



Brussels, 20 October 2005

## Draft

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

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

**Luxembourg, 24-25 October 2005**

*The Council will start on Monday 24 October 2005 at 11h00 with fisheries items. Ministers are expected to reach political agreement on the proposal establishing measures for the recovery of the Southern hake and Norway lobster, and will hold an exchange of view on the EU/Norway bilateral agreement. In the afternoon, the Council will continue with items under the scope of competence of the Committee of Permanent Representatives (Coreper) including two possible Decisions of the Council pursuant to the comitology procedure on genetically modified maize GA21 and MON 863 and a Proposal for a Council Decision concerning the provisional prohibition in Greece of the marketing of seeds of maize hybrids with the genetic modification MON 810. Decisions are also expected (as a false "B" point) on wood trading (FLEGT). It is also foreseen that the Council will deal with all the majority of other business items.*

*On Tuesday 25 October the Council will start at 10h00, and most of the meeting will be devoted to discussions on the sugar sector reform. In parallel with the Council's meeting, trilateral talks engaged at the Council on 19 September, between the Presidency, each Member State concerned and the Commission, will continue with the remaining delegations that did not take part to these talks last month.*

*The meeting will be chaired by Ms Margaret Beckett Secretary of State for Environment, Food and Rural Affairs of the United Kingdom. Mr Ben Bradshaw, Parliamentary Under-Secretary of State, Department of the Environment, Food and Rural Affairs, will also chair the meeting for the fisheries items.*

*It is foreseen that the Presidency will hold a press conference at the end of the meeting on Tuesday, and possibly on Monday afternoon.*

*In the margins of the Council on Monday (13h15) a lunch will be held over the Council working methods on fisheries items. On Tuesday, a lunch over WTO agricultural negotiations (13h15) will also be held.*

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This note has been drawn up under the sole responsibility of the Press Service.

## AGRICULTURE

### Sugar (10514/05+add1)

As it is now the case since last July, the Council will meet for the third time in a row *to have an exchange of views* on the three proposals of the Commission on the reform of the sugar sector. The aim of these discussions is to reach political agreement at the next session of the Council (agriculture and fisheries) on 22-24 November.

The Council will work on the basis of a questionnaire drawn up by the Presidency. The three questions will focus on the key improvements expected by delegations to the Commission's proposals in order to maintain a competitive EU sugar sector and to ensure market balance, new suggestions concerning the restructuring fund, and suggested wording amendments to the proposals. The aim of this exercise is to get a clearer view of the key elements of the reform for the delegations in order to conclude at the November Council.

On 19 September, in the margins of the Council, an informal meeting with Ministers of the sugar-producing African Caribbean and Pacific countries (ACP) and the Least Developed Countries (LDCs) was held on the sugar sector. The issues discussed during this meeting concerned the legal and political aspects of the Commission proposals for reform of the Common Market Organisation (CMO) of the sugar sector, the proposed price cuts, the socio-economic impact of the reform on these countries and the ACP Action plan and Accompanying measures.

Since then intensive work has been carried out under the auspices of the Presidency. Technical meetings were held and three meetings of the Special Committee on Agriculture were devoted to the restructuring fund for the sugar industries and sugar producers affected by the price cuts envisaged by the proposals and the merging of quotas notably, the trade aspects including the impact of the reform on the import volume of sugar from LDCs, on the management tools of trade flows (rules of origin, possibility of triangular trade) and the technical wording changes to the proposals following different working parties. Progresses have so been made on these issues and improvements to the proposals are now expected.

The main features of the proposals are:

- A 39 percent price cut beginning in 2006/07 to ensure sustainable market balance. This cut (from 631.9€/t to 385.5€/t) thus formally operated over 4 years (2006/2007 to 2009/2010) would actually be applicable just after two years (from 2007/2008) once taken into account the amount to finance the restructuring scheme.
- Compensation to farmers at 60% of the price cut. Inclusion of this aid in the Single Farm Payment and linking of payments to respect of environmental and land management standards.
- Validity of the new regime, including extension of the sugar quota system, until 2014/15. No review clause.
- Merging of 'A' and 'B' quota into a single production quota.
- Abolition of the intervention system and the replacement of the intervention price by a reference price.
- Introduction of a private storage system as a safety net in case the market price falls below the reference price.
- Voluntary restructuring scheme lasting 4 years for EU sugar factories, and isoglucose and inulin syrup producers, consisting of a high degressive payment to encourage factory closure and the renunciation of quota as well as to cope with the social and environmental impact of the restructuring process.
- This payment will be 730 euros per tonne in year one, falling to 625 in year two, 520 in year three and 420 in the final year.

- A top-up payment for beet producers affected by the closure of factories in the first year for which they have delivery rights.
- Both these payments will be financed by a degressive levy on holders of quota, lasting three years.
- Sugar beet should qualify for set-aside payments when grown as a non-food crop and also be eligible for the energy crop aid of 45 euros/hectare.
- To maintain a certain production in the current “C” sugar producing countries, an additional amount of 1million tonnes will be made available against a one-off payment corresponding to the amount of restructuring aid per tonne in the first year.
- Sugar for the chemical and pharmaceutical industries and for the production of bio-ethanol will be excluded from production quotas.
- Increase of Isoglucose quota of 300.000 tonnes for the existing producer companies phased in over three years with an increase of 100.000 tonnes each year.

Given the legal basis for these proposals are Articles 36 and 37 of the Treaty, the so-called consultation procedure applies - no legally binding Opinion from the European Parliament -: the EP's Opinion is scheduled in January 2006, the report by the Committee was adopted this month. The EP appointed rapporteur is Jean-Claude Fruteau (PSE).

### **Forest Law Enforcement, Governance and Trade (FLEGT) - 16646/04+add1**

The Council *will adopt* - under false "B" point - a proposal for a Council Regulation concerning the establishment of a FLEGT licensing scheme for imports of timber into the European Community and a Recommendation from the Commission to the Council in order to authorise the Commission to open negotiations for partnership agreements to implement the EU Action Plan for Forest Law Enforcement, Governance and Trade. The process of adoption started under the Dutch Presidency and achieved under the British Presidency paves the way for a new licensing scheme under which specified timber products exported from a partner country and arriving in the EC at any customs point designated for release for free circulation, must be covered by a FLEGT licence issued by the partner country, stating that the timber products have been produced from domestic timber that was legally harvested or from timber that was legally imported into a Partner Country in accordance with national laws as laid down in the respective Partnership Agreement.

The proposal establishes a legal framework necessary for the introduction of a timber licensing scheme. This scheme would be implemented on a voluntary basis.

Last December 2004, the Council held a policy debate on this issue on the basis of a questionnaire (15873/04). Since then the main change brought to the initial proposal is the deletion of the provision of the proposal (Article 3a) which would oblige all EU imports of timber products covered by the FLEGT Regulation to be accompanied by a Certificate of Origin in order to prevent circumvention of the licensing scheme. Several delegations did not support this instrument, on the grounds that it might increase the administrative burden and costs for operators, that it might be considered at WTO level as barrier to trade and that prevention of circumvention could better be dealt with in the Voluntary Partnership Agreements to be concluded with timber-producing countries.

### **GMOs (13172/1/05, 13183/05, 13186/05)**

The Council *will aim at adopting* a proposal for a Council Decision concerning the provisional prohibition in Greece of the marketing of seeds of maize hybrids with the genetic modification MON 810. The aim of the above proposal is to deny authorisation to Greece to ban the marketing of seeds of maize hybrids with the genetic modification MON 810 included in the common catalogue of varieties of agricultural plant species. When this question was referred to it in July 2005, the Standing Committee on Seeds and Plant Propagating Material was unable to deliver an

opinion. Eleven Member States (162 votes) voted in favour of withdrawal of the ban, nine Member States (109 votes) voted against, and four (47 votes) abstained. On 30 August 2005 the Commission therefore submitted the planned measure to the Council, which has three months from that date in which to act by a qualified majority. At Coreper on 10 October, there was no qualified majority for or against the proposal.

The Council ***will also aim at adopting*** two Decisions on the placing of the market of foods and foods ingredients produced from GM maize line GA21 or derived from GM maize line MON 863.

Concerning MON 863, on 19 May 2005, despite a positive opinion from the European Food Safety Authority on this transgenic maize, and validation of the detection method by the Joint Research Centre, the Standing Committee on the Food Chain and Animal Health was not able to deliver an opinion on the request. On 27 July 2005 the Commission therefore submitted the planned measure to the Council, which has three months from that date in which to act by a qualified majority. At Coreper on 10 October, there was no qualified majority for or against the proposal.

Concerning GA 21, On 27 April 2005, despite a positive opinion from the European Food Safety Authority on this transgenic maize, and validation of the detection method by the Joint Research Centre, the Standing Committee on the Food Chain and Animal Health was not able to deliver an opinion on the request. On 1 August 2005 the Commission therefore submitted the planned measure to the Council, which has three months from that date in which to act by a qualified majority. At Coreper on 10 October, there was no qualified majority for or against the proposal.

## FISHERIES

### Norway lobster and Southern hake- recovery plans (5202/04)

The Council *will aim at reaching political agreement* on a draft proposal for a Council Regulation establishing measures for the recovery of the *Southern hake and Norway lobster* stocks in the Cantabrian Sea and Western Iberian peninsula and amending Regulation (EC) No 850/98.

Following several working groups these last two months, the proposal has been slightly amended with the agreement of the Commission. The main changes are the followings:

- Objective of the recovery plan (Article 2): the amended proposal now includes the target to reach for Southern hake: the stocks must be reaching spawning stock biomass of 35000 tonnes of hake during two consecutive years or reach this target within 10 years.
- Constraints on variation of TACS: +/-15% instead of +/-25%
- Fishing effort limitation: deletion of the kilowatt day system, replaced by the fishing effort limitation decided by Regulation 27/2005 on Tacs and quotas 2005, Annex IV B based on the number of days at sea (maximum 22 days per month). This system is supposedly less complicated.
- Margin of tolerance: where the initial proposal authorised 5% of the catches in kilos of the logbook figures, the changes agreed authorise 8%.

However one contentious issue must still be solved at political level:

- Closed areas for Norway lobster fishing: initially there were 5 boxes where fishing was banned for bottom trawlers and creels<sup>2</sup>. Two boxes have remained (boxes 3 and 4). One delegation suggests to reshape the size of box 3 and to reduce the ban to the high season (3 months) and to 65% of the catches; Another delegation contested the scientific data concerning box 4, arguing that the prohibition of fishing in the original box 4 would result in collateral damage for other fleets fishing in that area for species other than Nephrops.

This proposal has been on the table of the ministers since January 2004. The initial draft foresaw a recovery plan for Southern Hake and Norway lobster. The aim was to rebuild the stocks concerned to within safe biological limits, on the basis of scientific advice provided by the Scientific Technical and Economic Committee for Fisheries (STECF) and ICES, then by establishing an appropriate method for the establishment of the level of Total Allowable Catches (TACs) of the stocks concerned through a maximum authorised mortality rate and constraints on the variation of TACs each year and a system including a fishing ban on Norway lobster for bottom-trawlers and creels in certain fishing areas, and limitations on kilowatt-days.

The most concerned parties by this proposal are Spain and Portugal. Fishing areas where fishing restrictions would apply are ICES VIII C and IX A, i.e. all the fishing grounds in the Bay of Biscay and the Portuguese Coast. The European Parliament delivered its opinion on 14 April 2005.

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<sup>2</sup> For more information see:

[http://www.oceansatlas.com/world\\_fisheries\\_and\\_aquaculture/html/tech/capture/gearsmeth/default.htm](http://www.oceansatlas.com/world_fisheries_and_aquaculture/html/tech/capture/gearsmeth/default.htm)

## **EU/Norway**

As usual the Council *will hold an exchange of views* on the preparation of the annual consultations for 2006 between the Community and Norway. Delegations will have to answer to three questions on the basis of a Commission's background document. These questions concern :

- the key issues in the consultations, namely Agreement on exchanges of fishing possibilities, technical, control and other measures in fisheries of mutual interest and detailed management arrangements for seven shared fish stocks (North Sea cod, haddock, plaice, whiting, herring and mackerel and Northern shelf saithe).
- the balance in the exchange of fishing possibilities between the Community and Norway
- the possible joint management approach for each of the four shared stocks<sup>3</sup> that are not yet jointly managed.

Both parties currently enjoy shared fish stocks for seven different species (cod, haddock, saithe, whiting, plaice, mackerel, herring).

## **Other business**

### **Avian flu**

Commissioner Kyprianou will provide the Council with an update on the most recent facts about the avian flu, the identified H5N1 virus in Romania and Turkey as well as the suspected case in Greece.

### **Regional Advisory Councils**

The Commission will inform the Council on the progress in the setting up of Regional Advisory Councils established last year by Council Decision 2004/585/EC, on the basis of a written information. So far, out of the seven RACs to be created, three of them are in place. Commission recently met the RACs in Brussels to inform them about the planned initiatives and priorities of the Commission for 2005 and 2006.

### **Shallots (13443/05)**

The French delegation will draw the attention of the Council and the Commission to the importance it attaches to the marketing of quality products which are clearly defined for regulatory purposes and not liable to mislead consumers. This delegation denies the shallot labelling of marketed product originated from seeds, arguing that this product must come from a bulb.

### **CAP Simplification**

The Commission might present a Communication on simplification and better regulation for the Common Agricultural Policy.

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<sup>3</sup> Sandeel, Norway pout, anglerfish, horse mackerel.