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Approved by:

Norval E. Francis, Jr.

U.S. Mission to the European Union, Brussels

Prepared by:

Justina Torry

Report Highlights:

The January Agriculture Meeting was chaired by the Greek Presidency. Meeting highlights included Mid-Term Review, Food Safety, GMO Seeds, and Fisheries Reform.

Includes PSD changes: No
Includes Trade Matrix: No
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SUMMARY

The January Agriculture Council meeting is the first meeting under the Greek Presidency. Mr. Georgios Drys chaired the meeting and began by outlining priorities for their presidency. Immediately following was a 3½ hour debate on CAP reform followed by discussion on Reform of the Common Fisheries Policy. The Communications and Action plans included: A plan to integrate environmental protection requirements; a strategy for the sustainable development of European Aquiculture; a communication on the integrated framework for fisheries partnership agreements with third countries; a proposal for a Council regulation for the conservation of fishery resources through technical measures for the protection of juveniles of marine organisms. Additionally discussed at this months AgCouncil Meeting were concerns about the Prestige Oil spill raised by the French and the Western Waters issue raised by the Irish. Following this discussion were several proposals on various agriculture topics: a proposal for a Council Directive on Community Measures to control Foot and Mouth Disease; a proposal for a Council Regulation establishing a system for identification and registration of ovine and caprine animals; and a proposal for a Council Decision concerning protection measures relating to Newcastle disease in the U.S. Additionally the Council meeting covered an update on BSE and TSE developments, problems with imports of salted poultry imports from Non-EU Countries, and an important discussion on GM seeds and co-existence with conventional and organic seeds along with matters concerning authorization of new GMO Food Products. Lastly, the Council reviewed 3 reports of the Court of Auditors (Special Report N#5/2002, N#6/2002, and N#7/2002).

GREEK PRESIDENCY

The Greek Presidency outlined its priorities for the next six months. The Greek Presidency will focus on: CAP reform, negotiations within the WTO (and the 5th Ministerial Session in Cancun), examination of a number of common market organizations or support regimes such as tobacco, cotton, fruits and vegetables. Regarding food safety issues, the presidency will focus on: the remaining proposal on food hygiene as well as new proposals presented by the Commission on the eradication of foot and mouth disease and identification of sheep and goat. On fisheries issues: the Council will also examine the Mediterranean dimension.

MID-TERM REVIEW

The Council press room broadcasted a live 3 ½ hour debate on the EC's Mid-term review proposals. Positions remained in line with last years, in that Sweden, the UK, Denmark, The Netherlands and Germany supported the review while there was opposition from other member states. Support for decoupling remains limited. Several delegations emphasized the need to consider different regional situations in the application of decoupling. In particular, consideration of production in less favored areas to avoid depopulation. The member states also expressed concern over loss of income and the problem of using the 2000-2002 marketing years.

On modulation, some delegations emphasized that modulation should be implemented as a main tool for redistributing aid among member states in order to reduce current differences.

Regarding market issues, several delegations welcome the proposal for maintaining the quota system in the milk sector until 2014 / 2015. Some delegations expressed their concern regarding the anticipation of the one year (2004) reduction of the intervention prices on milk and the proposed reduction of the intervention price on cereals as well as the abolition of the monthly increments. A few delegations favored the market-oriented approach with regard to the rice and cereals sectors.

Additionally there was major criticism of the new "degressivity" concept with Fishler reminding member states of the spending constraints imposed on him last October by EU leaders.

FOOD SAFETY

The Council took note of the presentation by Commissioner Byrne of the proposal for a Council Directive on Community Measures for the control of Foot and Mouth disease, and instructed the Permanent Committee of representatives to report on this dossier at an upcoming session after further examination of the proposal. The proposal aims to lay down harmonized 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. The current community measures (laid down in Directive 85/511/EEC) are based on stamping out infected herds and herds likely to be infected or contaminated with the virus; and emergency vaccination is mentioned as a last resort. The cost of the new measures would be covered by the Veterinary Fund and is estimated at \$14,700 (Euros) over 6 years. Support for the proposals among the Ministers was generally strong, with many delegations emphasizing the need to proceed towards

an agreement on the legislation as soon as possible.

The Council also took note of another presentation by Commissioner Byrne for a Council regulation establishing a system for the identification and registration of ovine and caprine animals, (and amending regulation no. 3508/92). Under current legislation, (Council Directive 92/102/EEC), the provisions regarding ovine and caprine animals appeared to be unsatisfactory as the records are kept on the basis of flock movements. The proposal aims to introduce an identification system in order to control and limit outbreaks, which would provide a marking borne by all new-born sheep and goats and a movement document. Spain, Ireland, the Netherlands, the UK, Luxembourg, Portugal and Greece expressed their concerns with regard to the increased administration burden placed on the holdings and the cost incurred by the proposal. They also stressed the need for a cost/analysis assessment prior to the permanent establishment of electronic identification for the animals.

EXOTIC NEWCASTLE DISEASE

The Council unanimously adopted a Decision (5394/03) regarding precautionary measures regarding Exotic Newcastle Disease (END) in the US. The decision applies restrictions to US poultry products from California, Nevada, and Arizona following the outbreak in the U.S. The U.S. first reported the outbreak to the EU in October of 2002.

BSE

Concerning BSE Commissioner Byrne informed the Council on the latest developments on BSE and TSE, as well as tests carried out to prevent and eradicate scrapie in sheep, and of minimum standards for the sampling of feed to check for the presence of meal and meat bone. The Commissioner indicated his intention to add tonsils of cattle and the ileum of small ruminants to the list of SRM's, while laying down stricter rules for the use of certain "head materials" for human consumption. As the TSE regulation is due to expire in July, the Commissioner indicated his intention to propose revisions to the Directive including a 2-year extension to the BSE risk categorization of member states, and possibly a similar extension to the Meat and Bonemeal ban on animal feed. This would include minimum standards for the sampling of feed for MBM residues (all to be adapted by the end of the year). Lastly he mentioned that 20% more tests were carried out in 2002, although the number of cases for both years will be about the same.

SALTED POULTRY IMPORS FROM NON-EU COUNTRIES

Italy raised the issue of imports of poultry meat from non EU countries. The Italian delegation was supported by the Spanish and French and Irish Delegations. These delegations wanted to extend the current provisions (Commission Regulation No. 1223/2002), which set a higher import tariff on salted chicken breasts from non-EU countries (this also includes bone-in chicken breasts and turkey thighs). The Italian delegation also noted that the imports of salted poultry under a different tariff code still continue, due to a lack of a uniform application of the regulation by member states combined with the fact that the regulation is too limited in its scope.

GM SEEDS-CO-EXISTENCE WITH CONVENTIONAL AND ORGANIC SEEDS

The Italian delegation, supported by Austria, Denmark, France, Luxembourg, Sweden, Greece and Germany, brought up the issue of coexistence and asked that the issue be put on the agenda for the February Ag Council.

The Italians also brought up the issue of cataloging GM seeds. Currently if one member state authorizes GM seed, that authorization is transferred to the EU seed catalog. The Italians wanted to stop such transfers of authorizations until the issue of co-existence is settled. The Commission responded by saying it does not support adding more bans on GMOs and reminded the Italians of the round table for stakeholders scheduled for April. The UK supported the Commission's position. Sweden and Denmark stated that they have already taken co-existence measures, but did not go into detail.

These delegations also stressed the need for the Commission to present as soon as possible the progress report on the possible problems caused on co-existence of conventional, organic and biotechnological forms of farming. This progress report will pave the way for a debate with the Council in February on 2 issues: 1. Provisions to take for the co-existence of various forms of agriculture and 2. Suspension of the inscription of GMO seeds to the Community catalogue before the adoption of these provisions. Commissioner Fischler informed the Council of a roundtable discussion on the co-existence of GM seeds and conventional seeds to be held in April 2003. At the last Council meeting in December, the Italian delegation, supported by the French, Austrian, German, Luxembourg and Portuguese delegations drew the Council's and the Commission's attention to this issue, and Commissioner Fischler pointed out that the Commission would examine this issue so that a proposal could be submitted rapidly to the Council in 2003.

AUTHORIZAION OF NEW GMO FOOD PRODUCTS

Since a political agreement was reached at the November 28, 2002 Ag Council Meeting, the Danish delegation supported by the French, Italian, Austrian, Portuguese and Luxembourg delegations drew the Council's attention to the conditions for further approval of GMOs. Some of these delegations supported the view that no new procedure of authorization for placing on the market new GMO's should be granted as long as this regulation had not yet been entered into force.

ITEMS APPROVED WITHOUT DEBATE

The Council took note of the report of the Court of Auditors (Special Report N#5/2002) on the extensification premium and payment schemes in the common organization of the market for beef and veal. The conclusion reached was that the Commission is to inform the Council of the report findings on the overall assessment of the extensification payment scheme for beef and veal planned for 2004/2005. It also considers measures to address the points mentioned by the Court of Auditors particularly the interplay between the extensification scheme and the rural development measures.

Court of Auditors Special Report N#6/2002 on the audit of the Commission's management of the EU oilseeds support scheme was concluded with the Council requesting that the Commission examine the extent to which Community Aid payments may be recovered in cases where aid has been paid off in contravention of the rules.

In Court of Auditors Special Report N#7/2002 on the sound financial management of the common organization of markets in the banana sector, the Commission recommended that an overall evaluation of the banana sector be carried out in 2004 and a consultations along with consultations with member states to come up with instructions on control procedures regarding the new single tariff system applicable to imports.

FISHERIES

COMMON FISHERIES POLICY REFORM COMMUNICATIONS AND ACTION PLANS

1. A PLAN TO INTEGRATE ENVIRONMENTAL PROTECTION REQUIREMENTS

The Council welcomed the Action Plan proposed by the Commission as a step toward the implementation of the integration strategy outlined in previous policy documents. The Council noted the Commissions initiative to develop the framework of the 6th Environmental Action Plan which provides a comprehensive strategy for the protection of the seas, and takes into account the entire range of activities that pose a threat to the marine environments. The Council also invited the Commission to present appropriate proposals for the implementation of the Action Plan within the new legal framework (Regulation 2371/2002). Additionally, the Commission was instructed to: contribute to the definition of operational requirements for the progressive implementation of an ecosystem-based approach to fisheries management; give special emphasis to improving fishing methods to minimize negative environmental impact; further explore the possibilities offered by area based restrictions to reduce fishing pressure on sensitive ecosystems; continue their efforts to define indicators to serve as references to steer management towards full environmental integration.

2. A STRATEGY FOR THE SUSTAINABLE DEVELOPMENTS OF EUROPEAN AQUACULTURE

The Council welcomed the Commission's communication on a strategy for the sustainable development of European Aquaculture and recognized the increasing role of aquaculture in the context of the reform of the Common Fisheries Policy along with the necessity to develop the strategy for the sustainable and progressive development of this sector. The Council also acknowledged: the need to ensure the economic viability and the competitiveness of the aquaculture sector which should remain a market-led activity; encourages environmentally friendly aquaculture; notes the need to address the negative impacts of environmental pollution from other activities; notes the need for the harmonization of implementation and administration concerns; acknowledges the need to minimize adverse effects from sea-ranching production concerning genetic and ecological disturbances. Finally, the Council noted that it attaches great importance to good quality production as well as promoting high animal health and welfare

standards, along with recognizing that more research in aquaculture should be undertaken and appropriate financial support allocated.

3. INTEGRATED FRAMEWORK FOR FISHERIES PARTNERSHIP AGREEMENTS WITH THIRD COUNTRIES

The Council noted the presentation by the Commission (on Communication 15243/02). The response from member states included, the Spanish, French, Portuguese, Dutch and Italian delegations recalling the importance of Council Conclusions (1168/97) on this issue. The Spanish and Portuguese delegations requested that full use of the fishing possibilities could be made within the fishing requirements. The German delegation pointed out that the sustainability of the fishing resources and a better financial involvement of the private sector were 2 key issues to be addressed. The Italian and Greek delegations favored the approach of the Commission although these delegations made clear that improving partnerships with third countries should not be made at the expense of the commercial aspects. The Swedish delegation supported the communication presented by reaffirming its requirements concerning the cost incurred by fishing possibilities, and asked for an improved co-ordination with Community policies on development and aid.

Commissioner Fischler reminded the delegation that a common view was shared by the Council and the Commission on the need for the EC to have sustainable resources both on the Community waters and in other seas.

The Commission also noted that the external dimension of the Common Fisheries Policy is an essential component of this policy, and suggested adjusting the agreements with third countries in order to ensure sustainable development of fisheries based on scientific data. The Commission also proposes to conduct a sustainability impact assessment for the negotiation of new fisheries partnership agreements.

COUNCIL REGULATION FOR THE CONSERVATION OF FISHERY RESOURCES THROUGH TECHNICAL MEASURES FOR THE PROTECTION OF JUVENILES OF MARINE ORGANISMS

The Council took note of the presentation on this topic and of the comments of some delegations. The Council instructed the Permanent Committee of representatives to begin work immediately on its examination of this proposal and to present a report at the next meeting.

The aim of this regulation is to consolidate the existing legislation (Council Regulation 850/98 and associated texts) in a comprehensive package in order to simplify and improve the transparency of the texts on the subject. This regulation applies to waters under the sovereignty of member states. Additionally, this regulation will provide further protection to juvenile cod and hake, following the recent advice of the International Council for the Exploration of the Seas (ICES).

The Swedish delegation broadly supported the proposal of the Commission. The Danish delegation indicated it would have an open and constructive approach on this proposal and would

proceed to the examination of new proposed rules. The Danish also insisted on the need to have a more selective fishing order to avoid fish discard. The French delegation and the Portuguese delegations noted that technical measures were a key element of the conservation of resources.

PRESTIGE OIL SPILL

The French delegation supported by the Spanish and Portuguese delegations brought to the Council's attention the negative consequences of the Prestige oil spill in the south-west coast of France. The French delegation outlined the environmental and economic importance of the damages caused by the sinking of the Prestige and indicated that the French Government temporarily banned the rearing of oysters in a determined area. The French delegation informed the Council and the Commission that it might present a demand for financial assistance, as had been done by Spain at the December Council Meeting. Commissioner Fischler confirmed that the French fishermen as well as oyster producers could get financial compensation from the damages caused by the oil spill, however he stressed that the Commission would need to first assess the damages caused, and evaluate the costs.

WESTERN WATERS UPDATE

The Irish delegation supported by the Portuguese and the UK drew the Council's attention to the need to reach a satisfactory solution for all parties concerned on the western waters issue. The Irish delegation emphasized that such a solution should not include an increase of the fishing effort and requested the Presidency to put this issue on its Agenda. Commissioner Fischler called upon the parties concerned to act reasonably before the adoption of the proposal and establish a clear legal framework. The Council invited the Permanent Committee of representatives to continue its examination of the proposal with a view to finding a solution as soon as possible.

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