



**COUNCIL OF
THE EUROPEAN UNION**



6974/05 (Presse 46)

(OR. fr)

PRESS RELEASE

2648th Council meeting

Agriculture and Fisheries

Brussels, 14 March 2005

President

Mr Fernand BODEN

Minister for Agriculture, Viticulture and Rural Development,
Minister for Small and Medium-sized Businesses, the Liberal
Professions and the Self-Employed, Tourism and Housing, of
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6974/05 (Presse 46)

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Main Results of the Council

*The Council reached unanimous political agreement on the creation of the **Community Fisheries Control Agency**.*

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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.

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PARTICIPANTS

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

Belgium:

Ms Sabine LARUELLE

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

Mr Yves LETERME

Minister-President of the Flemish Government and Flemish Minister for Institutional Reform, Agriculture, Sea Fisheries and Rural Policy

Czech Republic:

Mr Jaroslav PALAS

Minister for Agriculture

Denmark:

Mr Hans Christian SCHMIDT

Minister for Food, Agriculture and Fisheries

Germany:

Ms Renate KÜNAST

Federal Minister for Consumer Protection, Food and Agriculture

Estonia:

Ms Ester TUIKSOO

Minister for Agriculture

Greece:

Mr Evangelos BASIAKOS

Minister for Rural Development and Food

Spain:

Ms Elena ESPINOSA MANGANA

Minister for Agriculture, Fisheries and Food

France:

Mr Dominique BUSSEREAU

Minister for Agriculture, Food, Fisheries and Rural Affairs

Ireland:

Ms Mary COUGHLAN

Minister for Agriculture and Food

Italy:

Mr Paolo Scarpa BONAZZA BUORA

State Secretary for Agricultural and Forestry Policy

Cyprus:

Mr Timmy EFTHYMIU

Minister for Agriculture, Natural Resources and Environment

Latvia:

Ms Laimdota STRAUJUMA

State Secretary at the Ministry for Agriculture

Lithuania:

Ms Kazimira PRUNSKIENE

Minister for Agriculture

Luxembourg:

Mr Fernand BODEN

Minister for Agriculture, Viticulture and Rural Development, Minister for Small and Medium-sized Businesses, the Liberal Professions and the Self-Employed, Tourism and Housing
Director-General

Mr Frank SCHMIT

Hungary:

Mr Imre NÉMETH

Minister for Agriculture and Regional Development

Malta:

Mr George PULLICINO

Minister for Rural Affairs and the Environment

Netherlands:

Mr Ate OOSTRA

Director-General

Austria:

Mr Josef PRÖLL

Federal Minister for Agriculture, Forestry, the Environment and Water Management

Poland:

Mr Wojciech OLEJNICZAK

Minister for Agriculture and Rural Development

Portugal:

Mr Jaime SILVA

Minister for Agriculture, Rural Development and Fisheries

Slovenia:

Mr Franci BUT

State Secretary, Ministry of Agriculture, Forestry and Food

Slovakia:

Ms Marián RADOŠOVSKÝ

State Secretary, Ministry of Agriculture

Finland:

Mr Pekka PESONEN

State Secretary

Sweden:

Ms Ann-Christin NYKVIST

Minister for Agriculture, with responsibility for Consumer Affairs

United Kingdom:

Ms Margaret BECKETT

Secretary of State for Environment, Food and Rural Affairs

Mr Ben BRADSHAW

Parliamentary Under-Secretary of State with responsibility for Nature Conservation and Fisheries

Commission:

Ms Mariann FISCHER BOEL

Member

Mr Joe BORG

Member

Mr Markos KYPRIANOU

Member

ITEMS DEBATED

FISHERIES

– *Community Fisheries Control Agency*

The Council reached unanimous political agreement, on the basis of a Presidency compromise supported by the Commission, on the amended proposal for a Regulation establishing a Community Fisheries Control Agency and amending Regulation (EC) No 2847/93 establishing a control system applicable to the Common Fisheries Policy. When finalised by the Legal/Linguistic Experts the text will be adopted as an "A" item at a forthcoming meeting.

The outstanding question of the composition of the Administrative Board and the voting rights of the members of that board and in particular of the Commission was settled as follows: each of the twenty-five Member States will have one vote, the Commission will have six votes and correlatively six votes on the Administrative Board. A joint statement by the Council and the Commission annexed to Article 25 stresses that the number of representatives fixed for the Commission must not constitute a precedent for other, future agencies.

The principal changes with respect to the original proposal concern, *inter alia*, the extension of the Agency's functions to include coordination of inspector training. The Agency will also be associated with the Member States in the development of control and inspection techniques, the organisation of operational cooperation and details of joint deployment plans.

That proposal (9149/04), which was submitted to the Council on 29 April 2004, constitutes the final part of the reform of the common fisheries policy (CFP) begun in December 2002. It provides for the introduction of uniform inspections in the Community, operational coordination on the basis of coherent control and inspection plans (MCS) and the pooling by the Member States of national means of control and inspection with a view to joint deployment, the organisation of which will be carried out by a Community body in accordance with the aforementioned control and inspection programmes. The Agency will organise the joint deployment of national means within the framework of an appropriate Community plan.

On 13 December 2003 the European Council decided that the headquarters of the Agency should be at Vigo, in Spain. The Agency's annual budget will amount to EUR 5 million and it will have forty-nine staff.

The European Parliament, meeting in Strasbourg, was consulted on the basis of Article 37 of the Treaty, and delivered its Opinion on 22 February 2005.

AGRICULTURE***– EU/Russia plant health agreement***

The Council took careful note of the progress of the negotiations with the Russian Federation authorities in the plant-health field, and wished to stress in that context that it was important that trade relations in the sector of vegetables and vegetable products between the Community and the Russian Federation should be normal, be based on trust and comply with international plant-health rules. The Council again stated its full support for the Community's negotiators.

– *Rural development*

The Council held a policy debate on the proposal submitted in July 2004 for the creation of a European Agricultural Fund for Rural Development (EAFRD) (11495/04). The debate on rural development was organised on the basis of a Presidency questionnaire and concerned the minimum rates of expenditure proposed for each strand of rural development (15%, 25% and 15%, or a total of 55% for all three strands), the minimum rate for the LEADER strand (7%) and the use of the LEADER reserve (3%).

At the same time, the Council also examined the Commission document (6956/05) on strategic guidelines for rural development policy for the period 2007-2013. That examination gave Ministers an opportunity of expressing ideas and making suggestions in that area. The preparatory document stressed the priorities and objectives of rural development for the period and must be viewed in the context of the Lisbon and Göteborg Strategies.

As regards the outline of strategic guidelines, the Council gave the Commission ideas and suggestions that will be useful in the finalisation of the proceedings on the strategic guidelines, in particular the necessity of observing the principle of subsidiarity. In general, while a majority of delegations was inclined to approve of the guidelines for that strategy, several voiced fears regarding the content, which they felt was too rigid and did not allow Member States sufficient flexibility. As to the form of the document, several delegations hoped, *inter alia*, to see incorporated in this text the European model of multifunctional agriculture defined under Luxembourg's Presidency in 1997. The Council will have an opportunity of returning to this topic at a subsequent meeting, once the Commission has submitted the proposal on those guidelines expected in June.

As regards the questionnaire on the minimum rates and the 3% reserve, the Council established that delegations' positions had changed little since the last Council meeting on these matters in November 2004 and that there was a great deal of hesitation regarding the fixing of a minimum mandatory financing rate for each strand. Many delegations felt that such a system would be too rigid and did not offer Member States the appropriate flexibility. The Council noted that certain delegations had indicated that they did not reject the principle of fixing minimum rates *per se*, but had diverging views on the rates in the proposal. The Presidency stressed in this connection that any future compromise might have to provide for lower minimum rates.

In connection with the introduction of a reserve, the Council noted that some delegations did not oppose the idea but questioned its feasibility. Those delegations pointed out, *inter alia*, that it would be difficult to plan expenditure under an additional envelope that might be available only in the last two years of the programming period. Some delegations said that allocation of the reserve solely on the basis of the past success of LEADER programmes would be to the practical disadvantage of the new Member States of the European Union. On the other hand, a very large majority of delegations supported the LEADER approach, stressing the vivifying effects of its programmes on employment.

– *Risk and crisis management in agriculture*

The Council took note of Commissioner Fischer-Boel's presentation of a communication on risk and crisis management in agriculture (7177/05). The Council will return to this topic at its meeting in May. In the interval, a working party will examine the communication, starting at the end of March.

The German, Greek, Spanish, French, Italian, Cypriot, Austrian, Polish and Portuguese delegations wanted to thank the Commission for the communication, which was regarded as supplementary to the reform of the CAP begun in 2003. A number of those delegations hoped that the measures provided for in the communication would also cover the common organisation of markets (COM) vertically, in particular by means of emergency provisions. Certain delegations expressed doubts regarding what they considered the relatively small amount initially planned for the modulation (1%) intended for the financing of those measures; some of them argued that that proportion ought to be used flexibly. One delegation stressed the need for a single legal instrument for risk and crisis management in order, in particular, to avoid any discrimination in competition amongst Member States.

Although the communication precluded any extension of the "safety net" in the various COM in the event of market crises as was the case in the beef and veal sector, Commissioner Fischer-Boel did not, however, rule out the possibility of examining specific requirements for each situation in the COM on a case-by-case basis. The Commissioner pointed out that the financing of those measures could be done by using 1% of the funds produced by the modulation and obtained following the reduction in direct payments and the transfer of the amounts saved towards the rural development sector. Those measures could be incorporated in strand 1 (competitiveness of the agricultural and forestry sector) of the present "Rural development" proposal before the Council.

The communication on risk management presents three options, which it sets out to examine to see to what extent those options can take the place, partially or wholly, of the Community's and the Member States' *ad hoc* emergency measures, while complying with the requirements of the WTO's green box:

- a Community, national or regional contribution of up to 50% of the premiums for insurance against natural disaster – production losses that exceed 30% of the average agricultural production over the preceding three years – paid by farmers;
- support for agricultural mutual funds in the form of temporary and degressive Community support for administrative operation of the fund for each farmer participating;
- additional support measures under certain conditions for rural development policies intended to give basic cover against income crises following, in particular, investment in restructuring.

At the Council meeting on Agriculture and Fisheries on 29 September 2004, when the reform of the CAP was adopted, the Commission undertook to examine specific measures for the management of risks, crises and natural disasters in agriculture and to submit to the Council a report and, possibly, appropriate legislative proposals before the end of 2004. At its meeting in December 2003 the Council invited the Commission to provide an inventory of Member States' risk-management tools, to examine the advantages and drawbacks of the various risk-management tools and of any new tools, and to assess the possibilities of granting state aid in the agricultural sector.

– *Forestry strategy*

The Council took note of Commissioner Fischer-Boel's presentation of the communication entitled "Reporting on the implementation of the EU Forestry Strategy" (7181/05), which contains a brief description of recent developments in the EU forestry sector and prospects for the future. The Czech delegation welcomed the adoption of the communication, as with its ten new Member States the Community had very significantly increased its forestry potential and resources and the Czech Republic was very interested in seeing better coordination between Czech forestry policy and Community action. The Council instructed the Special Committee on Agriculture to conduct a first reading of the communication.

The report provides for an action plan as a coherent framework to establish a link between Community action and forestry policy, as well as measures to facilitate coordination between the different sectors affecting the forestry sector – agriculture, industry, the environment. The report emphasises that forests can provide numerous benefits to society which are widely appreciated by the public. It affirms that a more dynamic approach to European forestry management is needed for the future. The Commission considers that development of the EU action plan for sustainable forest management could provide the necessary spur to transform the strategy into a dynamic process capable of responding to society's new expectations.

OTHER BUSINESS

– Protection of cetaceans in the Western Channel

The Council took note of the United Kingdom proposal, supported by the German and Swedish delegations, on bycatches of cetaceans, particularly dolphins, in the Western Channel fisheries area (ICES area VIIe).

To protect cetaceans by minimising incidental catches in the Western Channel, the United Kingdom wants ICES to conduct a study as soon as possible on the basis of the recent data obtained by ongoing programmes, in particular the observer scheme set up under Regulation (EC) No 812/2004 of 26 April 2004 and the Community's NECESSITY programme, as well as national schemes.

The United Kingdom delegation very much regretted that the general report updated by the Commission and provided for in Article 7 of Regulation (EC) No 812/2004 would not be submitted to the Council until 2008 at the earliest.

Commissioner Borg shared the United Kingdom delegation's concern and supported its proposal. For information, he said that a pilot study on bycatches of cetaceans was currently being conducted, involving a scientific consortium composed of UK, French, Irish, Dutch and Danish representatives. He also said that a full assessment of bycatches had been begun under a Community programme, the results of which would be available in two years' time. He thanked the Member States for their swift transmission of updated data which helped in monitoring the dolphin population and limiting the volume of bycatches.

– EU/Russia veterinary memorandum

The Council took note of the written information on implementation of the memorandum concluded with the Russian Federation on veterinary certificates. The Council was pleased that certain problems relating to exports of animal products had been resolved following the introduction of harmonised certificates on 1 January 2005, and said this path should be pursued so that an EU/Russia bilateral veterinary agreement could eventually be reached on the basis of close concertation between the Member States and the Community.

– Drought in Portugal

The Portuguese delegation drew the attention of Member States and the Commission to the difficulties that Portugal was experiencing as a result of the drought affecting the whole of Portugal, considered to be the worst for 25 years.

The Portuguese delegation wanted certain already requested measures to be approved swiftly by the Commission so that producers would not be penalised further, and cereals currently in intervention storage could be released in order to make up for the shortage of fodder. It also said that if the drought lasted into the second quarter, it would be forced to consider granting state aid and would request the Council and the Commission for authorisation to do so.

The Hungarian delegation expressed its sympathy for the Portuguese delegation, and said that Hungary had experienced a similar situation in 2003; it suggested that intervention stocks of cereals be used to remedy the lack of cattle fodder, with the cost of transporting the cereals being borne by the Community. The Spanish delegation described the situation in Spain, which was similar to that in Portugal, and said that it would be sending reports to the Commission on the damage caused to fruit and vegetable and citrus crops by the weather.

Commissioner Fischer-Boel welcomed the sympathy shown by those delegations to Portugal, and said that the Commission, having been duly informed of the seriousness of the situation in Portugal, had undertaken to assist Portugal in this crisis. She said that if Portugal notified the Commission of a request for state aid to compensate for the loss of agricultural income caused by the drought, it would deal with it promptly, with due respect for Community legislation on state aids. The Commissioner also said that since 4 March 2005 there had been an increase in advance payments of premiums for bovine animals for 2004 and that authorisation had been given to use set-aside land for animal fodder. Finally, she said that the Commission would hold bilateral meetings with the Portuguese delegation in order to deal with this problem rapidly.

OTHER ITEMS APPROVED

AGRICULTURE

Plant protection products

The Council adopted a Directive amending Annex VI to Directive 91/414/EEC as regards plant protection products containing micro-organisms (5599/05).

Directive 91/414/EEC provides for uniform principles for the evaluation and authorisation of plant protection products. These principles have been established for the evaluation and authorisation of chemical plant protection products only. The new Directive lays down uniform principles for plant protection products containing micro-organisms.

Under the Directive, all plant protection products on the European market must be evaluated in a uniform manner as regards their efficacy and the risks they present to human health and the environment.

The Directive ensures that these evaluations are carried out consistently and avoids disparities between national evaluations.

Plant protection products are active substances, and preparations containing one or more active substances, presented in the form in which they are supplied to the user and intended to protect plants or plant products against all harmful organisms, to act on the vital processes of plants, to preserve plant products, to destroy weeds or to destroy parts of plants.

Member States have a period of 12 months after entry into force of the new Directive to transpose it into their national law.

Breeding of pure-bred animals of the bovine species

The Council adopted a Directive amending Directive 87/328/EEC with regard to semen storage centres and the use of ova and embryos from pure-bred breeding animals of the bovine species (6061/05).

Directive 87/328/EEC has been amended in order to ensure consistency in Community legislation and harmonised with the rest of the legislation relating to pure-bred breeding animals as regards ova and embryos.

The new Directive provides for semen to be collected, processed and stored in a collection centre (with own production) or, where appropriate, in a storage centre (without own production) approved in accordance with Directive 88/407/EEC.

Directive 87/328/EEC on the acceptance for breeding purposes of pure-bred breeding animals of the bovine species provides that semen intended from intra-Community trade must be collected, processed and stored in an approved insemination centre, and Directive 88/407/EEC laying down the animal health requirements applicable to intra-Community trade and imports of semen of domestic animals of the bovine species permits the storage of semen not only in semen collection centres but also in semen storage centres.

Member States have a period of 24 months after entry into force of the new Directive to transpose it into their national law.

EXTERNAL RELATIONS

Crisis management – Agreements with New Zealand and Argentina – Operation ALTHEA

The Council adopted Decisions approving the conclusion of an Agreement with New Zealand and an Agreement with Argentina on the participation of these countries in the EU military crisis management operation in Bosnia and Herzegovina (Operation ALTHEA) (6658/05, 6756/05 and 6990/05 ADD 1).

ECONOMIC AND FINANCIAL AFFAIRS

Serbia – Agreement on trade in textile products

The Council adopted a Decision approving the conclusion of an Agreement between the European Community and Serbia on trade in textile products (5684/05).

The Agreement suspends import quotas in exchange for the dismantling of tariffs by Serbia. The quotas suspended will not be subject to double checking, in view of the expiry of the Agreement on textile products and clothing. The Agreement includes important provisions on market access (a tariff dismantling schedule over three years and provisions on non-commercial barriers) as well as a clause providing for a return to the status quo ante for both parties in the event of failure to fulfil their respective undertakings.

The functioning of the Agreement will be reviewed before Serbia accedes to the World Trade Organisation (WTO). If Serbia becomes a WTO member before the Agreement expires, WTO rules and agreements will apply with effect from the date of Serbia's accession to the WTO.

The Agreement does not apply to Kosovo.

VAT – Netherlands

The Council adopted a Decision extending Decision 2000/256/EC authorising the Netherlands to apply a measure derogating from Article 11 of the Sixth Directive 77/388/EEC on the harmonisation of the laws of the Member States relating to turnover taxes (6551/05).

This Decision authorises the Netherlands to include, in the taxable amount of a supply of goods or a supply of services, the value of any gold used by the supplier and provided by the recipient in the case where the supply of the gold to the recipient was exempt.

The Decision will expire on the date of entry into force of a Directive rationalising the derogations under Article 27 of Directive 77/388/EC, which cover avoidance of value-added tax linked to the exemption for investment gold, or on 31 December 2009, whichever is the earlier.

VAT – Cyprus

The Council adopted a Decision authorising Cyprus to apply a measure derogating from Article 11 of the Sixth Directive 77/388/EEC on the harmonisation of the laws of the Member States relating to turnover taxes (6552/05).

Cyprus is authorised to use the open market value as the taxable amount of a supply in the following circumstances:

- the consideration paid is less than the open market value of the supply;
- the recipient of the supply does not have a right to deduct in full;
- the person making the supply and the recipient are connected by family, business or legal ties;
- a number of facts make it possible to conclude that these family, business or legal ties have influenced the determination of the taxable amount.

This derogation will expire on the date of entry into force of a Directive rationalising the derogations pursuant to Article 27 of Directive 77/388/EEC which counter avoidance of VAT through the valuation of supplies between connected persons, or on 1 June 2009, whichever is the earlier.

VAT – Denmark

The Council adopted a Decision authorising Denmark to apply a measure derogating from Article 14(1)(d) of the Sixth Directive 77/388/EEC on the harmonisation of the laws of the Member States relating to turnover taxes in order to prevent certain types of tax evasion or avoidance and prevent loss of VAT (6549/05).

Denmark is authorised to apply VAT on the importation of magazines, periodicals or the like, printed in the territory of the Community and sent to private individuals in Denmark.

This Decision will apply until 31 December 2010.
