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Trade Policy Monitoring

April Agricultural Council Meeting

2003

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Report Highlights:

The April Agricultural Council Meeting included extensive talks on Food Safety issues, the Common Fisheries Policy, CAP Reform and WTO modalities. Additionally discusses were the control of Avian Influenza in the Netherlands and the US-EU Wine Negotiations.

Includes PSD Changes: No
Includes Trade Matrix: No
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SUMMARY

Highlights of the April Agriculture Council Meeting included talks on food safety, fisheries, and agriculture. Among the food safety topics discussed were food hygiene, and foot and mouth disease. Among the fisheries topics discussed were community fisheries management and cod recovery stocks. Agriculture topics included CAP Reform; WTO modalities for negotiations on agriculture; and Italian state aid. Finally, other business discussed included Avian Influenza in the Netherlands, Nitrofurane in Portugal; Emergency Measures for Baltic Sea Cod; French Initiative for Subsaharan Countries; Protection of Forests; the Euro Mediterranean Conference on Fisheries and Agriculture; Climatic Conditions in Greece (Damages in the Agriculture Sector); and US and Canada Wine Negotiations. Items Approved without debate included: Geographical indications and designations of origin, ethyl alcohol, statistical monitoring of trade for fisheries, Catch documentation scheme for *dissostichus* spp., and finally Council conclusions for Fish discards. Under External Relations the new mutual agriculture concessions with Bulgaria was discussed.

FOOD SAFETY

FOOD HYGIENE

The Council noted the progress report on the proposed Regulation laying down specific rules for the organization of official controls on products of animal origin intended for human consumption (contained in document 7520/03) The Council agreed to invite the Committee of Permanent Representatives to continue to work on the dossier while awaiting the Opinion of the European Parliament expected in May 2003.

This proposal is an amended version of the initial proposal submitted in July 2000 by the Commission. The proposal mainly concerns official controls on fresh meat and live bivalve molluscs. The goal is to organize meat inspection on a basis that takes into account the hazards that threaten humans.

The main outstanding questions to be solved at a political level prior to a further agreement were addressed by Commissioner Byrne as follows:

- the relationship with general control rules: the proposal contains specific rules, notably on audits and imports, applied to all products of animal origin; it will apply in addition to the proposal on official feed and food controls.
- the division of responsibilities: with regard to the role of official veterinarians and official auxiliaries and their specific tasks in abattoirs, Commissioner Byrne mentioned the possibility of situations where official auxiliaries could operate without the permanent presence of the official veterinarian, on the basis of a case by case approach with an assessment of risks.
- the involvement of company staff in meat inspections: Commissioner Byrne reaffirmed the primary responsibility of food business operators for the safety of their products and the possibility for them to carry out certain activities in relation to meat inspection. He noted that such controls by food business operators were already successfully applied in the poultry sector and suggested to extend this to other sectors provided that safety requirements are met and that permanent supervision by an official veterinarian is ensured.

FOOT AND MOUTH DISEASE

The Council noted the progress made at technical level on the proposal for a Council Directive on Community measures for the control of foot-and-mouth disease. The Council instructed the Committee of Permanent Representatives to continue until they reach a decision (which will occur after the Opinion of the European Parliament is given).

Two issues addressed at the Council concerning Foot and Mouth Disease:

(1.) Several delegations expressed concerns about the recognition by third countries of emergency vaccination and the principle of regionalisation. For some delegations, a new strategy regarding vaccination suggested by the proposal should first be accepted by the main trade partners outside the European Union before being adopted. For other delegations, negotiations with third countries should not impede the progress of discussions in the Council on the proposal. Commissioner Byrne indicated that, although regionalization had been agreed at the international level (by the OIE) his Institution could not guarantee the acceptance by all third countries of regionalization and other control measures, including emergency vaccination.

(2.) Delegations also raised the issue of the financial consequences, both direct (like the use of preventive vaccination on animals), and indirect, (like the marketing of products derived from vaccinated animals). With regard to this issue, some delegations asked for a new definition of tasks for the Veterinary Fund (created by Council Decision n° 90/424/EEC) which may include part of the costs derived from the vaccination procedure, while others emphasized the need to limit the scope of Community expenditures to current tasks but accepted that indirect costs could be covered by market support measures. Commissioner Byrne stressed that there was no need to review the Council Decision (n° 90/424/EEC) on expenditure in the veterinary field.

The proposal was welcomed by the majority of member states as it aims to harmonize Community measures and control outbreaks by:

- setting minimum common provisions for Member States in cases of suspected FMD.
- offering more flexibility for Member states to set stricter rules, and
- improving the state of preparation in member states in the event of an outbreak by enhancing the role of emergency vaccination.

The new proposal provides more details on the measures to be taken in the event of an outbreak and gives a key role to emergency vaccination in order to avoid massive slaughters of animals in the framework of the disease control measures. In case of a suspected outbreak of FMD the following must occur:

- a census of animals has to be taken of the suspected infected holding by the competent authority
- movement of animals is prohibited
- a community databank will be established to record these vaccines and antigens.

Measures to be taken upon confirmation of an outbreak include:

- on the spot killing of the animals
- disinfection procedures, and
- tracing of products derived from or which have been in contact with animals.

Conditions triggering emergency vaccination are based on the potential risk that an FMD outbreak in one area of the EC could spread in another area due to its geographical situation or meteorological conditions.

FISHERIES

COMMUNITY FISHERIES MANAGEMENT

The Council noted the presentation by the Commission on Improving Scientific and Technical advice for Community fisheries management. Commissioner Fischler emphasized the need for the new Common Fisheries Policy to have a reliable scientific basis, and mentioned the importance of giving to the Scientific Technical and Economic Committee for Fisheries (STECF) appropriate means for piloting projects. He noted that his Institution will soon present a set of proposals in relation to this Communication.

The Commission's Communication looks at two main ways to improve the present situation. One by reorganizing transmission of advice and secondly by devoting more resources to obtaining scientific advice for funding pilot projects aiming to support national scientific capabilities. For 2003, 2.3 million euros is planned for use while 4 million would be planned for 2004. Proposals for the next three years will be made later this year.

COD RECOVERY STOCKS

The Council reached political agreement on the proposal for a Council Regulation amending annex XVII of Council Regulation (EC) n° 2371/02 on TACs and Quotas for 2003. The Regulation is to be formally adopted by way of written procedure on 10 April 2003.

AGRICULTURE

CAP REFORM: A LONG TERM POLICY PERSPECTIVE FOR SUSTAINABLE AGRICULTURE

The Council had a political exchange of views, based on a presidency questionnaire and the Commission proposals for horizontal measures (including dried fodder). The Council has now completed its first examination of the Commission's proposals for the CAP Reform. The Presidency will now analyze the situation and consult with the Commission before deciding on the next steps to take. When the Council receives the Opinion of the European Parliament the Presidency will make every effort to conclude the negotiations by the end of the semester.

WORLD TRADE ORGANIZATION-MODALITIES FOR NEGOTIATION ON AGRICULTURE

The Council noted the information and comments provided by Commissioner Fischler on the state of play concerning the WTO talks in agriculture and of the observations made by all delegations on this matter.

ITALIAN STATE AID

The Council adopted unanimously a decision authorizing the Italian Government to grant national aid (pursuant to Article 88 of the Treaty). The Danish, Dutch, Spanish and Swedish delegations abstained. The aid is aimed at compensating the financial insolvency of

producers and members of co-operatives, which gave guarantees on their own goods before 1993.

OTHER BUSINESS

AVIAN INFLUENZA IN THE NETHERLANDS

The Dutch delegation drew the attention of the Council to the spread of avian influenza in the Netherlands (since 17 March 2003). The Dutch delegation indicated that several other cases of infected poultry farms recently appeared in the south of the Netherlands, close to the Belgian and German borders. Additionally, the delegation listed a set of measures adopted in order to limit the contamination. These measures included:

- creation of buffer zones around the areas concerned where all poultry farms had been emptied,
- massive culling of poultry in the farms and areas concerned and
- control on the transport of animals (including cattle).

The Dutch delegation also mentioned it had requested the services of the army to control access to roads leading to farms in the areas concerned. The Belgian delegation indicated it had also taken preventive measures in order to avoid any contamination of its poultry farms, (such as restrictions on transport in the areas close to the Dutch border). The Belgian delegation asked for respect by third countries (notably by Bulgaria since they appeared to block imports from Belgium). The German delegation indicated that companies trading between Germany and the Netherlands were under strict surveillance by its authorities and stressed the important financial consequences of the avian influenza on the farmers.

Commissioner Byrne noted that although the disease looked well contained, in early April, suspected outbreaks in the Netherlands on turkey farms appeared in Limburg close to the German and Belgian borders. He recalled that the Standing Committee on the food chain and animal health met five times on the issue and indicated his Institution would take all possible actions to limit the ban on imports from a larger part of the whole European Union by third countries.

NITROFURANE IN PORTUGAL

The Portuguese delegation drew the Council and Commission's attention to the Action Plan implemented following the discovery of furaltadone in poultry. The aim of the action plan is to detect and to deal with the illicit use of furaltadone in poultry. The Portuguese delegation indicated that the results of the samples sent to different laboratories in Europe showed a significant decrease in the level of residues. The Portuguese delegation noted nitrofurans had not been found until now on rabbits or on aquaculture products, and that consumer confidence was recovering.

Commissioner Byrne reiterated his request for all Member States to do more to monitor and to enforce Community rules on residues. He insisted on the full use by all Member States of the Rapid Alert System for Food and Feed in order to provide reliable information. He thanked the Member States for having sent the results of nitrofurans testing to the Commission following his request and noted that the increased number of samples collected in 2002 reflected the growing interest of the Member States in testing for nitrofurans. Furaltadone is a nitrofurans. Regulation (EC) 2377/90 prohibits the administration of such substances to food-producing animals because it is impossible to fix a safe maximum residue limit.

EMERGENCY MEASURES FOR BALTIC SEA COD

The Commission informed the Council of its intention to adopt emergency measures to prohibit trawl fishing for cod and flat fish in the Baltic Sea for the period starting mid-April until the end of May 2003. By that time the summer ban on cod fishing begins. The purpose of this ban is to improve the selectivity in trawl fishery. The Swedish, German and Danish delegations expressed their concerns regarding the continued use of diagonal mesh size, which would enable catches of juvenile species.

FRENCH INITIATIVE FOR SUB-SAHARAN COUNTRIES

The Spanish delegation drew the attention of the Council and of the Commission to the assessed impact on the Common Agricultural Policy of trade initiatives suggested for the benefit of Sub-Saharan African countries. The Spanish delegation expressed its concerns regarding the possible increase of imports into the Community of sensitive products, (namely bananas, rice and sugar). The Spanish delegation asked the Commission to provide data on the potential impact of this initiative on these products.

The French delegation reminded the Council that this initiative had been examined in different working groups including the 133 Committee on 4 April and insisted on the need for the European Community to take the lead in such an initiative.

Commissioner Fischler, welcomed the French initiative, and indicated it would be examined in the framework of the G8, on the basis of a Commission proposal. He noted that on market access, the aim was to provide a single preferential treatment to these countries, based on the reduction of customs tariffs and the simplification of rules of origin. He also noted that the EU already acted as the main importer of products from these countries. On export support, the French initiative aimed at setting a moratorium on all forms of export support until the Doha negotiations had been concluded. Concerning the different ways to reduce volatility in commodity prices, he indicated that further clarification would be needed prior to any proposal.

PROTECTION OF FORESTS

The Austrian delegation informed the Council that the 4th Ministerial Conference on the Protection of Forests in Europe will take place from 28 to 30 April 2003 in Vienna, Austria. The "Ministerial Conference on the Protection of Forests in Europe", was launched as a regional policy process in Strasbourg (1990) and continued in Helsinki (1993) and Lisbon (1998). The objective is to promote the protection of European forests and to further strengthen their sustainable management. The Austrian delegation indicated that the forestry policy should be framed within an integrated approach and a long-term perspective (including economic, ecological and social goals). Commissioner Fischler supported the political progress made in the forestry sector and stressed the importance of provisions on forestry at the Community level within rural development regulations.

EURO-MEDITERRANEAN CONFERENCE ON FISHERIES AND AGRICULTURE

The Italian delegation informed the Council of the Euro-Mediterranean Conference on Fisheries and Agriculture that will take place in Venice on 25 and 26 November 2003 (Fisheries) and 27 November (Agriculture). The Italian delegation, supported by the Spanish and Greek delegations, insisted on the need for a comprehensive approach by the Community of Mediterranean aspects in agriculture and fisheries. The Greek delegation indicated that another Conference on fisheries issues will take place in Thessaloniki on 19-20 June 2003.

Commissioner Fischler supported the initiative of the Italian delegation and emphasized the need for Mediterranean countries to agree on product quality and labeling issues. Additionally Commissioner Fischler reminded the delegation that the competent service in the Commission for general forms of support for third Mediterranean countries was the General Directorate for External Relations.

CLIMATIC CONDITIONS IN GREECE-DAMAGE IN AGRICULTURAL SECTOR

The Greek delegation informed the Council and the Commission of exceptionally bad weather conditions in Greece, which caused damage in the middle and the north of Greece. The Greek delegation highlighted the damages done to the agricultural sector, and indicated it will soon make a submission to the Commission requesting authorization for compensating the producers for the losses occurred. Commissioner Fischler noted that his Institution would examine this issue once the specific data on the situation has been received.

US AND CANADA WINE NEGOTIATIONS

Commissioner Fischler informed the Council on the state of play of the negotiations for a wine agreement with the USA and for a wine and spirits agreement with Canada.

Regarding Canada, he mentioned that the draft agreement presented certain advantages (i.e. the prohibition of certain names in Canada, protection of geographical names, a positive list of oenological practices, and a list of prohibited practices). Commissioner Fischler mentioned the WTO case concerning protected European geographical names and recommended a quick decision by the Council on the draft agreement. Regarding the United States, he noted the lack of progress of the negotiations regarding oenological practices and implementation of European labeling rules. Additionally, he insisted on the need to have a wider debate on possible changes to the Office International du Vin (OIV) in order to reinforce it as the appropriate international forum for dealing with questions specific to the sector. The Spanish, French and Portuguese delegations expressed their concerns with regard to the direction the bilateral agreements have taken.

ITEMS APPROVED WITHOUT DEBATE

AGRICULTURE

GEOGRAPHICAL INDICATIONS AND DESIGNATIONS OF ORIGIN

The Council adopted by qualified majority, a regulation amending Regulations (EEC) No 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuff. This regulation passed although the Danish delegation voted against it and the United Kingdom delegation abstained. The initial proposal, (based on Article 37 of the Treaty), was presented to the Council in March 2002. The Regulation adopted excludes mineral and spring waters (after a transitional period of ten years - instead of five years). It regulation includes new products such as mustard, pasta, wool, and wicker and set provisions for ending the coexistence between a registered designation and an identical geographical name after a fifteen year period. The regulation also includes the possibility for producer groups to indicate in their product specifications that packaging shall take place solely in the defined geographical area. Additionally, a statement was added regarding the risk of conflict between the rules for the registration of plant varieties and those relating to geographical indications and designations of origin. This followed a request made by the Italian delegation.

ETHYL ALCOHOL

The Council adopted by qualified majority, a Regulation laying down specific measures concerning the market in ethyl alcohol of agricultural origin. The initial proposal, (based on Articles 36 and 37 of the Treaty), was presented to the Council in February 2001. The main objectives of this proposal are to: increase market information, monitor trade flows, and establish a forum for discussion and preparing of decisions. The Regulation adopted includes in particular a provision on national aids monitored by the Commission (Article 10 of the Regulation) under which, Germany is authorized to grant aid to its alcohol producers for an additional seven year period. The amount of aid granted per year cannot be more than the amount of aid granted in 2002. A statement was also added allowing Germany the possibility to grant compensatory aid in five equal installments to a distiller, who voluntarily decides to leave the Monopoly.

FISHERIES-STATISTICAL MONITORING OF TRADE

The Council adopted by qualified majority a Regulation introducing a system for the statistical monitoring of trade in bluefin tuna, swordfish and bigeye tuna within the Community. The initial proposal, based on Article 37 of the Treaty, was presented to the Council in August of 2002. The International Commission adopted recommendations for the Conservation of Atlantic Tuna (ICCAT) on the introduction of statistical document programs for bigeye tuna and Atlantic swordfish. The Convention, which establishes a framework on the conservation and management of tuna stocks and tuna-like species in the Atlantic Ocean and adjacent seas, was adopted recently. The Community must now put into effect these recommendations and this Convention, which are legally binding for the parties. The measures adopted are aimed at: regulating stocks of bigeye tuna and swordfish, improving the quality and reliability of statistical data, and controlling the spread of illegal fishing. Measures concerning bluefin tuna, which are already part of Community legislation, are now integrated in provisions on bigeye tuna and swordfish.

CATCH DOCUMENTATION SCHEME FOR DISSOSTICHUS SPP.

The Council adopted a Regulation amending Regulation (EC) No 1035/2001 establishing a catch documentation scheme for *Dissostichus* spp. This Regulation now takes into account new amendments introduced by the Commission for the conservation of Antarctic marine living resources, ("CCAMLR") in order to combat misreporting and improve export control as well as to introduce a procedure to deal with the sale or disposal of seized and confiscated catches.

FISH DISCARDS-COUNCIL CONCLUSIONS

The Council adopted the conclusions on the Communication from the Commission to the Council and the European Parliament on a Community Action Plan to reduce discards of fish. The Council:

1. Welcomed the Commission Communication to the Council and the European Parliament on a Community Action Plan for reducing discards of fish.
2. Recalled the Communication from the Commission setting out a Community Action Plan to integrate environmental protection requirements into the Common Fisheries Policy. The Common Fisheries Policy specifically mentions discards, incidental by-catch and impact on habitats as problems to be addressed. As a result the Commission devised an Action Plan for discards.

3. Noted the biological and economic impact of discards as well as the consequences for stock assessments and fisheries management and recognized that they occur in all fisheries in Community waters.
4. Noted that within the framework established by the newly adopted Council Regulation (2371/2002 on the conservation and sustainable exploitation of fisheries resources under the CFP), the possibility of adopting new management measures, (in particular multi-annual and multi-species management, and recovery plans), and where appropriate within the framework of these plans, fishing effort limitations contribute to improved exploitation patterns and hence a reduction of discards of fish of species caught in excess of quotas and of fish caught in excess of defined percentage compositions.
5. Noted that the Commission has recently presented a proposal for consolidating the Council Regulation for the conservation of fishery resources through technical measures for the protection of juveniles of marine organism and agrees that technical measures have a major role in reducing by-catches of juvenile fish and non-target species. In this context it also notes the importance of consistency between legal measures.
6. Welcomed the Commission's overall approach to reducing discards and notes the importance of a general improvement in the state of fish stocks in order to achieve this aim.
7. Agreed that the management of discards is an important step towards achieving sustainable fisheries and that a global and coherent solution must involve an appropriate mixture of technical measures and management of catch limits and, where necessary, fishing effort.
8. Stressed the need for greater support by all parties concerned, including national management authorities, for collection of and full transparency concerning quantitative data on discards and the necessity for close co-operation between managers, scientists and stakeholders, notably the industry. The Council invited the Commission to develop strategies and concrete actions to encourage the fisheries sector to participate actively in the efforts to reduce discards. Furthermore, they encouraged the Commission to organize regular discussions between managers, scientists and industry with a view to improving such knowledge.
9. Requested the Commission to come forward as soon as possible, concerning the availability of scientific advice, with proposals to further augment and improve technical measures, including improved selectivity, in accordance with the timetable indicated in the Commission's Action Plan.
10. Welcomed the Commission's intention to prioritize and initiate pilot projects in 2003 to assess the possibilities of reducing discards through various measures including novel fishing gear, voluntary departure from fishing grounds, real-time closures, discard bans, by-catch quotas, effort management and better use of low-value fish. In this context, the Commission emphasized that the pilot projects should be chosen to cover a broad range of fisheries for different species, in different areas throughout the Community and with different fishing methods. The Commission was also encouraged to investigate further innovative management measures such as economic and financial incentives directed at the reduction of discards.

11. The Council invited the Commission to report to the European Parliament and to the Council on a regular basis on progress achieved."

EXTERNAL RELATIONS

RELATIONS IN BULGARIA-NEW MUTUAL AGRICULTURAL CONCESSIONS

The Council adopted a Decision on the conclusion of a Protocol adjusting the trade aspects of the EU-Bulgaria Europe Agreement. The Commission held two rounds of negotiations with the ten associated Countries of Central and Eastern Europe with a view to establishing new mutual concessions for agricultural products. Regarding Bulgaria, the outcome of these negotiations was implemented in January 2001 by way of autonomous and transitional measures. The present Decision aims to incorporate this outcome in a Protocol which will replace the autonomous measures.

Related reports from USEU Brussels:

Report number	Title	Date released
E23014	January AgCouncil	1/31/2002
E23027	February AgCouncil	2/28/2003
E23069	March AgCouncil	5/13/2003

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