



**COUNCIL OF
THE EUROPEAN UNION**



7049/06 (Presse 70)

PRESS RELEASE

2720th Council Meeting

Agriculture and Fisheries

Brussels, 20 March 2006

President

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and Water Management of Austria

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Main Results of the Council

The Council *adopted* two Regulations concerning the protection of denominations of origin (PDOs) and of geographical indications (PGIs), and traditional specialities guaranteed (TSG).

Apart from this decision, the Council *held a debate*, on the basis of information provided by the Commission, on the appropriate means and financing to be used in order to solve the current crisis in the poultry industry caused by the cases of Avian Influenza (AI). The Commission provided its monthly update on the Avian Influenza situation.

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- Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.
- The documents whose references are given in the text are available on the Council's Internet site <http://ue.eu.int>.
- Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the abovementioned Council Internet site or may be obtained from the Press Office.

PARTICIPANTS

The Governments of the Member States and the European Commission were represented as follows:

Belgium:

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Minister for Small and Medium-Sized Businesses, the Liberal Professions and the Self-Employed and Agriculture

Czech Republic:

Mr Jan MLÁDEK

Minister for Agriculture

Denmark:

Mr Hans Christian SCHMIDT

Minister for Food, Agriculture and Fisheries

Germany:

Mr Horst SEEHOFER
Mr Gert LINDEMANN

Minister for Consumer Protection, Food and Agriculture
State Secretary, Ministry of Consumer Protection, Food and Agriculture

Estonia:

Mr Tiit NABER

Deputy Permanent Representative

Greece:

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Minister for Rural Development and Food

Spain:

Ms Elena ESPINOSA MANGANA

Minister for Agriculture, Fisheries and Food

France:

Mr Dominique BUSSEREAU

Minister for Agriculture and Fisheries

Ireland:

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Latvia:

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Minister for Agriculture and Rural Development

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State Secretary for Agriculture and Fisheries, attached to the Minister for Agriculture, Rural Development and Fisheries

Slovenia:

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Minister for Agriculture, Forestry and Food

Slovakia:

Mr Juraj NOCIAR

Deputy Permanent Representative

Finland:

Mr Juha KORKEAOJA

Minister for Agriculture and Forestry

Sweden:

Ms Ann-Christin NYKVIST

Minister for Agriculture

United Kingdom:

Ms Margaret BECKETT

Secretary of State for the Environment, Food and Rural Affairs

Commission:

Ms Mariann FISCHER BOEL

Member

Mr Markos KYPRIANOU

Member

General Secretariat of the Council:

The Governments of the Acceding States were represented as follows:

Bulgaria:

Mr Roussi IVANOV

Deputy Permanent Representative

Romania:

Mr Mugur CRACIUN

Secretary of State, Ministry of Agriculture, Forests and Rural Development

ITEMS DEBATED**MARKET SITUATION AND MEASURES FOR SUPPORTING THE POULTRY SECTOR**

Commissioner Fischer-Boel briefed the Council on the market situation and reminded delegations of the measures so far taken to support the poultry sector, notably the increase in export refunds¹, this being the only management tool at the disposal of the Commission. She acknowledged, however, that the effectiveness of this instrument had been very limited so far, notably due to certain import restrictions from third countries. She pointed out that the current crisis in many aspects of the poultry sector - drop in consumption and in prices, large stocks - could not be handled by the current legal framework of the Common Market Organisation for poultry meat². She underlined the need for a case-by-case approach related to the individual situation of the Member State concerned.

In order to solve the crisis affecting the poultry sector, she suggested a two-steps approach combining a modification of the existing legislation and the use of the State aids scheme.

She announced that her Institution would soon present a proposal amending the existing legislation³ in order to extend the current provisions, which provides for market support as a result of veterinarian restrictions, to cover the crisis on the market caused by the lack of consumer confidence. This proposal would also share the financial burden between the Member States and the Commission and the market support measures would be introduced only at the request of a Member State. She indicated that the proposal would soon be submitted to the European Parliament and to the Council, once adopted by the Commission under the fast-track procedure, in order to present it to the Agriculture and Fisheries Council at its next meeting, on 25 April 2006.

Concerning the issue of State aids granted by Member States, she noted that restructuring aid had so far been quick and effective and stressed that each request for the grant of State aid would be examined taking into account both the need to restore consumer confidence and the need to avoid any distortion of competition.

¹ Export refunds have been increased by EUR 6/100 kg of chicken in two stages at recent meetings of the management committee, in January (EUR 2/100 kg) and February (EUR 4/100 kg), raising them from EUR 24/100 kg to EUR 30/100 kg. At the last management committee on 8 March export refunds for whole frozen chicken were increased by EUR 10/100kg (from EUR 30 to EUR 40/100kg) and for cuts (from EUR 10 to EUR 20/100kg).

² Council Regulation (EEC) No 2777/75 (OJ L 282, 1.11.1975, p.77).

³ Article 14 of the abovementioned Regulation provides that " In order to take account of any restrictions on free circulation imposed in consequence of measures to prevent the spread of animal disease, exceptional measures may be taken under the procedure provided for in Article 17 to support any market affected by such restrictions. Such measures may be taken only to the extent that and for such period as is strictly necessary for the support of that market."

Finally she expressed reservations as regards an immediate promotional campaign at Community level and was more supportive of national action to inform consumers rapidly and properly. She indicated, however, that her services were currently examining the possibility for poultry meat to be eligible for promotional funding but considered that an information campaign at Community level was not appropriate at this stage.

Many delegations welcomed the initiative suggested by Commissioner Fischer-Boel. However the following remarks were raised:

- a large number of delegations noted that the prices and consumption of poultry meat had fallen since last year in their countries and that poultry stocks had increased;
- several delegations insisted on the need for rapid action to be taken to restore consumer confidence, increase prices and improve consumption;
- several delegations thought that a Community campaign to support the consumption of poultry meat should be started immediately;
- several delegations wanted Community-financed market support measures to be able to take various forms - such as aid for private storage, aid for reduced supply, aid to poultry breeders, compensation for the destruction of hatching eggs and breeding animals - depending on the individual situation of the Member State concerned; The French and Polish delegations submitted written suggestions (7453/06, 7356/06) on possible measures to be adopted at Community level in response to the crisis in the poultry industry;
- some delegations were in favour of specific labelling of origin for poultry meat and products.

MEMORANDUM ON THE IMPLEMENTATION OF THE REFORMED COMMON AGRICULTURAL POLICY (CAP), AND ITS FUTURE

The French delegation, together with a majority of Member States, presented to the Council a Memorandum (7265/1/06) on the implementation and future of the Common Agriculture Policy in the light of the new challenges at Community and global levels. Some Member States also noted that the Memorandum was an interesting contribution and a good basis for future debates on the CAP.

Commissioner Fischer-Boel shared the views commonly expressed by many Member States on the importance of the reforms of the CAP achieved in 2003 and the need continuously to explain the CAP reforms both within the European Union and internationally. She reminded the delegations that she had presented a Communication on Simplification and Better Regulation for the Common Agricultural Policy (13494/05)¹ and that she was now ready to work together with the current and future Presidencies in order to simplify the legal framework and to reduce the administrative burden. She noted that a proposal for reform of the Common Market Organisation on bananas, concerning the current system of direct payments for EU banana producers, would be presented in June 2006, and that proposals for the reform of the wine and the fruit and vegetables sectors would be available at the end of this year. Finally, she pointed out that the proposal in the communication to introduce a single CMO for all agricultural products was a major step forward towards simplification.

The Memorandum aims at putting forward proposals to complete the restructuring of the CAP, such as simplifying the current administrative requirements of the cross-compliance rules and the existing framework for State aids, setting a more comprehensive Community database in order to improve Community management of the safeguard clauses in the Common Market Organisations (CMOs), establishing an optional insurance scheme or introducing greater flexibility and efficiency in organising the controls.

¹ See the Conclusions of the Council 15479/05 p.27.

FOODSTUFFS QUALITY

(5099/1/06, 5098/06, 6726/06, 6728/06)

The Council adopted by qualified majority the two Regulations on the protection of geographical indications (GIs) and designations of origin (DOs) for agricultural products and foodstuffs and replacing Council Regulation (EEC) n°2081/92¹ and on agricultural products and foodstuffs as traditional specialities guaranteed (TSG) and replacing Council Regulation (EEC) n°2082/92. The delegation of the Netherlands voted against. Statements of the Commission and of the Greek delegation were issued.

Both of these draft Regulations had been presented to the Council on 23 January 2006. These two proposals were dealt with under the consultation procedure (Article 37 of the Treaty) and therefore the Opinion of the European Parliament is not legally binding. The European Parliament formally adopted its Opinion on both of these proposals on 16 March 2006 with minor changes, and many of the amendments went along with the changes agreed at technical level within the Council. According to the Commission representative, a number of items suggested by Parliament had been included in the Regulations, while others will be addressed in the context of the planned future policy review. These proposals do not have a financial impact on the Community budget.

The original Community legislative framework for organic production, TSG's, GI's and DO's was set up in the early nineties. In the meantime, following legislative changes, enlargement and in particular legal claims lodged by third countries (Australia and the United-States) at the World Trade Organisation as well as technical problems when implementing these Regulations have showed the need for an overall change.

Since its presentation to the Council last January, the working party on foodstuffs quality has met several times and proceeded to an in-depth and intensive examination of the content of the proposal. A very large agreement - gathering nearly all the delegations - on the two proposals was reached at the Special Committee on Agriculture on 6 March, following several meetings under the auspices of the Austrian Presidency.

¹ See press release:
<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/06/2&format=HTML&aged=0&language=EN&guiLanguage=fr>

Most of the changes brought to the Commission proposals usually consist of coming back to the initial wording of EEC Regulation 2081/92 in the case of the definition of GIs and its criteria (Article 2 paragraph 1b), of the right of objection (Article 7) where any Member State or a third country (new provision) has the right to object to the registration 6 months after the publication of this registration to the Official Journal (instead of 4 months initially), or amending the deadlines proposed for the implementation by Member States of the provisions (no later than one year after the entry into force of the Regulation instead of no initial deadline), for the scrutiny period during which the Commission examines the application for registering a product (12 months instead of no initial deadline). The initial draft on compulsory Community symbols associated with GIs or Dos on the labelling of a product have also been replaced by an alternative choice between a Community symbol or the indication GIs/DOs and by the postponement of this provision in 2009 (rather than 2007). An additional paragraph (see Articles 9(4) and 11(3) in the two regulations) allowing for the possibility of a temporary derogation to the requirements under strict conditions following the imposition of obligatory sanitary or phytosanitary measures by the public authorities such as in the case of avian influenza. Finally the regulatory committee currently in charge of the management of this Regulation remains the sole committee, as the Commission initially proposed a management committee *and* a regulatory committee.

When comparing the two proposals on GI's-DO's and TSG's with Council Regulations (EEC) n°2082/92 and 2081/92, the main changes were:

- the introduction of a single document (Article 5(3)(c) 5099/1/06) for applications containing the name, a brief description of the product, specific rules concerning packaging and labelling, a definition of the geographical area from which comes the agricultural product or foodstuff; and proof of the link between the product and its geographical origin; this single document aims at ensuring key information to be officially published before registration in order to allow any operator to use its right of objection, and the authorities to guarantee protection for the names registered in each Member State. It will also ensure a greater homogeneity and equal treatment for applications; On TSG's, only the restricted product specification (Article 6 doc 5098/06) shall be transmitted to the Commission;
- the possibility for third countries operators to submit registration application directly through the Commission (Article 5(9) doc 5099/1/06 and Article 7(7) of doc 5098/06);
- in order to bring the Community legislation into line, all provisions related to equivalence and reciprocity for products from third countries are deleted (former Articles 12 to 12d) in order to allow all names corresponding to geographical areas in third countries to have access to the Community scheme for the protection of GI's; in the same spirit the draft proposal allows third countries as well as Member States or operators to object directly to a registration proposed by groups of producers (Article 7 doc 5099/1/06).

EU SUSTAINABLE DEVELOPMENT STRATEGY (EU SDS)

The Council held a policy debate on the basis of a questionnaire drawn up by the Presidency on the EU SDS.

The questions to be addressed by all Council formations were:

- 1) Do you consider the objectives, targets, key actions and the implied mix of policy instruments proposed in the SDS Review package, in particular Annex 2, are appropriate and sufficient to meet the challenges of Sustainable Development and to efficiently address unsustainable trends in your policy area? Are greater prioritisation and/or stronger efforts necessary to achieve this?

Many delegations quoted the important reforms of the Common Fisheries Policy in 2002 and of the Common Agriculture Policy in 2003-2004 as major achievements towards sustainable development notably with the introduction of cross-compliance and modulation, and underlined the positive role of the Council towards SDS through the examination of a new organic legislative framework, of the Biomass action plan and the recent amendment of the Regulations on Protected Denominations of Origin (PDOs), Protected Geographical Indications (PGIs) and Traditional Specialities Guaranteed (STGs). Some delegations insisted that a reference to the animal welfare be made in the Presidency draft.

- 2) How can your Council formation best contribute to delivering visible results and measurable progress in implementing the EU SDS? What should be done to enhance synergies and coherence across policies and processes, including the Lisbon agenda?

Several delegations insisted that the Lisbon Strategy and the SDS were complementary.

- 3) How can an ambitious EU SDS ensure coherence between the EU's internal policies and its international commitments and contribute to sustainable development at both EU and global level, in particular in your specific policy area?

Some delegations stressed the need for the EU SDS not to be achieved at the expense of EU agriculture and fisheries, as they noted that third countries do not generally comply with sustainable development principles.

The Presidency said that it would take delegations' remarks into account when preparing a draft for a reviewed EU SDS to be adopted by the European Council at its June 2006 meeting.

In June 2005, the European Council adopted a Declaration on Guiding Principles for Sustainable Development. Subsequently, in December 2005, the European Council noted the presentation of the Commission's Communication on a renewed EU SDS for the next 5 years. The Commission's "SDS Review Package"¹ consists of:

- the Communication itself proposing six priority issues, the integration of the external dimension into internal policy-making as well as an effective monitoring procedure and follow-up process;
- Guiding Principles for SD adopted in June 2005 by the European Council (Annex 1);
- Objectives, Targets, Policies and Actions (Annex 2);
- a Commission Communication adopted in February 2005, taking stock of progress and proposing first orientations (Annex 3).

Given the horizontal nature of sustainable development and the need to ensure coherence across sectors, the Presidency established a Group of the Friends-of-the- Presidency on the Review of the EU SDS (FoP) to steer the SDS review process.

This Group drew-up questions to guide policy debates in the different Council formations directly concerned by the SDS review. The Environment Council has already held a policy debate, on 9 March (6762/06).

The aim of the Presidency on the basis of the Commission's SDS Review package and the debates in the different Council formations, is to prepare a draft for a reviewed EU SDS to be adopted by the European Council at its June 2006 meeting.

¹ 15796/05 (COM(2005) 658 final)

OTHER BUSINESS

– World Trade Organisation (WTO) Negotiations

Commissioner Fischer-Boel updated the Council on the latest state of play of the WTO negotiations. On 10 March a 2-day meeting of Trade Ministers from the G6 (EU, USA, Brazil, India, Australia and Japan) was held in London chaired by EU Trade Commissioner Peter Mandelson¹ mainly to discuss Non-Agricultural Market Access (NAMA) and agriculture.

She noted that no substantial progress had been made on domestic support, export competition and NAMA. She reiterated that the progressive elimination of export refunds scheduled to be completed by 2013 must be based on value rather than on volume, and made clear that the offer on agriculture tabled by the EU will create real market access for third countries. Concerning geographical indications (GIs), she reiterated the importance for the EU to see these extended beyond wines and spirits at WTO level. She commended the unity and solidarity of the Member States with the Commission in its search for a balanced and global solution. There remained only a short period of time before the end of April deadline for agreement and noted that the special session to be held during the week of the 17 April would have to tackle successfully the issues of NAMA, domestic support, and market access.

The French, Swedish, Irish and Danish delegations encouraged the Commission's efforts to find a balanced and comprehensive outcome to negotiations.

– Avian Influenza (H5N1)

Commissioner Kyprianou provided his monthly update to the Council on the latest developments concerning the identified cases of the H5N1 strain of avian influenza in the world and in the European Union.

He noted that up to the present the H5N1 had been found in wild birds in 11 Member States (Greece, Slovenia, Italy, Austria, Hungary, Slovakia, Germany, France, Sweden, Denmark and Poland), and detected in only two commercial holdings in the whole European Union. He reminded the delegations that the measures taken by a Decision of the Commission and being applied by the Member States where the virus had been identified, are the establishment of a high risk area (a 3 km protection zone) around the area where the infected animals have been found, and a surrounding surveillance zone of 10 km.

¹ Commissioner Mandelson provided his own update to the Council (General Affairs and external Relations) on the latest developments of the negotiations at the WTO.

Since the last meeting of the Council, vaccination had been authorised in one region of France for ducks and geese and in the Netherlands for backyard flocks, poultry not confined, birds for hobby, and that these vaccination programmes should be considered as pilot projects that could provide more scientific information.

Concerning the tools to be used to fight the spread of avian influenza, he confirmed the support of his Institution for the request supported by Germany, the Netherlands and Denmark for a self declaration system at Community level for passengers carrying potentially infected products or live animals, arriving from third countries, but regretted the lack of support for this initiative at the level of the Standing Committee for the Food Chain and Animal Health (SCFCAH), and noted the importance of providing means of information - notably posters and leaflets - to passengers travelling to affected third countries or risk areas.

As regards the international situation, he briefed the Council on the recent cases of H5N1 in turkey farms in Israel and the Community ban on poultry meat, poultry products and eggs from this country. He expressed his concern regarding the situation in Africa (mainly Egypt and Nigeria) where his assessment of the situation was not positive, following his recent visit to these countries. He stressed the need to remain vigilant with the Spring migration of wild birds from Africa to Europe imminent. He expressed regret concerning the attitude of some third countries which applied a global ban on Community poultry products instead of adopting a "regional approach" and indicated that the services of the Commission were making every effort to lift such unjustified bans. Finally he asked the delegations to take practical steps towards payment of the pledges which they had made at the Beijing Conference last January.

– *International Olive Oil Council (IOOC)*

On the basis of a document (7293/1/06), the Italian and Spanish delegations, supported by the Greek, Portuguese, Maltese, French and Cypriot delegations, drew the attention of the Council and the Commission to the need for the European Community to ensure swift payment of its voluntary contribution to the IOOC in order to allow resumption of its promotional activities¹.

¹ <http://www.internationaloliveoil.org/>

Commissioner Fischer-Boel, while noting the concerns of the abovementioned Member States, explained that the current restructuring of the IOOC, launched at the end of 2004, was still under way and indicated that the new International Agreement on Olive Oil had just entered into force on 1 January 2006. In this context, new financial, administrative and operational procedures have indeed been gradually put in place. She noted however that until these procedures have been fully tested the Commission was reluctant to resume its voluntary contribution for promotion programmes. She noted, however, that other tools under the Community legislative framework, such as the promotional programme for agricultural products could be used by the producing Member States to promote olive oil outside the Community on a co-financing basis, and that the market export situation was good with 400 000 tonnes of exports per year.

– *Pre-financing of export refunds*

Commissioner Fischer-Boel informed the delegations of her decision to present a proposal soon to the competent management committee to abolish pre-financing of export refunds, and replace it with a Regulation on controls in the beef sector. These measures would be taken during a six-month transitional period in order to ensure a smooth transition. She noted that the current system had been criticised by the Court of Auditors (special report 1/2003¹) which considered that the regime had proved to be problematic and had recommended making a complete review of the pre-financing regime and considering its abolition. In particular, the pre-financing export refunds scheme was now used primarily to increase control over beef exports and to extend the period in the cereal sector during which export licences could be executed. She reminded the delegations that she had announced last November to the COCOBU her intention to replace the current Regulation, taking into account those criticisms and recommendations. She pointed out that the European Parliament had also requested the abolition of pre-financing of export refunds in 2004 and that in 2005 the EU had become a net importer in the beef sector, making pre-financing less useful than in the past.

The French and Irish delegations expressed their concern at the lack of conciliation between the Commission and the Member States concerning this future decision and asked the Commission to produce an impact assessment analysing the economic costs stemming from this measure. The French delegation stressed that 30% of bovine exports benefited from the pre-financing of export refunds, while the Irish delegation mentioned that 90% of its beef exports were concerned. Both of these delegations claimed that the system had been considerably improved since the Court of Auditors' report and was working well by now.

Pre-financing was introduced in 1969 in order to maintain Community preference for EU products over products from third countries temporarily imported for storage or processing prior to re-exportation. It is based on Council Regulation No 565/80.

¹ See http://www.eca.eu.int/audit_reports/special_reports/docs/2003/rs01_03en.pdf
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OTHER ITEMS APPROVED

AGRICULTURE

Dried fodder*

The Council adopted a regulation correcting a number of errors in the text of Regulation (EC) No 1786/2003 on the common organisation of the market in dried fodder (*5849/06 and 7093/06 ADD1*).
