



Brussels, 19 November 2004

## **BACKGROUND <sup>1</sup>**

### ***AGRICULTURE AND FISHERIES COUNCIL***

**Brussels, 22-23 November 2004**

*The Council will start on Monday 22 November 2004 at 15:00 with agriculture items and will continue on Tuesday with fisheries items. The Council will welcome for the first time Ms. Mariann Fischer Boel as European Commissioner for agriculture and rural development, Joe Borg European Commissioner for fisheries and maritime affairs, Markos Kyprianou European Commissioner for health and Consumers Protection and the new Commissioner for Science and Research Janez Potočnik.*

*As part of the food safety items and at the beginning of the Council, ministers are likely to adopt under "B" items (after discussion) the amended proposal on animal welfare during transport after that a successful compromise presented by the Dutch Presidency was reached at technical level.*

*The Council will then continue in the afternoon with the presentation by the Presidency of a report on cooperation in the field of agriculture food rural development and fisheries related research.*

*The Council will then hold two policy debates on the sugar sector reform, and on the reform of the rural development (2007-2013) and of the financing of the CAP in the EU.*

*On Tuesday morning, the Council will deal with fisheries items, starting with an exchange of views on the EC/Norway bilateral agreement, a policy debate on the European Fisheries Fund (2007-2013), might adopt the proposal on deep sea species, and will finally exchange views over the management of fisheries in the Baltic Sea.*

*The meeting will be chaired by Mr Cees Veerman Minister for Agriculture, Nature and Food Quality of the Netherlands.*

*It is foreseen that a press conference will be held on Monday evening and at the end of the Council on Tuesday afternoon.*

\*\*\*\*\*

---

<sup>1</sup> This note has been drawn up under the sole responsibility of the Press Service.

## **AGRICULTURE**

### **Animal welfare during transport (11794/03)**

The Council will aim at *adopting* a Council Regulation on the protection of animals during transport, on the basis of a compromise presented by the Dutch Presidency. This item was lastly raised at the Council on 26 April 2004 (8350/04) under the Irish presidency but no agreement could be reached.

Since then, intensive works have been carried out at technical level to see whether it was impossible to make any progress in the field of animal welfare during transport. The current compromise contains a number of concrete improvements, such as a mandatory satellite navigation control system for all means of transport by road by 2009, stricter requirements for long distance transport and better training of drivers through the introduction of mandatory requirements.

This dossier being under Article 37 of the Treaty (advisory procedure), qualified majority is required as a voting rule. The European Parliament delivered its Opinion on 30 March 2004. Its report stressed that animals should be moved around as little as possible and should be slaughtered as close as possible to their point of origin.

### **Cooperation in the field of agriculture related research (11209/04, 11643/04, 14413/04)**

The Council *will take note* of a report by the Presidency on this issue. On 19 July, The Council heard a presentation by the Presidency of an initiative (11209/04 and 11476/04) concerning cooperation in the field of agriculture related research and agreed to have a further discussion on this matter at a meeting in November. Commissioners Busquin and Fischler also provided additional information on the existing legislative framework for agriculture-related research and on the various sectors of cooperation between Member States and stressed that research in that field was aimed in particular at ensuring sustainable development of agriculture and improving the quality and safety of food products.

The Presidency indicated its intention to send out rapidly a questionnaire to delegations (11643/04), the results of which would be used at the November meeting, mostly concerning the analysis of the situation in agriculture-related research, the need for cooperation and the definition of areas of agricultural research to be targeted by such cooperation.

The report presented was drawn up on the basis of the questionnaire. The report focuses on the lead public research funders (mostly Ministries of agriculture) the two system of research funding in the EU according to the centralised/decentralised States. The report also examines the top national policy priorities such as sustainable farm production, food safety, food quality and competitiveness. Concerning future priorities, it emphasises the necessary coordination between public authorities and various stakeholders (farmers, producers, consumers, scientists) on the most targeted priorities (rural development , sustainable farm production, biotechnology). These priorities are also considered as possible grounds for common cooperation between Member States at three different levels: exchanges of information and results, systematic exchanges and development of complementary programmes, development of common approaches to agreed research priorities.

These cooperation in agro-related research may also be incorporated in the seventh European Framework Programme for Research (2007-2011).

The new Commissioner for Science and Research Janez POTOČNIK will be invited to present his views on this issue.

## Sugar Reform (11491/04)

The Council *will hold a first policy debate* on the reform of the sugar sector, based on a questionnaire presented by the Presidency (14474/04). These questions will notably focus on the need to reform the sugar CMO in line with the principles of the reform adopted in June 2003 such as the decoupled payments and the price and quotas adjustment, but also on the specific transfer of quotas and on the external aspects of the regime.

In July 2004 an examination took place on the Commission's Communication on the same subject. At that stage, a majority of delegations acknowledged the need for reform of the sugar sector. However, most of the delegations focused their criticisms on the schedule of the envisaged reform, the level and the stages proposed for reducing the intervention price for sugar and the minimum price for beet and quotas. Several delegations also expressed concern as regards the envisaged merging of A and B quotas, the transfer of quotas between Member States, and the level of compensation for price cuts by the introduction of a decoupled payment.

In the meantime the Commission confirmed it would appeal against the WTO panel issued in September condemning the EU cross-subsidies system before the Appellate Body. It is to be noted that a legislative proposal, if expected in spring 2005, will likely take account of the outcome of the WTO ruling.

Since last July, technical working groups on sugar and isoglucose met several times under the Dutch Presidency and examined in detail this dossier. This issue was forwarded twice to the Special Committee on Agriculture for a in-depth discussion (4 October and 15 November). In general terms, the content of the Communication splits delegations into three different groups:

- the larger group of delegations asks for keeping the current production level in all Member States, does not support a price cut or a quota cut, refuses the merging of A and B quotas and the cross-border quota transfer among Member States. Sugar industry in these Member States is usually less competitive and more costs-consuming than other Member States
- the group of "moderate" delegations, often composed of competitive sugar industries and sugar producers, and able to stand quotas and price cuts mostly support the principles underlying the reform but could favour a late implementation - ex: in 2006 instead of 2005 - as some of them made clear that this reform must be done with mid term perspectives
- the group of "liberal" delegations, often composed of net CAP taxpayers Member States, and sugar processors importing raw sugar cane, support price cuts in some case without financial compensation, quota cuts, followed in some cases by the abolition of the quota system

The Communication foresees a substantial 33% cut in two steps of the intervention price for white sugar over the next three years (2005/2006 to 2007/2008, from the existing 632€/ton to 421€/ton), and a 37% cut on the minimum price for beet in two steps over three years (from 43.6€/t to 27.4€/t), integration of sugar in the decoupled payment on a per hectare basis to partly compensate the reduction of the prices, reduction of the sugar production quotas (2.8 Million tonnes in four steps), quotas transferable between operators of different Member States, introduction of the private storage in order to replace the public intervention, conversion scheme of €250/t for factories leaving the sector.

## **Rural development/CAP financing (11495/04, 11557/04)**

The Council *will hold a policy debate* on the essential elements of the proposal on support for rural development from the European Agricultural Fund for Rural Development (EAFRD) on the basis of a questionnaire drawn up by the Presidency (14423/04). Questions will focus on the three priority axes, the different levels of implementation, the allocation criteria and the cofinancing rates.

This questionnaire intends to explore the main political issues that need further discussion. Two questions are also included in the questionnaire on the CAP financing reform.

Five meetings at technical level have been held during the last three months and the examination of the proposal has been carried on intensively at the Special Committee on Agriculture (25 October and 15 November) under the Dutch Presidency (see 13504/04 and 14382/04). At this stage, while all delegations welcome the proposal issued by the Commission, several delegations already expressed their concerns as regards the proposed axes structures, the minimum spending rates for the three thematic axes which might restrict multi functional projects. Concerning the strategic approach to rural development (Community guidelines, National strategy and national or regional programmes), the possible redundancy of the national strategy with national programmes was raised by several delegations. Finally as regards the allocation criteria, several delegations indicated that the allocation of funds to individual Member State should take into account the diversity of rural areas in the EU. Regarding the proposed evaluation scheme some concerns were expressed that it might lead to additional administrative burden.

The aim of this proposal is to simplify the existing system of allocating funds by creating for the 2007-2013 period a single fund (EAFRD) for applications, programming and monitoring and also to integrate objective 1 areas into this single fund. Member States would have to respect the minimum programme funding for each of the three axes: improving competitiveness and forestry (15%), land management (25%) and diversification measures (15%). The LEADER approach will be integrated in the rural development scheme (7%) under a fourth axis. Community co financing rates would vary from 50% to 80% depending on the axis and on the regions.

Total funding for rural development from 2007 to 2013 will amount to EUR 88.75 billion (2004 prices), including EUR 31 billion transferred from the guidance fund and to be concentrated in regions eligible for the Convergence Objectives.

## **FISHERIES**

### **EU/NORWAY Bilateral Agreement**

The Council *will hold an exchange of views* with a view to reach a common position on political guidelines to be given to the Commission for the forthcoming negotiations with Norway expected for the end of November 2004. The Agreement must be renewed before January 2005.

Council has had a first exchange of views on 18 October on the EC/Norway bilateral agreement, especially on how to pay for "cohesion cod".

Fishing possibilities of cod in Norwegian waters are granted for several Member States under the Agreement as "cohesion cod". Norway, as an "exchange currency" is entitled to fish capelin and Greenland halibut in the Greenland waters, under the Fisheries Agreement with Greenland. As the biological state of the stocks of capelin in Greenland waters and Greenland halibut in Community waters might imply a reduction of these stocks in 2005, different options are being proposed by the Commission, including among others, the possibility of transferring other alternative species option A), or the impossibility (Option B) to transfer Greenland halibut, capelin or other species and the refusal by the Community of its entitlement to Arcto-Norwegian cod (roughly 3000 t). Finally a third option (option C) could consist in a combination of the above mentioned options.

At Coreper on 17 November, the Commission representative made clear that a solution might be in sight as the "exchange currency" may consist in tusks and lings stocks in order to balance with "cohesion cod", favouring therefore Option A. Negotiations could then be swiftly concluded.

At the Council on 18 October most Ministers preferred Option A of three options put forward. This involves finding transfers to Norway, which it wishes to receive, other than capelin in Greenland waters and Greenland halibut in EC and Greenland waters where biological state of stock no longer permits such transfers.

### **European Fisheries Fund (11493/04)**

The Council *will hold a policy debate* on the proposal for a Regulation on a European Fisheries Fund on the basis of a questionnaire drawn up by the Presidency. The set of questions, elaborated on the basis of an in-depth examination at technical level focuses on issues that were raised by a certain number of delegations including the existing regime on the aids for modernisation and renewal of the fleet, the schedule proposed for the implementation of national plans, the type of fisheries eligible for support, the scope of targeted support in aquaculture, the scope of areas eligible under the axis of sustainable development of coastal fishing areas.

In July the Council took note of the presentation of the proposal on a European Fisheries Fund for the period 2007 to 2013.

This proposal, which lays down a financial framework for structural actions in the CFP, represents a new approach in that the new fund for 2007-2013 will no longer be a structural fund in the strict sense but its foundations remain the same and it will retain the same principles of multiannual programming and monitoring, partnership, co-financing, subsidiarity and consultation in favour of the least favoured regions and those where the impact of stock rebuilding measures is the most severe. Five axes have been defined for setting up priorities: measures for the adaptation of Community fishing fleet, aquaculture, measures of collective interests, sustainable development of coastal fishing areas and technical assistance. The provisional budget for EFF is EUR billion 5 for the 2007-2013 period.

The main emphasis will henceforth be on the following measures:

- elimination of over-capacity and, as a first priority, economically effective and socially equitable measures to accompany stock rebuilding or management plans and other emergency measures;
- development of fishing techniques and spread of fishing practices more respectful of the marine environment and fishery resources;
- development of aquaculture;
- optimisation of catches and production;
- development of clearly defined coastal zones, or the Community must be able to provide support measures for the conversion of such zones affected by the restructuring of the fisheries sector.

The Opinion of the European Parliament is not expected before 2005 and qualified majority at the Council is required for the adoption of the proposal.

### **Deep Sea Species for new Member States (13917/04)**

The Council *will aim at adopting* the Regulation amending Regulation (EC) No 2340/2002 and Regulation (EC) No 2347/2002 as concerns fishing opportunities for deep sea species for the Member States which acceded in 2004.

In 2002 the Council established quotas for a number of deep-sea species in some sea areas in the North-East Atlantic (Regulation 2340/2002). These limitations on catches were established following scientific advice that these stocks were vulnerable and required urgent conservation measures. The Council also established a limit on the size of the fleets permitted to land significant amounts of deep-sea species, and this limit was established, through Council Regulation 2347/2002, at the largest size of the fleet that had landed more than ten tonnes per vessel per year in the three-year period prior to beginning the process of deciding the allocation of fishing opportunities.

The proposal intends to determine fishing opportunities for the ten new Member States by the same method that was adopted by Council when deciding fishing opportunities in 2002, but based on a different reference period (1994-2003 instead of 1990-1999). For each species and each quota management area, the official record of catches in a reference period of ten years (as submitted to international organisations) has been examined, and the Commission proposal has been based on these data in proposing additional fishing opportunities for each accession state. The fleet capacity will be determined for vessels landing deep sea species according to the size of the fleet that had fished for these species in three years prior to deciding to bring these species under regulation.

At Coreper on 17 November and at the request of the Commission, it was decided to review on Friday 19, the figures concerning the species by analysing the catch figures reported by the new Member States. The aim of the Presidency is clearly however, to reach an agreement at this Council.

Qualified majority applies. The Opinion of the European Parliament is not required.

---

<sup>1</sup> OJ L 356, 31.12.2002, p. 1.

<sup>2</sup> OJ L 351, 28.12.2002, p. 6.

## **Management of fisheries in the Baltic Sea**

The Council *will hold an exchange of view* on the management of fisheries in order to prepare measures that could be introduced in 2005. This will take place on the basis of a questionnaire drawn up by the Presidency.

The Commission proposes a TAC level for the eastern Baltic Sea cod, an effort limitation scheme in the Baltic Sea and the determination of the allocation keys for quotas on a 10 year period (1991-2002). A discussion shall be held in order to alleviate the schedule of the next Council and to eliminate all other possible contentious issues before the annual discussion on TAC's and quotas 2005.

At technical level, several delegations with predominant fishing fleet in the Baltic Sea, including new Member States raised the issues of setting a TAC level with regard to objective of the Commission to reduce the fishing mortality, and of the number of days at sea system.

## **Other Business**

### ***a) Situation in the area of phytosanitary control in relation to Russia (14824/04)***

The Council will take note of an information provided by the Estonian delegation concerning a ban imposed by the Russian Federation on plant products exported from Estonia since August 2004.

Estonia is one of several Member States that are currently experiencing trade disruption related to phytosanitary measures imposed by the Russian Federation, which has demanded that any problems in this area be addressed at the Community level. In particular, the Russian authorities have made it known that, as of 1 April 2005, they will require a uniform, EU-wide phytosanitary certificate to accompany all exports of plant products from EU Member States to the Russian Federation.

### ***b) Marketing of seeds of conservation varieties (14804/04)***

The German delegation will draw the attention of the Council on the need of EC rules allowing the use and the marketing of regional plant varieties for nature conservation. According to this delegation conservation varieties are of increasing importance for the conservation of plant genetic resources, in particular in the interests of nature preservation. The German delegation asked the Commission to report to the Council on progress on the regulations in question and submit a proposal based on Council Directive 2002/53/EC of 13 June 2002 on the common catalogue of varieties of agricultural plant species forthwith.

### ***c) Bluetongue : Association Agreement with Morocco (14875/04)***

The Council will take note of an information provided by the Spanish delegation on this issue. The Spanish delegation holds the view that it is of strategic interest for the Community to finalize the association agreement with Morocco, in order to co-finance within the Community budget actions aiming at surveying and fighting against animal diseases, especially Bluetongue.