



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 11/29/2002

GAIN Report #E22119

European Union

Agricultural Situation

This Week in European Agriculture

2002

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Report Highlights:

Biotechnology * Enlargement * Decoupled Payments to EU farmers * Hygiene

Package * Zoonoses * State Aid Rules for TSE * EU Plant Health Regime *

Recovery Plan for Cod * Pesticides * Feed Additives * Upcoming Meetings * What's

New on our Website * What's new on the DG Sanco Website *

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Brussels USEU [BE2], E2

This Week in European Union Agriculture is a weekly review of European Union policies and developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from European press reports, government press releases, and host country agricultural officials and representatives. Substantive issues and developments are generally also reported in detail in separate reports from this office.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of European developments in agriculture. In no way do the views and opinions of these sources reflect the point of view or official policy of USDA, the U.S. Mission to the EU or any other U.S. Government agency's point of view or official policy.

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PRESS RELEASES

BIOTECHNOLOGY - EU AGRICULTURE MINISTERS REACH POLITICAL AGREEMENT ON GM FOOD AND FEED - The EU Agriculture Ministers reached a political agreement on Thursday, November 28 on the labeling and authorization of GM food and feed. The agreement, following months of debate, was stricter than the Commission's original proposal and sets stringent threshold levels for products requiring labeling.

Labeling will be required for GM-Based food and feed, even if there are no GMO's detectable in the final product. The threshold agreed to is 0.9 percent - i.e. labeling requirement will not apply below this threshold.

In the case of the adventitious presence of GM material in food or feed which has not been authorized, but which have undergone positive risk assessment, the threshold agreed to is 0.5 percent. Above this threshold, the product will not be allowed on the market. The 0.5 percent threshold is limited to 3 years, however the Commission has been given leeway to review the time limit and make a proposal for its extension.

In terms of the authorization procedure, a common ground was found between the centralized and a decentralized procedure. A company will forward its application to its national authority, which will then forward it onto the European Food Safety Agency (EFSA), the Commission and the other Member States for review. The risk assessment will be done by EFSA apart from seeds, where the Council agree to have the member states as the approving body. France originally wanted seeds removed from the scope of the Food and Feed regulation, but agreed to the above compromise.

The Environment Council will now take up the issue of the Traceability and Labeling proposal for environmental purposes at their December Council meeting, where it is expected to pass. The food and feed regulation still has to be approved by the European Parliament, which is expected to demand even stricter thresholds.

EUROPEAN COMPETITIVENESS COUNCIL ADOPTS ACTION PLAN ON LIFE SCIENCES AND BIOTECHNOLOGY - On November 27, the European Competitiveness Council adopted the conclusions of the Commission's Communication and Action Plan on life

sciences and biotechnology (COM/2002/27) which provided a road map for future initiatives and contains specific measures and priorities, and an implementation timetable.

The Communication addresses key issues for the development of the biotech sector, such as human resources, intellectual property, technology transfer, access to finance, and research. The Commission has budgeted 2.225 billion euros to live sciences and biotechnology from 2003-2006 in its 6th EU Research Framework Program (total budget 17.5 billion euros.)

The document also addressed the need for networking and clusters, and encourages a pro-active role for public authorities. It calls for responsible governance and enhanced participation of society in the biotech debate. Particular attention will be devoted to ethical aspects. The council also discussed biotech-related regulatory framework, including pharmaceutical and GMO legislation, with an eye to international and development cooperation.

ENLARGEMENT- DANISH PRESIDENCY PROPOSAL ON CAP DIRECT PAYMENTS

- The Danish Presidency tabled compromise papers on agriculture (for more details see www.useu.be/agri/enlargement.html). Overall the Danes proposed that CAP direct aid payments in the candidate countries will be phased in over 10 years, starting at 25 percent in 2004, but there should be flexibility in allowing top-up aid levels by a further 10-15 percent during the transition period. The top-up funds will come either from national fund or through re-channeling EU funding foreseen for Rural Development measures. Other proposals include extra funds for rural development and increased quotas for arable crops, dairy and beef

In overall budgetary terms, the changes are estimated to cost an extra 2.2 billion euros (in 1999 prices) to the EU budget from 2004-2006.

AG COMMISSIONER DEFENDS DECOUPLING TO AG COUNCIL - Ag Commissioner Franz Fischler stressed the need for decoupled payments to the member state ag ministers. He stated that decoupling, which is very much a central element of the Mid-Term Review. We have proposed a more market oriented, sustainable agriculture by completing the shift of our support from product to producer. This involves the introduction of a decoupled system of single farm payments. Decoupled payments will be income-neutral, and will be based on historical reference periods. There has been much misunderstanding about decoupling. Under decoupling, farmers will no longer have to produce just for subsidies, or indeed at a loss.

"There is nothing more perverse than forcing farmers, particularly in the livestock sector to produce too many animals in order to fulfil all their premia rights. This for me is not sustainable agriculture. I sometimes hear the strange argument that we want to pay farmers for doing nothing. The opposite is true. Honestly, who would seriously claim that keeping land in good order, by keeping animals, managing land or cutting hay, and meeting the standards we ask from the farmers is doing nothing?", Commissioner Fischler said.

He also underlined the advantages of a decoupled payment in the WHO "Our new single farm income payment would be green box compatible. It is not as if we enter the discussion on modalities with no ambitions. We not only have goals as regards the three pillars, we also want to integrate non-trade concerns better into multilateral agreements. As negotiators acting on behalf

of the European Union we need to maximize our negotiating capital. If we can give a bit more, we can get a bit more. Hence our proposals for decoupling could be crucial in getting the best deal for the European model of agriculture."

EU BUDGET FOR AGRICULTURE WILL INCREASE BY 1.2% IN 2003 - European Budget Commissioner Michael Schreyer welcomed the decisions adopted following the negotiations which took place between the Council and the Parliament before the Council's second reading of the EU budget for 2003. She stated that the budget takes full account of the main political as well as the administrative priority - the enlargement preparations. The 2003 budget was established at a maximum of around 97.5 billion euros in payment appropriations, 1.9% more than last year. The largest single item is the agricultural budget with 44.8 billion euros, an increase of 1.2%. Commissioner Schreyer stated that the 2003 budget could now be duly adopted at the Parliament's second reading on December 19.

EU AGRICULTURE MINISTERS REACH POLITICAL AGREEMENT ON PROPOSED ANIMAL HEALTH RULES - This week, the Agricultural Council reached political agreement on the proposed animal health rules for the production, processing, distribution and introduction into the European Union of products of animal origin intended for human consumption. The proposal is part of the 4-part hygiene package presented by the European Commission in 2000. It gives food operators primary responsibility for food safety right through the food chain from farm to fork. The hygiene package also proposes to simplify and strengthen animal health requirements inside the EU and requirements for the import of goods of animal origin intended for human consumption into the EU.

PROPOSALS TO CUT THE INCIDENCE OF FOOD-BORNE DISEASES GO TO EUROPEAN PARLIAMENT - The Agricultural Council reached agreement this week on two legislative proposals designed to cut the incidence of food-borne diseases in the European Union. These proposals will now go back to the European Parliament for a second reading. The first proposal is a directive on monitoring zoonotic agents, aiming to improve knowledge of the sources and trends of these pathogens, to support microbiological risk assessments and to serve as a basis to adopt measures to manage risks. The second proposal is a regulation to reduce the occurrence of zoonotic agents, prioritizing salmonella. A procedure is also provided to set targets for zoonotic agents.

COMMISSION ADOPTS NEW RULES ON STATE AID FOR MAD COW DISEASE - In the wake of the 2000 BSE crisis, member states have been following different policies on state aid relating to the cost of disposing of slaughterhouse waste, fallen stock and TSE testing. Since these funding discrepancies created a serious risk of distortion of competition, the Commission has adopted new guidelines this week. The new rules enter into force on January 1, 2003. After that date, no more state aid may be granted towards the costs of the disposal of slaughterhouse waste. Exceptionally, member states may grant a 50 pct aid for the disposal of specified risk material and meat and bone meal, with no further commercial use, produced in 2003. Member states will also have to respect an upper limit of 40 euro of total public support towards the cost of BSE tests. Member states may grant state aid of up to 100 pct for the costs of removal and 75 pct of the costs of destruction for fallen stock at farm level only.

IMPORT PROCEDURES FOR PLANTS & PLANT PRODUCTS WILL BE STRENGTHENED - On November 28, the Agriculture Council adopted amendments to Directive 2000/29/EC which deals with protective measures against the introduction and spread of organisms harmful to plants or plant products in the European Union. The amendments include the strengthening of import clearance procedures for plant or plant products and improved conditions for co-operation between customs authorities and official phyto-sanitary bodies in member states. The amended directive also establishes a harmonized system of fees charged for carrying out import checks and ensures better information for importers. The amended directive will enter into force on the day of its publication in the Official Journal and requires member states to adopt and publish the provisions necessary to comply with it before January 1, 2005.

STRENGTHENED RECOVERY PLAN FOR COD - On November 27, the European Commission presented concrete ideas to the EU fisheries ministers to tackle the cod crisis. Based on calculations by the STECF (Scientific, Technical and Economic Committee on Fisheries), the Commission is considering a strengthened plan for cod and associated species, much stricter than the one it proposed a year ago, as an alternative to a moratorium. This plan would require significant reductions in fishing effort and total allowable catches (TACs) and strengthened technical measures and control. The Commission is looking at reductions of fishing mortality of 80% for cod and haddock, 75% for whiting, 40% for plaice and 30% for sole in all EU fishing areas. Such cuts would translate into substantial reductions in TACs though not necessarily to the same levels. More on http://europa.eu.int/comm/fisheries/news_corner/press/com02_en.htm.

320 PESTICIDES WILL BE WITHDRAWN FROM EU MARKET - As part of the Commission's pesticide review program, some 320 substances will be withdrawn from the EU market by July 25, 2003 as the necessary data packages proving that the products fulfill current human health and environment requirements were not provided. Regulation 2076/2002 published earlier this week (http://europa.eu.int/eur-lex/en/oj/2002/l_31920021123en.html) lists all these substances. The regulation further provides a number of temporary derogations for substances that were not defended but for which there are no readily available alternatives for the crops in question in the specified member state and for which there is no apparent reason for concern.

BAN ON FOUR ANTIBIOTIC GROWTH PROMOTERS IN FEED - The Commission proposal on feed additives went through first reading in the European Parliament. This proposal streamlines safety rules and marketing authorizations for all feed additives. Under the new rules, the European Food Safety Authority will be in charge of the risk assessment of all new additives and it will re-evaluate all currently authorized feed additives. An important aspect of this proposal concerns the ban of the four remaining antibiotic growth promoters authorized in feed (Flavophospholipol, Monensin sodium, Salinomycin sodium and Avilamycin). The Parliament supported the broad lines of the proposal but wished to bring forward the deadline for phasing out the antibiotics from 1 January 2006 to 1 January 2005. The next step in the legislative process is for the Council of Ministers to agree its Common Position on this regulation. This could happen as soon as the 16-19 December Agricultural Council.

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UPCOMING MEETINGS OF INTEREST

- Copenhagen European Council, December 12-13

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RECENT REPORTS FROM USEU BRUSSELS

Report Number	Title	Date
E22117	This Week in European Agriculture	Nov. 22, 2002

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VISIT OUR WEBSITE - The FAS/USEU website is update daily. Also you can sign up to receive the monthly "What's new on our web" e-mail newsletter. To view the website, log onto www.useu.be/agri/usda.html.

What's new - November 18-29

Issues: Margin of Preference (www.useu.be/agri/mop.html), Veterinary Equivalency Agreement (www.useu.be/agri/vet.html)

Reports: EU 2002 Beef Sector Subsidies, EU-Lebanon Association Agreement, Approved U.S. Beef Plant, Dairy Annual (www.useu.be/agri/commod.html), This Week in European Agriculture (www.useu.be/agri/weekly.html)

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WHAT'S NEW ON THE DG-SANCO (DIRECTORATE FOR HEALTH AND CONSUMER PROTECTION) WEBSITE**Reports**

- Overview of the results of a series of missions carried out during 2000-2001 to evaluate controls over game and rabbit meat production, meat products, minced meat, meat preparatoin, casing and pig meat production in member states

- General report on the implementation of protection measures against BSE in member states

http://europa.eu.int/comm/food/fs/inspections/special_reports/index_en.html

Safety of Food Products

- Food additives (updated)

http://europa.eu.int/comm/fs/sfp/addit_flavor/additives/index_en.html

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