

**Position Paper
on
CPVO Draft Proposal
For
The Financing of Technical Examinations
(DOC-AC/02/1/04 and Annexes)**

ESA_02.0016

In view of the CPVO draft proposal on a new fee structure which has been sent over to ESA with the possibility for comments in view of the meeting of the CPVO Administrative Council on 26./27. March 2002, ESA would like to make the following general remarks as well as specific notions on a number of points:

- I. ESA welcomes the intention of the CPVO to reform its financial structure as we feel that the current system lacks clarity as to the overall costs caused on species level, the administrative costs to be covered by the annual fees and the expenditure of the Office for additional tasks related to research etc..
- II. We are also of the opinion that the huge and increasing reserves accumulated by the yearly surplus of the Office show the need to drastically lower the fees over the coming years in order to reduce the reserves and to allow our members to recuperate some of the excess fees paid by them in the past. This is especially necessary at a time when there are so many extra financial pressures on our industry.
With the total assets now exceeding 11.000.000 Euro, the reduction of Annual Fees must be substantial. The Annual fees currently are accounting for about 4.000.000 Euro p.a.. This needs to be reduced by about 3.000.000 Euro p.a. for about 3 years to return these excess reserves to plant breeders.
- III. Also, the CPVO should have a more realistic approach to its envisaged yearly income which consistently seems to be budgeted below the actual payments received and which has led to an ever increasing surplus/reserve.
- IV. In this respect, a clear and transparent attribution of costs covered by the CPVO for its various tasks is crucial for a similarly clear definition what reserves (capital stock) might be needed and sufficient to assure the proper functioning of the Office. Clearly, the Office must possess adequate reserves sufficient to cover the running costs to the extent that those are not covered by

income cash-flow.

- V. ESA states that fees should cover costs in each crop. At the same time it is clear that in order to maintain the desired high level of plant variety protection in the EU, for some minor crops, specific regulations might be envisaged in order to keep costs and fees at an affordable level. ESA calls upon the CPVO to address this topic together with the EU seed industry in order to arrive at economic as well as politically desirable solutions for these specific cases. One approach could be the taking over of results from trials carried out by plant breeders themselves on a defined basis in order to save some of these costs.
- VI. In the same respect, ESA is convinced that in view of the currently existing agreements between the CPVO and examination offices, the classification into 27 classes as proposed in the draft is a practical next stage approach. However, ESA urges the CPVO to re-discuss the number of classes as well as the number of examination offices and the fees charged by them in due time before the expiry of the existing agreements. ESA expects that still much potential exists for a further reduction of costs resulting from the existing examination offices when more competition (e.g. via a system comparable to public procurement procedures is applied) as well as more clearly defined and possibly in parts also limited tasks are set.

Conclusion:

ESA appreciates that the current proposal contains elements that lead to a more balanced budget of the CPVO as well as to a more specific and clearer attribution of costs caused and covered by single species. At the same time, ESA calls for a return of the reserves in the form of a substantial reduction of the annual fees. The current proposal should serve only as transitional system, which needs to be reviewed over the next three years. ESA calls upon the CPVO to start consultation with the EU plant breeders' representation in preparation for the next revision of the fee structure and of conclusion of new examination contracts.