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THE EUROPEAN UNION**



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Agriculture and Fisheries

Brussels, 22-24 November 2005

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Affairs

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14178/05 (Presse 290)

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Main Results of the Council

*Under B items, the Council reached general agreement on the reform of the **common market organisation on sugar** (see details below).*

*Under A items, the Council adopted a directive aimed at restricting use of some **phthalates in toys and childcare articles**.*

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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

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Mr Yves LETERME

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

Czech Republic:

Mr Jan MLÁDEK

Minister for Agriculture

Denmark:

Mr Hans Christian SCHMIDT

Minister for Food, Agriculture and Fisheries

Germany:

Mr Horst SEEHOFER

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

Mr Alexander MÜLLER

Estonia:

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Minister for Agriculture

Greece:

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Minister for Rural Development and Food

Spain:

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Minister for Agriculture, Fisheries and Food

France:

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Ireland:

Ms Mary COUGHLAN

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Minister of State at the Department of Communications, Marine and Natural Resources with special responsibility for the Marine

Italy:

Mr Giovanni ALEMANNI

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Malta:

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Minister for Agriculture, Nature and Food Quality

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Poland:

Mr Krzysztof JURGIEL

Minister for Agriculture and Rural Development

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Mr Jaime SILVA

Minister for Agriculture, Rural Development and Fisheries

Slovenia:

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Mr Zsolt SIMON

Minister for Agriculture

Finland:

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Sweden:

Ms Ann-Christin NYKVIST

Minister for Agriculture

United Kingdom:

Ms Margaret BECKETT

Secretary of State for the Environment, Food and Rural Affairs

Mr Ben BRADSHAW

Parliamentary Under-Secretary of State and Minister for Local Environment, Marine and Animal Welfare

Commission:

Ms Mariann FISCHER BOEL

Member

Mr Joe BORG

Member

Mr Markos KYPRIANOU

Member

The Governments of the Acceding States were represented as follows:

Bulgaria:

Mr Nihat KABIL

Minister for Agriculture and Forestry

Romania:

Mr Mugur CRACIUN

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

ITEMS DEBATED**AGRICULTURE****– SUGAR - REFORM OF THE COMMON MARKET ORGANISATION (10514/05)**

After arduous negotiations, the Council reached a general approach on the three proposals for Regulations - on the CMO in the sugar sector, amending Regulation (EC) No 1782/2003 establishing common rules for direct support schemes, and establishing a temporary scheme for the restructuring of the sugar industry - on the basis of an overall compromise drawn up by the Presidency and which the Commission endorsed.

This general approach on the sugar reform was agreed without prejudice to the opinion of the European Parliament expected on 17 January 2006. Once the European Parliament 's opinion has been given and the texts are finalised by legal/linguistic experts, the Council will adopt them at a forthcoming meeting.

The provisions of the Regulations on the CMO and on the restructuring fund shall apply from the beginning of the marketing year 2006/2007, on 1 July 2006. Prices, quota production, out-of-quota production and market management will apply until the marketing year 2014/2015. The Regulation amending the direct support scheme shall apply as from 1 January 2006.

The key elements of the general approach agreed are as follows:

- A 36% price cut on white sugar beginning in 2006/07 to ensure sustainable market balance. This cut (from 631.9 €/t to roughly 404.5 €/t) will be operated over 4 years (2006/2007 to 2009/2010).
- Compensation to farmers at a level slightly above 64% of the price cut. Inclusion of this aid in the Single Farm Payment and linking of payments to respect of environmental and land management standards.
- The payment will be 100% decoupled. However, during a transitional period of up to five years, for Member States reducing their quota sugar by more than 50% a temporary adjustment coupled aid may be granted under the EAGGF Guarantee Section corresponding to a maximum of a further 30% of the revenue loss, on top of the 64% covered by the decoupled compensation payment.

- For the 10 New Member States since 1 May 2004, introduction of a Separate Sugar Payment (SSP) in 2006-2007-2008 only for beet growers as an alternative to the Single Area Payment Scheme (SAPS). A new Member State would have either the possibility to opt for the SAPS non-specialised payment and to add national top-ups to provide incentives in regional areas or specific production or to opt for the SSP granted only to beet growers without possibility of national top-ups. The SAPS is a transitional payment before the NMS will benefit from the existing Single Payment Scheme applicable to the "old" Member States since the CAP reform in 2003.
- Validity of the new regime, including extension of the sugar quota system, until 2014/15. No review clause.
- Merging of "A" and "B" quota into a single production quota.
- Replacement of the existing intervention price by a reference price and by a private storage mechanism. However during the transitional period of four years (2006/2007 to 2009/2010), an intervention price is set at 80% of the reference price of the following year for a maximum quantity of 600 000 t per year of white sugar.
- Introduction of a private storage system, instead of the guaranteed price in case the market price falls below the reference price.
- Voluntary restructuring scheme - lasting 4 years - for EU sugar factories, and isoglucose and inulin syrup producers to encourage total factory closure and the renunciation of quota as well as to cope with the social and environmental impact of the restructuring process. The Commission will present a report on the working of the Restructuring Fund by the end of 2008.
- This payment will be 730 euro per tonne of white sugar renounced in years one and two, falling to 625 €/t in year three, and 520 €/t in the final year.
- This restructuring aid will be financed by a degressive levy on holders of quotas, through the *restructuring amount* - production levy - of 126,4 €/t the first year, 173,8 €/t the second year and 113,3 €/t the third year.
- Greater flexibility is added with regard to eligibility for restructuring aid - at a lower percentage - including in the case of partial dismantling of a factory and continued use of the production site excluding products covered by the CMO sugar (75%), partial renouncing of sugar quota and continued use of the facility for products covered by the CMO sugar with the exception of refining raw sugar (35%).

- Regional diversification: 15% of the restructuring aid amount for each 2006/07, 2007/08, 2008/09 and 2009/10 year is earmarked for regions affected by the restructuring process.
- Import regime: statements by the Commission on the automatic triggering of a procedure when sugar imports from an Everything But Arms (EBA) country increase by more than 25% in comparison with the previous marketing year and by the Council on the modification of legislation on rules of origin are added to the compromise.
- To maintain a certain production in the current “C” sugar producing countries, an additional amount of (1 million tonnes) will be made available against a one-off payment corresponding to the amount of restructuring aid per tonne in the first year.
- Additional quotas of 10 000 t per Member State are granted to Greece, Spain, Ireland, Italy, Latvia, Hungary, Portugal, Slovenia, Slovakia and Finland, also against a one-off payment corresponding to the amount of restructuring aid per tonne in the first year.
- Increase of isoglucose quota of 300 000 tonnes for the existing producer companies phased in over three years with an increase of 100 000 tonnes each year (2006-2007, 2007-2008, 2008-2009). The existing figure of the quota is 507 680 tonnes for the EU 25. Additional quotas may be allocated by Member States during the transitional period (2006/2007 to 2009/2010) subject to a one-off payment of € 730 per tonne to Italy (60 000 t), Lithuania (8 000 t) and Sweden (35 000 t).

As a reminder, the budget foreseen for the sugar sector in 2004 represented € 1721 million, made up for the most part of export refunds (75% of the total).

The draft Regulation (10598/05) establishing accompanying measures for the 18 Sugar Protocol countries affected by the reform of the EU sugar regime is expected to be agreed upon at a later stage, under the co-decision procedure. This proposal provides for a scheme for financial and technical assistance of € 40 million for 2006, which has been scheduled in the budget 2006 in amending letter No 2 of the Commission under heading 4 (external relations). The scheme will enable Sugar Protocol countries to adapt to new market conditions, including the upgrade of competitiveness of their sugar cane sector, developing alternative economic activities and dealing with the social, environmental and economic consequences of a reduction of the contribution of the sugar sector to their economies.

– ***STRATEGIC GUIDELINES***

The Council reached a general approach on the redrafted proposal (14455/05) for a Decision on Community strategic guidelines for Rural Development: programming period 2007-2013, with a view to its adoption early next year after receipt of the European Parliament's opinion.

These guidelines, annexed to the proposed Decision, will assist Member States in the elaboration of their national rural development programmes. They outline the EU-level priorities which Member States should consider when developing their National Rural Development Strategies.

These guidelines are organised around four axes: competitiveness and forestry, land management, diversification, and LEADER. These guidelines will identify the priority areas for the Community. On the basis of the guidelines each Member State will have to prepare its national strategy for the preparation of rural development programmes. The Decision itself will be adopted at a forthcoming meeting once the European Parliament has given its opinion.

Main changes made to the initial draft concern the setting of the Community's priorities for rural development 2007-2003 where more flexibility is granted for the allocation of the resources to each programme area, taking into account the specific situation in each Member State.

FISHERIES**– *BALTIC SEA RECOVERY MEASURES***

The Council unanimously reached political agreement on the draft Regulation for the conservation of fishery resources through technical measures in the Baltic Sea, the Belts and the Sound and amending Regulation (EC) No 1434/98, on the basis of a compromise text prepared by the Presidency which amends the proposal (7354/05). Once the text has been made available in all official languages by the Legal/Linguistic Experts, the Regulation will be adopted as an "A" item at a forthcoming meeting.

The main changes to the proposal are the following:

- A new paragraph is added to the Article on "Restrictions on driftnets", stating that in 2007, in subdivisions 25-32, the maximum number of vessels using driftnets shall not exceed 40% (instead of 20%) of the number of such vessels in the period 2001-2003.
- Due to the term "driftnet" not being mentioned in the text of the Regulation any more, its definition in Article 2(m) of the original proposal has been deleted as a matter of good legislative technique. In exchange, a joint Council/Commission statement has been attached to the Regulation, in which the Council invites the Commission to present in 2006 a proposal for a single definition of driftnet covering all EC waters.
- When fishing is conducted using gillnets, entangling nets or trammel nets the maximum allowable length is 9 km of nets (instead of 12 km) for vessels with an overall length of up to and including 12 m and 21 km of nets (instead of 24 km) for vessels with an overall length of more than 12 m (Article 8).
- The prohibition of fishing from 15 May to 31 August in the Bornholm Deep (Article 19) is deleted as is the prohibition on retaining on board cod from 15 June to 15 August (Article 20).
- Article 21 of the initial proposal, defining certain periods and geographical areas in which the retention on board of flounder, plaice, turbot and brill is prohibited, is not retained in the proposal. The provisions of Article 21 are instead included in the TAC and quota Regulation for Baltic stocks for 2006 pending the adoption of a TAC for flounder and turbot, which the Commission, in a joint statement with the Council, declares that it will promote through presentation of a proposal in 2006.

- The minimum landing sizes as laid down in Annex IV are changed:
- with regard to flounder: the 21 cm in subdivisions 22 to 32 are only maintained for subdivisions 26 to 28. In subdivisions 22 to 25 the minimum landing size has been increased to 23 cm, while in subdivisions 29 to 32 it has been decreased to 18 cm;
 - with regard to salmon: the 60 cm in subdivisions 22 to 32 are maintained except for subdivision 31, where a minimum size of 50 cm applies.
 - Furthermore, a minimum size for sea trout has been introduced, notably 40 cm in subdivisions 22 to 25 and 29 to 32 and 50 cm in subdivisions 26 to 28.

This proposal has been on the table since March 2005. The initial draft was intended to *integrate within a single Regulation* all existing legislation concerning *technical measures* for the conservation of fishery resources in Community waters in the Baltic Sea, the Belts and the Sound, such as minimum mesh sizes, time periods and geographical areas within which defined types of fishing are prohibited or restricted and minimum landing sizes of living aquatic resources. Such a move had become necessary due to the fact that the *binding* annual recommendations by the IBSFC (International Baltic Sea Fisheries Commission), which involve, among other things, certain technical measures, had in recent years not been implemented by the Commission in the form of amendments to Council Regulation No 88/98 laying down technical measures for the Baltic Sea, but within the framework of the annual TAC and quota Regulations. The comprehensive package of legislation thus to be created is supposed to *eliminate certain deficiencies* connected with Council Regulation No 88/98, notably by defining target species and required catch percentages applicable for different mesh size ranges and geographical areas when fishing with certain gears, and to *simplify* the rules as far as possible. Pursuing the latter aim, the proposal provides for the replacement of relevant provisions for the Baltic Sea in Council Regulation No 1434/98 laying down rules on landings of herring for industrial purposes other than human consumption, with general provisions on unsorted landings in the proposal. Furthermore, the proposal incorporates provisions fulfilling the obligation implied in the Act of Accession of 2003 to install a specific effort limitation regime for the Gulf of Riga.

– *TACS AND QUOTAS 2006 IN THE BALTIC SEA*

The Council held an exchange of views on the preparation of the setting of TACs and quotas for 2006 in the Baltic Sea, the Belts and the Sound on the basis of a questionnaire from the Presidency. The Council took note of the positions expressed by the delegations.

Although the proposal from the Commission is not yet available, the aim of the discussion was to provide the Council and the Commission with a clear view of the positions of Member States on fishing effort.

As regards:

- the best way to achieve the extra reduction of 10% of fishing time for cod over and beyond the summer closures agreed within IBSFC: while several delegations concerned could support an additional 10% reduction of the fishing effort, some of them suggested alternative techniques including one day of closure per week, the first days of the month or an extension of the existing closure period (2 months in the Western Baltic, 3 months in the Eastern Baltic) or even the scrapping of vessels, a few delegations stressed that the situation regarding cod stocks in the Western Baltic was much better than in the Eastern Baltic and therefore asked for differentiated treatment as regards the possible reduction of the number of days at sea authorised in the different areas of the Baltic Sea;
- the alternative to a complete ban on all gear catching cod while ensuring a similar level of protection for cod during the closure periods: some delegations suggested exempting certain species from the ban as well as using selective gears to avoid fishing cod as a by-catch while others called for the exemption of certain fishing gears from the ban.

– *TACS AND QUOTAS 2006*

The Council held an exchange of views in what is now called the "frontloading exercise" on the preparation of the setting of TACs and quotas for 2006 in Community waters on the basis of a questionnaire from the Presidency. The Council took note of the positions expressed by the delegations.

Although the proposal from the Commission is not yet available, the aim of the discussion was to provide the Council and the Commission with a clear view of the positions of Member States on fishing effort and on the TAC level envisaged for cod.

As regards:

- the level of TAC most appropriately representing the cod recovery plan: as a significant reduction of the TAC level for cod may be envisaged by the Commission, some delegations indicated that they could support a reduction of the current TAC for cod, others expressed their concerns and favoured a roll-over of the existing level of TAC;
- the appropriate adjustment to overall fishing effort in 2006: some delegations supported a limitation of the fishing effort based on the fishing gears used to target cod catches or on specific vessels rather than on the envisaged further reduction of the number of days at sea. Other delegations indicated that the current limit of days at sea represented an absolute minimum;
- the contribution of vessels other than 100 mm otter trawlers to the fishing effort adjustment: some delegations agreed that the reduction of the fishing effort should also apply to some 70-99 mm trawlers as a few considered that specific fisheries with these trawlers should be exempted from the adjustment;
- the fleet segments/fishing practices with negligible impact on cod: a few delegations supported a reduction of the days at sea except for the vessels using selective gears.

OTHER BUSINESS– *EU/Norway*

Commissioner Borg provided an oral update to the Council on the state of negotiations on the EU/Norway bilateral agreement. He noted a real willingness of the parties to reach an agreement next week and stressed the need for such agreement before the end of the year in order to allow EC fishermen to fish in Norwegian waters. He also insisted on the necessity to agree on the mutual access arrangement on blue whiting as it represented a third of the payments from the EC.

The Spanish delegation, supported by the Portuguese delegation, recalled that Spanish fishermen and Spanish vessels had been arrested by Norwegian coastguards in Svalbard waters and asked for help from the Commission and the Member States. The Spanish delegation recalled legal provisions under which Norway cannot restrict access to its waters or take measures against EC fishing vessels and indicated that it had requested Norway to establish cooperation in this case and to free two ships and their crews pursuant to the 1920 Paris Treaty and the United Nations Convention on the Law of the Sea but had not received an answer.

Commissioner Borg stressed he did not know the details of this case but would follow it closely. He recalled that Norway prohibited Greenland halibut fishing in this area.

The first round of negotiations between the EU and Norway in the annual consultations for 2006 took place in Bergen from 8-11 November 2005. The second round is due to be held in Brussels from 28 November - 2 December 2005. The TACs for the joint stocks in the North Sea and the exchange of quotas remain open after the first round. Control of blue whiting in Community waters and the long-term management plan for cod in the North Sea are two other items for the second round. Access for Norway to Community waters for blue whiting is another issue which is linked to the discussions in NEAFC (14-18 November) on a Coastal States agreement on blue whiting.

– *Pelagic fisheries*

The Irish delegation, supported by the Danish delegation, drew the attention of the Council and the Commission, on the basis of written information (14659/05), to its request to have the possibility to transfer a part (up to 10%) of its quotas of mackerel stocks from one year to another on the basis of Council Regulation (EC) No 847/96 of 6 May 1996 introducing additional conditions for year-to-year management of TACs and quotas. The Irish delegation accordingly requested the Commission and the Council to consider this matter with a view to making provision in the 2006 TAC and quota Regulation for this flexibility provision for the relevant mackerel stocks.

Commissioner Borg indicated that Council Regulation (EC) No 847/96 provided for the carryover of up to 10% of fish from one year to the following year on condition that the quota for the same stock would be reduced the next year by the same percentage. This Regulation would allow flexibility when there was no threat for the stocks concerned. He clearly stated that there was no possibility to coordinate this transfer of mackerel with other coastal States since it had already been agreed with third countries (Norway, Faroe Islands) and that Norway had expressed negative views on such flexibility in view of the high number of discarded fish and the risk of exceeded quota.

– *Avian flu*

Commissioner Kyprianou provided the Council with an update on the latest developments on avian influenza (AI). He indicated that there were no cases of AI detected in the EU, with the exception of the infected imported bird detected in a quarantine centre in the United-Kingdom and that the outbreak in Romania had been confined to the Danube delta. He noted that a proposal would be presented soon at the Standing Committee on the Food Chain and Animal Health (SCFCAH) in order to maintain the current measures applicable in the EU, such as banning the import of live poultry and susceptible products from affected countries, allowing the Member States to vaccinate preventively birds in zoos or increasing biosecurity measures in high risk areas in the EU to prevent direct and indirect contact between wild birds and poultry, under certain conditions, until the bird migration next spring.

He also mentioned that the principle of regionalisation would be applied by the EU concerning the affected areas in the neighbouring countries (Romania, Turkey and Croatia).

As regards his recent visit to the South-East Asian countries affected by the highly pathogenic virus H5N1 Asian strain, he recalled that the EU budget had pledged to allocate € 30 millions for the eradication of AI in Asia and would bring its technical expertise to bear with a view to the global ministerial pledging conference to be held on 17 and 18 January 2006 in Beijing (China). However he noted the difficulties for South-East Asian countries to implement plans to eradicate diseases, notably due to the endemic problems of close contact between humans and poultry in individual farms with the presence of backyard flocks. He also noted that most of these countries faced financial problems as regards the possible compensation to be granted to farmers for the culling of their poultry and recalled their needs for laboratory facilities and proper equipment. On the vaccination aspects, he indicated that the situation depended on each national authority as Thailand forbade it and Indonesia launched a massive campaign of vaccination in 2004.

He finally underlined the need for Member States and the Commission to work in a coordinated manner on bilateral aid in order to avoid excessive or insufficient support to a third country affected by the disease, and insisted on the need to work on migratory wild birds and to establish close bridges between the Community reference laboratories and these countries.

The Belgian delegation asked for re-examination of some of the measures taken at Community level by the SCFCAH. The French delegation noted the heavy financial consequences of AI on the poultry industry, the positive reaction taken at the Management Committee on poultry meat and eggs on 16 November, but asked for an increase of the export refunds on poultry meat, including on new destinations (North-African countries, Egypt, Cuba and South Africa), as well as Community co-financing for national advertising campaign on poultry meat in the EU, and urged the Commission to react rapidly to a crisis situation. The Netherlands delegation welcomed preventive vaccination in zoos, and noted the support for preventive vaccination expressed at the level of the European Parliament and that the research on migratory wild birds in China was financed by the EU budget. The German delegation recalled its € 5 million grant signed with the Food and Alimentation Organisation for Laos and Cambodia in a bilateral agreement.

The Presidency indicated it would return to this issue at the December Council when the proposals on AI (proposal for a Council Directive on Community measures for the control of avian influenza and proposal for a Council Decision amending Council Decision 90/424/EEC on expenditure in the veterinary field) would be on the agenda.

– *Export problems*

The Polish delegation drew the attention of the Council, on the basis of written information (14533/05), to the recent ban decided by the Russian authorities on exports of meat, meat products (10 November) and plant products (14 November) from Poland. The Russian authorities justified their action on the grounds that they found irregularities in the certificates accompanying certain deliveries. The Polish delegation asks for the support of the other EU Members and considers that this ban is in breach of the requirements of the EU/Russia Joint statement. The Polish delegation estimated that the value of agricultural goods exported from Poland amounted to \$ 500 million in 2004 and that 45% of the Polish agricultural goods exported to Russia were affected by the ban. This delegation also indicated the serious losses of market shares for the Polish operators, recalled it had requested a ministerial meeting with the Russian authorities but had not received an answer, and asked the Commission to support its request.

Commissioner Kyprianou indicated that he had been informed of this contentious issue, noted the existence of precedents with the Russian Federation concerning the ban on meat and plants and agreed to use the Commission's influence to obtain a quick response from the Russian authorities. He stressed that contacts at technical level had been effective in the past and encouraged the Polish authorities to follow that course, although technical information was needed to work on a reliable basis. Having said that two expert groups (Postdam Group for products of animal origin and Rosendael Group for plant products) were competent to deal with these matters at Council's level, he indicated that the Commission would be ready to participate actively in those meetings with a view to a positive outcome in this issue.

– *World Trade Organisation*

Commissioner Fisher-Boel provided an update on the latest state of play of the WTO-DDA negotiations. She indicated that the level of ambition with a view to the ministerial meeting in Hong-Kong (13-18 December 2005) had been lowered since last October, but that the level of final ambition for the Doha Round remained intact. The main goal for Hong-Kong was now to reach an agreement on a framework rather than on the whole package and to make sizeable progress on the Development package. She reminded the delegations that, unlike other WTO members, the EU had tabled a revised conditional offer on agriculture on 28 October, as part of a meaningful contribution to the process of negotiations. She indicated that Commissioner Mandelson had met the G4 (EU, US, Brazil, India) and Japan in Geneva on 22 November with a view to taking stock of the positions of the different ministerial delegations before Hong-Kong.

The French delegation thanked the Commissioner and welcomed the absence of new concessions before, during or after Hong-Kong, having noted that the most concerned WTO parties had not reacted to the last EU offer on agriculture, and that the offer constituted the limit as to what the EU could propose without putting at stake the outcome of the CAP reform in June 2003. The French delegation also regretted that the expert working party had not been able to conclude on the socio-economic effects of the EU revised offer on agriculture nor whether it jeopardised the reformed CAP. The French delegation recalled its position that the package presented in Hong-Kong should be global and balanced and, with the support of the Irish delegation, that it should not contain any bands of figures. The French delegation also welcomed the initiative on cotton taken by the Commission as well as the duty free access for Least developed countries and protection against erosion of existing preferences. The delegation of the Netherlands expressed its appreciation of the position taken by the Commissioner and underlined the importance of the Development package.

– *Single Area Payment System (SAPS) (14261/05)*

On the basis of a document (14261/05), the Estonian, Latvian, Lithuanian and Hungarian delegations, supported by the Slovak delegation, drew the attention of the Council to the problems - insufficient flexibility to allocate direct payments according to historical references, risk of distortion of competition with "old" Member States and the need to be able to target payments to farmers who are leasing land rather than to paying the owner of the land who has no agricultural activity - they had faced in the implementation of SAPS (single area payment scheme) and which they are facing when making the transition from the SAPS to the Single Payment Scheme (SPS). SAPS had been created as a temporary tool for the new Member States to adapt to CAP rules before entering into the SPS. These delegations suggested solutions to improve this situation, and requested the Commission to take the necessary steps to ensure a smooth transition from SAPS to SPS. In particular, the Estonian delegation underlined two issues: the leasing of land which concerned 82% in some sectors (e.g.: milk) in Estonia and asked for the possibility to restrict payments entitlements to active farmers, and the growing administrative complexity and costs incurred following the reduction of the minimum eligible size of area per holding from 5 hectares in 2000 to 1 hectare now.

Commissioner Fischer-Boel indicated that the Commission services would take a constructive approach in addressing the issue of the transition from SAPS to SPS within the current legislative framework in order to make it as smooth and flexible as possible and indicated that she would return to this question later.

– *Imports of apples*

On the basis of a document (14645/05), the French delegation drew the attention of the Council and the Commission to the need to implement a safeguard clause under Article XIX of the GATT with a view to curbing imports of apples from third countries without delay. The French delegation also asked the Commission to take all appropriate measures with regard to the high levels of imports of apples, in order to trigger the safeguard clause. This delegation has noted an abnormal decrease in the prices of apples on its market since the beginning of the year and indicated an increase in imports of apples, mainly from southern hemisphere, of 150% between 2000 and 2004. This delegation noted a constant downgrading of the market with regard to the higher quantities of apples stored, especially at the beginning of the marketing year, and to the increasingly difficult market outlets.

Commissioner Fischer Boel took note of this request after having said that the Commission, aware of the situation in the apple sector, has drawn the attention of delegations to this at various meetings of the management committees on fruit and vegetables. However, she noted that the reference period used to trigger the safeguard clause for volumes of imports of apples for the year 2005 had ended on 31 August, and that by that date and on the basis of the information provided by the Member State authorities on their national markets, the level of imports was below the trigger level required for applying the safeguard clause. Nevertheless she indicated her intention to monitor the situation for the current campaign and to react appropriately. She also recalled that a new and enhanced information transmission system would be operational by 2007, which should help avoid future problems. She also underlined that launching an investigation under Article XIX of the GATT Agreement would be a highly controversial issue, taking account of the difficulty of proving that the apple sector in the EU-25 was really endangered. She stressed that the Commission would examine this request extremely cautiously and on the basis of a detailed and extensive file. Finally, she made clear that the launching and monitoring of this procedure, which may be lengthy and cumbersome, would be under the responsibility of Commissioner Mandelson.

– *State Aid in Cyprus*

The Cypriot delegation drew the attention of the Council and the Commission, on the basis of a document (14543/05), to the need for granting national aid of € 38 millions to Cypriot farmers to enable them to repay part of their agricultural debt which they had incurred before 31 December 1998 due to exceptional political circumstances before and up to that particular date. It also mentioned as an exceptional circumstance the long-time drought that had affected the country during the 1990s. The rest of the debt will be transformed into long-terms loans repayable over a period of 15 years.

The Cypriot delegation indicated its wish to see this item debated at the next agriculture and fisheries Council on 20-22 December.

Pursuant to Article 88(2) of the Treaty, the Council has to adopt an attitude within three months of the application by a Member State for the authorisation to grant an aid. If no decision has been taken within that period, the Commission shall give its decision.

Commissioner Fischer-Boel indicated that the Commission had recently received the Cypriot request and that she would examine it carefully and thoroughly at the next Council.

The Presidency, having noted the three-month period as a time limit, suggested referring this item to the Special Committee on Agriculture for further examination with a view to preparing the Decision of the Council.

– *Organisation of future works*

Due to the schedule for the Ministerial meeting of the World Trade Organisation to be held in Hong-Kong (13-18 December 2005), the next meeting of the Agriculture and Fisheries Council will take place from 20 to 22 December 2005.

OTHER ITEMS APPROVED**AGRICULTURE****Argentinean wines**

The Council unanimously adopted a Regulation amending Regulation (EC) No 527/2003 authorising the offer and delivery for direct human consumption of certain wines imported from Argentina which may have undergone oenological processes not provided for in Regulation (EC) No 1493/1999 (*12974/05*).

The Regulation extends until 31 December 2006 the derogation granted for imports of wines for human consumption produced in Argentina with the help of oenological processes not authorised within the EU, notably under addition of malic acid (extracted from apples or synthetically produced), which serves to control acidity. This practice is authorised in Argentina, while prohibited within the EU for domestically produced as well as imported wines.

Exceptional market support measures*

The Council adopted by a qualified majority a Regulation amending Regulations (EEC) No 2759/75, (EEC) No 2771/75, (EEC) No 2777/75, (EC) No 1254/1999, (EC) No 1255/1999 and (EC) No 2529/2001 as regards exceptional market support measures (*14025/05*). The Danish and Portuguese delegations voted against. The Greek and Polish delegations abstained.

The Regulation introduces co-financing in the common organisation of the market (CMO) in pigmeat, eggs, poultrymeat, beef and veal, milk and milk products and sheepmeat and goatmeat, so that the exceptional market support measures provided for in the event of serious market disturbances due to restrictions imposed following outbreaks of epizootic diseases can be financed by the Community *and* the Member States concerned, and no longer only by the Community.

In a ruling in 2003, the European Court of Justice (ECJ) had stated that national co-financing of exceptional market support measures is not in line with the current wording of the common organisation of the market in beef and veal – this ruling obviously applying to all market organisations for animal products, whose articles are more or less the same. Given that Member States are responsible for both application of exceptional market support measures as well as measures to combat disease, a financial contribution to the former measures is likely to increase their performance in the latter field and consequently changing the relevant articles in the CMOs to comply with the ECJ ruling is a necessity.

Common organisation of the market in hops

The Council unanimously adopted a Regulation concerning the common organisation of the market in hops and repealing Regulations (EEC) No 1696/71, (EEC) No 1037/72, (EEC) No 879/73 and (EEC) No 1981/82 (*13301/05*).

The Regulation will replace the various regulations incorporated in it, while retaining and rearranging its contents, for the sake of *clarity* and a *proper understanding* of Community legislation. With regard to the initial proposal, the adopted text re-introduces, however, the compulsory registration of supply contracts of hops, as provided for by Article 6(1) of Regulation (EEC) No 1696/71.

Common organisation of the market in seeds

The Council unanimously adopted a Regulation on the common organisation of the market in seeds (*13470/05*).

The Regulation will replace Council Regulation (EEC) No 2358/71 on the common organisation of the market in seeds which has been substantially amended several times - in particular by Council Regulation (EC) No 1782/2003 – with a new CMO Regulation for the sake of *legal clarity*. Given that the provisions of Council Regulation (EEC) No 1674/72 laying down general rules for granting and financing aid for seed have been incorporated into Commission Regulation (EC) No 1973/2004, the former Regulation is repealed.

Forestry measures within Rural Development Policy

The Council unanimously adopted a statement (*12224/05*) in response to Special Report No 9/2004 concerning forestry measures within Rural Development Policy. The report, prepared by the Court of Auditors (CoA), analyses, among other things, how the support measures for forestry in the EU, financed via rural development funds, were implemented and what their impact was.

Faced with the conclusions of the report, the Council was pleased to announce that many of the problems identified by the CoA would be solved with the entry into force of the new rural development regulation.

Extension of the International Sugar Agreement

The Council adopted a Decision authorising the Commission, within the International Sugar Council, to vote on behalf of the EU in favour the extension of the 1992 International Sugar Agreement for a period of up to two years after 31 December 2005 (12972/05).

The vote will take place at next session of the International Sugar Council, in London on 25 November.

EMPLOYMENT AND SOCIAL POLICY

Workers' health and safety - Optical radiation

The Council decided not to approve all the European Parliament's second reading amendments concerning a proposal for a Directive on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (optical radiation) and hence to convene the Conciliation Committee (14324/05).

INTERNAL MARKET

Safety of toys and childcare articles - Phthalates

The Council adopted a Directive¹ aimed at restricting the use of some phthalates in toys and childcare articles (3645/05).

According to the provisions of this Directive, toys and childcare articles shall be forbidden and shall not be placed on the market if DEHP, DBP or BBP² occur in concentrations exceeding 0,1% of the plasticised part of the item. This also applies to toys and childcare articles, the plasticised parts of which contain DINP, DIDP and DNOP³ in concentrations exceeding the same limit, if those articles can be placed in the mouth by children.

¹ The Directive is deemed to have been adopted in the form of the amended common position following Council's approval of all the European Parliament's amendments at second reading under the codecision procedure.

² DEHP=bis (2-ethytxyl); DBP= dibutyl phthalate; BBP=benzil butyl phthalate.

³ DINP=di-"isononyl" phthalate; DIDP=di-"isodecyl" phthalate.

These provisions will be reviewed, in the light of new scientific information on these substances and their substitutes, no later than four years after the Directive has entered into force.

Member States will have six months after the entry into force of the Directive in order to adapt their legislation to comply with the new provisions, which will apply a year after entry into force.

Phthalates are substances which are used as softeners in plastic materials. Some of them have been identified as reprotoxic.

The Directive amends (for the 22nd time) Directive 76/769/EEC on the marketing and use of dangerous substances.
