. 173.137 (bb) \* \* \* (1) \* \* \* (xx) SOR/2016-95 June 1, 2016; and SOR/2017-253 published December 13, 2017. (xxi) SOR/2017-137 July 12, 2017. (xxii) SOR/2017-253 December 13, 2017. (2) Containers for Transport of Dangerous Goods by Rail, TP 14877E, 12/2013, into Sec. 171.12 \* \* \* \* \* (dd) \* \* \* (1) UN Recommendations on the Transport of Dangerous Goods, Model Regulations (UN Recommendations), 20th revised edition, Volumes I and II (2017), into Sec. Sec. 171.8; 171.12; 172.202; 172.401; 172.407; 172.502; 173.22; 173.24; 173.24b; 173.40; 173.56; 173.192; 173.302b; 173.304b; 178.75; 178.274 (2) UN Recommendations on the Transport of Dangerous Goods, Manual of Tests and Criteria, (Manual of Tests and Criteria), into Sec. Sec. 171.24, 172.102; 173.21; 173.56; 173.57; 173.58; 173.60; 173.115; 173.124; 173.125; 173.127; 173.128; 173.137; 173.185; 173.220; 173.221; 173.225, part 173, appendix H; 176.905; 178.274: (i) Sixth Revised Edition (2015) (ii) Sixth Revised Edition, Amendment 1 (2017) (3) UN Recommendations on the Transport of Dangerous Goods, Globally Harmonized System of Classification and Labelling of Chemicals (GHS), Seventh Revised Edition (2017), into Sec. 172.401 \* \* \* \* \* 0 3. In Sec. 171.8, a definition for ``UN Pressure drum'' is added in alphabetical order, and the definition of ``UN pressure receptacle'' is revised to read as follows: Sec. 171.8 Definitions and abbreviations. \* \* \* \* \* UN pressure drum means a welded transportable pressure receptacle of a water capacity exceeding 150 l (39.6 gallons) and not more than 1,000 l (264.2 gallons) (e.g cylindrical receptacles equipped with rolling hoops, spheres on skids). UN pressure receptacle means a UN cylinder, drum, or tube. \* \* \* \* \* 0 4. In Sec. 171.12, paragraphs (a)(1) and (a)(3)(v) are revised to read as follows: Sec. 171.12 North American Shipments. (a) \* \* \* (1) A hazardous material transported from Canada to the United States, from the United States to Canada, or transiting the United States to Canada or a foreign destination may be offered for transportation or transported by motor [[Page 61008]] carrier and rail in accordance with the Transport Canada TDG Regulations (IBR, see Sec. 171.7) or an equivalency certificate (permit for equivalent level of safety) issued by Transport Canada as an alternative to the TDG Regulations, as authorized in Sec. 171.22, provided the requirements in Sec. Sec. 171.22 and 171.23, as applicable, and this section are met. In addition, a cylinder, MEGC, cargo tank motor vehicle, portable tank or rail tank car authorized by the Transport Canada TDG Regulations may be used for transportation to, from, or within the United States provided the cylinder, MEGC, cargo tank motor vehicle, portable tank or rail tank car conforms to the applicable requirements of this section. Except as otherwise provided in this subpart and subpart C of this part, the requirements in parts 172, 173, and 178 of this subchapter do not apply for a material transported in accordance with the Transport Canada TDG Regulations. \* \* \* \* \* (3) \* \* \* (v) Rail tank cars must conform to the requirements of Containers for Transport of Dangerous Goods by Rail (IBR, see Sec. 171.7). \* \* \* \* \* PART 172--HAZARDOUS MATERIALS TABLE, SPECIAL PROVISIONS, HAZARDOUS MATERIALS COMMUNICATIONS, EMERGENCY RESPONSE INFORMATION, AND TRAINING REQUIREMENTS 0 5. The authority citation for part 172 continues to read as follows: Authority: 49 U.S.C 5101-5128, 44701; 49 CFR 1.81, 1.96 and 1.97 0 6. In Sec. 172.101: 0 a. Paragraph (e) is revised; 0 b. The Hazardous Materials Table is amended by removing the entries under ``[REMOVE]'', by adding the entries under ``[ADD]'' and revising entries under ``[REVISE]'' in the appropriate alphabetical sequence; and 0 c. In appendix B to Sec. 172.101, the List of Marine Pollutants is amended by revising the entry for Dodecene. The revisions and additions read as follows: Sec. 172.101 Purpose and use of the hazardous materials table. \* \* \* \* \* (e) Column 4: Identification number. Column 4 lists the identification number assigned to each proper shipping name. Those preceded by the letters ``UN'' are associated with proper shipping names considered appropriate for international transportation as well as domestic transportation. Those preceded by the letters ``NA'' are associated with proper shipping names not recognized for transportation outside of the United States. Identification numbers in the ``NA9000'' series are associated with proper shipping names not appropriately covered by international hazardous materials (dangerous goods) transportation standards, or not appropriately addressed by international transportation standards for emergency response information purposes, except for transportation in the United States. Those preceded by the letters ``ID'' are associated with proper shipping names recognized by the ICAO Technical Instructions (IBR, see Sec. 171.7 of this subchapter).

**Load-Date:** November 28, 2018

**End of Document**