



Brussels, 26 November 2012

***Background*¹**
AGRICULTURE and FISHERIES COUNCIL
Brussels, 28 and 29 November 2012

The Council meeting will address agricultural and fisheries matters; it will start at 11.00 on Wednesday 28 November 2012 and will continue at 10.00 on Thursday 29 November. The Council will be chaired by Mr Sofoclis ALETRARIS, Minister for Agriculture, Natural Resources and Environment.

*As regards agriculture, ministers will have a public debate on **direct payments, single CMO and rural development** within the framework of the common agricultural policy (CAP) reform. Some specific issues discussed will be: **equivalence to greening practices, sugar quotas and vine planting rights.***

*The Council could then adopt a regulation concerning the use of **lactic acid** to reduce microbiological surface contamination on bovine carcasses.*

*Concerning fisheries issues, the ministers will try to find a political agreement on fishing opportunities for certain **deep-sea stocks for 2013 and 2014**. They will also have an exchange of views on the **annual consultations between the EU and Norway**.*

*Finally the ministers will be briefed on the **EU-Morocco agreement on agriculture, the error rate in rural development, the EU food model, the Norway pout stocks and the EU-Mauritania fisheries agreement**.*

*Over lunch on Wednesday, ministers will have a discussion on **the current context of CAP Reform**.*

A first press conference on agriculture will be organised at the end of the first day of meeting (+/- 19.30). A second press conference on fisheries issues will take place at the end of the second day of meeting after lunchtime (+/-14.00).

The public events and the press conferences can be followed by video streaming:

<http://video.consiliums.europa.eu>

Video coverage of the event will be available for preview and download in broadcast quality (MPEG4) on www.eucouncil.tv

Photos of the event can be found in our photographic library on www.consilium.europa.eu/photo where they can be downloaded in high resolution.

¹ This note has been drawn up under the responsibility of the press office.

Reform of the common agricultural policy (CAP)

Ministers will hold three orientation debates within the framework of the common agricultural policy (CAP) reform. The discussions will focus on:

- the proposal for a regulation establishing rules for direct payments to farmers (direct payments regulation) ([15396/3/11](#));
- the proposal for a regulation establishing a common organisation of the markets in agricultural products (Single CMO regulation) ([15397/2/11](#)).
- the proposal for a regulation on support for rural development (rural development regulation) ([15425/1/11](#)).

Direct payments

The Progress report drawn up under the Danish Presidency (8949/12) and further discussions which took place under the Cyprus Presidency concluded that all delegations are calling for a flexible and cost-effective approach to **greening**, so as to achieve maximum environmental benefits while preserving the economic viability of holdings and keeping the administrative burden and control requirements to a minimum.

Furthermore, in the context of the multi-annual financial framework (MFF) negotiations, attention was drawn to the need for a clearly defined flexibility for the Member States relating to the choice of greening measures. The concept of equivalence could provide the necessary flexibility to achieve greening in an efficient and cost-effective manner.

On this basis the Presidency has sought to clarify and further develop a concept of "equivalence", which would allow farmers to be considered as meeting all or some of the greening practices foreseen by the Commission proposal if they carry out measures which bring about equivalent or higher environmental benefit.

The Presidency would like the ministers to focus on the following questions during the debate:

1. Do you share the view that equivalence is a powerful tool for granting Member States the necessary flexibility to achieve greening in an efficient and cost-effective manner? If yes should equivalence be based on an assessment of the environmental gain of the alternative measures concerned?
2. If so, do you agree that the assessment of environmental gain needs to be simple, manageable and efficient, and provide sufficient predictability to farmers? Do you have any suggestions on how such an assessment could be carried out?
3. Do you agree that in the context of an equivalence tool which would allow second pillar agri-environment-climate commitments to be used for claiming compliance with first pillar greening practices, a solution must be found to avoid complications in accordance with the "no double funding principle"?

Single CMO

Discussions in the Council on the proposal for a new Single CMO Regulation has covered many important policy issues. However, some issues related to the management of supply and to the regulation of production, specifically sugar quotas and vine planting rights, have not yet been discussed given that the proposal for a new Single CMO Regulation does not call into question existing legislation as regards these systems.

The Presidency noted that on the **sugar quota regime** due to expire on 30 September 2015, a large number of delegations oppose the end of this regime, and would like it extended, while some support the planned expiry.

The Presidency would like ministers to reflect and address the following question:

- In the absence of a continuation of sugar quotas, what measures, if any, would you envisage would be needed to ensure smooth transition for all actors in the food chain?

In addition, a large number of delegations call for the continuation of the existing system of **vine planting rights** beyond its foreseen end in 2015, whilst other delegations have reserves on this request recalling that the expiry of the regime was an integral part of the 2008 wine sector reform.

Commission has set up a High Level Group to examine this issue, which is expected to present its recommendations in December 2012. The Presidency considers that it would be more appropriate to await the results of the High Level Group's work before taking up the subject at Council level.

Rural development

Making progress in the discussion of the proposal for a new Rural Development regulation was a declared priority of the Cyprus Presidency. The Presidency considers that Member States and their administrations must have sufficient clarity on the main elements of this regulation to be able to start early their planning and programming process for the next period 2014-2020.

The Council held a number of debates on the content of the rural development both during this and the previous presidencies. However, some delegations consider that further discussion may be needed on some provisions of this proposal.

For this reason, ministers will be invited to signal the most important issues that they consider outstanding and in need of further discussion in the Council preparatory bodies and at Council level in the near future.

The CAP reform package was presented by the Commission at the Agriculture Council meeting in October 2011. Since then, the Council has held general policy debates on the CAP reform proposals almost monthly.

The Danish Presidency also presented a progress report highlighting the progress achieved during the first half of 2012 on key issues of the CAP reform proposals.

This will be the fourth debate at the level of the Agri-fish Council under the Cyprus Presidency. In July the Council discussed extensively exceptional support measures under the SCMO Regulation and risk management under the Rural Development Regulation. In September the Council debated the issue of reference and intervention prices and their possible update (SCMO) and completed the discussion on the delimitation on areas with natural constraints (rural development).

In October the Council held yet another debate on the reinforcement of producer organisations (SCMO) and then turned its attention once more to the Regulation on Direct Payments. Ministers held a policy debate on the important issues of internal convergence and young farmers.

Lactic acid

A proposal for a regulation concerning the use of lactic acid to reduce microbiological surface contamination on bovine carcasses will be presented to the Council for adoption ([14571/12](#)).

The Commission proposal follows an application from the US Department of Agriculture to be able to use lactic acid to reduce surface contamination of bovine carcasses and meat. Since lactic acid is widely used by U.S. beef industry, the "lactic acid regulation" is informally linked to the 2009 bilateral memorandum of understanding (MOU) between the US and EU on beef trade. In accordance with the second phase of the MOU, the EU on 1st July 2012 opened an increased import quota (TRQ) for beef not treated with hormones. Authorisation of lactic acid would allow the USA to fill this export quota.

On 26 July 2011 the European Food Safety Authority (EFSA) adopted a scientific opinion on the evaluation of the safety and efficacy of lactic acid for the removal of microbial surface contamination from beef carcasses, cuts and trimmings. EFSA concluded that these treatments will be of no safety concern provided the substance used complies with the EU specifications for food additives.

At its meeting on 21 September 2012, the Standing Committee on the Food Chain and Animal Health was unable to achieve the qualified majority necessary to deliver an opinion for or against the authorisation measure proposed by the Commission. In the absence of an opinion, the Council has two months in which to give its position following which the Parliament would also have an additional two months to give its position.

If a qualified majority for or against the authorisation of lactic acid is not found in the Council, the regulation will be adopted by the Commission after the end of the deadline given to the European Parliament.

Fishing opportunities for deep-sea stocks for 2013-2014

Ministers will try to reach a political agreement on fishing opportunities for certain deep-sea stocks for 2013 and 2014 ([14635/12](#)).

Deep-sea stocks are fish stocks caught in waters beyond the main fishing grounds of continental shelves. They are distributed on the continental slopes or associated with seamounts. These species are slow-growing and long-lived, which can make them potentially vulnerable to fishing activity. Scientific knowledge on the longevity and growth of these species, although still partial in the assessment of the stock status, is improving allowing to better target the measures proposed.

In order to ensure the sustainability of the resource, fishing for deep-sea species is regulated by the EU since 2003 in terms of total allowable catches (TACs) per species and area, and in terms of maximum fishing effort deployable in the North-East Atlantic. The fishing opportunities for deep-sea species are decided on a bi-annual basis according to the rhythm of scientific stock assessments.

The International Council for the Exploration of the Sea (ICES) provides a review of the biological status of deep sea stocks every two years. The latest advice was given in June 2012. This proposal for fixing fishing opportunities is based on the further review undertaken by the Scientific, Technical and Economic Committee for Fisheries (STECF) in July 2012, following the work of ICES. Both advices indicate that most deep-sea stocks are in a precarious situation, and that fishing opportunities for those stocks, in order to assure their sustainability, should be reduced until the evolution of the stock sizes show a positive trend. This year, for the first time, scientific advice is available for most stocks covered by the proposal fixing fishing opportunities for certain deep-sea fish stocks. For some stocks it has been possible to identify levels of fishing that could bring the resource to maximum sustainable yield (MSY). For other important species advices are based on trends but provides indication on how achieving MSY in 2015.

According to Article 43(3) of the Treaty, the Council, has to adopt measures on a proposal from the Commission on the fixing and allocation of fishing opportunities for deep-sea stocks.

EU/ Norway - annual consultations for 2013

The Council will hold an exchange of views on annual consultations between the EU and Norway under their bilateral fisheries agreement.

Ministers will be briefed about the results of the first round of consultations for 2013 which took place from 19 to 23 November this year in Brussels. They will discuss the preparation of the second round which will take place from 3 to 7 December in Norway.

At the last Council meeting, most of the delegations recognised the usefulness of this agreement with Norway but would favour a cautious approach from the EU as regards TACs and other associated measures for the main jointly-managed joint stocks in the North Sea. They would also recommend a cautious approach for other stocks that it might be worthwhile to identify and use for the reciprocal exchange of quotas.

In this regard, several delegations noted the importance of trying to resolve the mackerel management issue with Iceland and Faroe Islands. These negotiations also directly involve also directly Norway together with the EU.

The main issues for the consultations this year are the following:

- Detailed management arrangements for jointly-managed fish stocks (cod, haddock, plaice, whiting, herring, saithe) in accordance with the long-term management plans, involving in particular the establishment of the TACs and quotas for the respective parties;
- Agreement on exchanges of reciprocal fishing possibilities, which will enable the continuation of a number of important fishing operations for the fishermen of both parties, including fishing opportunities for Arctic cod in Norwegian waters, as well as other measures in fisheries of mutual interest.
- Cooperation with Norway as regards the mackerel management issue in the framework of negotiations with the other two Coastal States, Iceland and the Faroe Islands.

The 1980 bilateral fisheries agreement between the EC and Norway covers joint stocks in the North Sea, some jointly managed, others not. Annual TACs are set jointly by the EC and Norway for the jointly managed joint stocks. There are joint long-term management plans for cod, haddock, herring and saithe and basic principles for a long-term management plan for plaice, based on the EU long-term management plan for sole and plaice in the North Sea (regulation 676/2007). A ten-year agreement with Norway on mackerel was agreed in January 2010, including mutual access in the North Sea. This agreement is contingent on a satisfactory overall bilateral agreement. The reciprocal exchange of quotas needs to be in overall balance across the agreement.

ANY OTHER BUSINESS

Increased error rate in rural development

The Commission will brief the Council about increased error rate under the "rural development" chapter of the CAP and potential corrective or preventive actions ([16585/12](#));

The 2011 annual DAS report of the European Court of Auditors estimates the most likely error rate (MLE) for the whole chapter "Rural development, Environment, Fisheries and Health" to amount to 7.7%. This underlines that rural development expenditure is much more prone to errors than payments under Pillar I where MLE is estimated at 2.9%.

The relatively high error rate for rural development policy must be understood in the context of the specificities of this policy. Pillar II of the CAP applies highly targeted solutions to the significantly varied challenges faced by rural areas around the EU and is therefore intrinsically more complex than Pillar I.

The Commission envisages corrective and preventive action for the current programming period and the next programming period. Member States could participate to the simplification of the rules in order to reduce the level of errors by changing their programme proposals where verifiability, controllability or clear measure design are not ensured.

EU-Morocco agricultural Agreement

The Spanish delegation will brief the ministers about the implementation of the EU-Morocco agricultural agreement for the tomato sector (16688/12).

The Spanish tomato sector is currently in a very difficult situation owing to the low prices prevailing on the EU market. In addition, there was a decrease in the import value of produce from Morocco under the EU-Morocco agreement on agriculture without levy.

As the prices paid to producers are low and the charges maintained at a constant level, the economic viability of holdings is at risk. The Commission should monitor the market situation in the EU and in Morocco and the duties to impose when prices fall below the entry price agreed under the EU-Morocco agreement.

New European food model

The Council will be briefed by the Austrian delegation about a new European food model.

A workshop held in Austria proposed a new European food model which should encompass several aspects such as, food security, food safety, food quality, regionality, diversity and value or appreciation of food.

Norway pout stock

Ministers will be briefed by the Danish delegation on the management of Norway pout stock (16596/12) in the framework of the fishing opportunities 2013 in the EU waters.

There is a long delay between the scientific advice, the establishment of preliminary TACs and the beginning of the fishing season for short lived species such as Norway pout in the North Sea. This means that the fleet fishing this stock has to stay in harbors waiting for the opening of this fishery without any hope to be compensated later on due to seasonality and the short lived nature of this species.

Denmark would promote a faster procedure for fisheries' opening when fishing opportunities follow the scientific advice. Moreover, a long term management strategy should be put in place for 2013 providing for more stability in the exploitation of the Norway pout stock.

EU-Mauritania fisheries agreement

The Dutch delegation will brief the Council about the EU-Mauritania fisheries agreement.
