



Brussels, 24 March 2010

Background note¹

AGRICULTURE AND FISHERIES COUNCIL

Brussels, 29 March 2010

*The Council meeting will start on Monday 29 March at 11.00 and will be chaired by Ms **Elena ESPINOSA**, minister for Agriculture of Spain.*

*The Council is expected to adopt conclusions on the Commission's communication "**A better functioning food supply chain in Europe**".*

*The Council will hear the presentation of conclusions from the trio-presidency on the "**Future of the CAP: market management measures post 2013**".*

*Ministers will hold an exchange of views on the role agriculture and the Common Agricultural Policy" could play within the new **European strategy for jobs and growth**.*

*Finally, the Council will hear a presentation of the Commission on its latest quarterly **report on the dairy market**.*

A press conference will take place after the meeting (+/-17h30).

Public events can be followed via videostreaming:

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

Video coverage of the event will be available for preview and download in broadcast quality (MPEG4) on <http://tvnewsroom.consilium.europa.eu>

¹ This note has been drawn up under the sole responsibility of the Press Service.

AGRICULTURE

A better functioning food supply chain in Europe

The Council is expected to adopt a set of conclusions on how to improve the functioning of the food supply chain.

The draft conclusions call for efforts in the following five areas:

- improve the structure and consolidation of the agro-food sector (e.g. by the integration of primary producers and SME processors with the other links of the food supply chain);
- increase transparency (e.g. by further developing the monitoring of price formation);
- combat unfair trading practices (e.g. by putting in place stricter controls);
- encourage initiatives of self-regulation (e.g. by preparing sets of standard contracts or by adopting codes of good commercial practices);
- strike a balance between the CAP and the EU competition policy (e.g. by exploring the flexibility margin in the application of competition rules).

The draft conclusions reflect the outcome of the exchange of views held at the Council on 18 January 2010 on the Commission's communication "A better functioning food supply chain in Europe" ([15330/09](#))², a follow-up to the December 2008 report on food prices in Europe ([17380/08](#)).

The food supply chain connects three important sectors of the European economy: agriculture, the food processing industry and the distribution sectors. Its performance has direct consequences for citizens since food represents 16% of European households' expenditures and is increasingly important on the path towards recovery from the current economic crisis.

In the second half of 2007, agricultural commodity price increases accelerated and had reached exceptional levels by early 2008. The European Council of June 2008 asked the Commission to report back on these issues by December 2008. In response, the Commission proposed to better monitor developments in agricultural commodity and food prices, to analyse the impact of speculation on agricultural commodity prices and to investigate the functioning of the food supply chain.

Future of the CAP: market management measures post 2013

The Council will take note of conclusions from the trio-presidency (Spain, Belgium Hungary) on the "Future of the CAP: market management measures post 2013" ([7451/10](#)). The conclusions are intended to reflect the exchange of views held by the ministers on 22 February 2010 on a presidency paper ([6063/10](#)).

² This and other documents for which references are given in the text can be found in the public register of the Council by typing in the corresponding number <http://www.consilium.europa.eu/showPage.aspx?id=549&lang=en>

The draft conclusions make a distinction between areas on which a majority of member states agreed, elements on which some delegations agreed and ideas that were supported by a substantial number of delegations.

According to the draft conclusions, a majority of member states concurred that the current market orientation of European agriculture and of the CAP is sufficient, that a safety net should be maintained on the basis of the current single CMO instruments, due to be adapted, if necessary, to market realities. Some delegations agreed on the need for additional market management instruments (including the strengthening of producer organisations and interbranch organisations, the improvement of the functioning of the food supply chain and transparency in price formation and the setting up of earnings or income insurance for farmers). A substantial number of delegations supported the sufficient availability of financial resources and instruments to enable a swift response to any major crisis affecting a whole sector.

Discussions on other aspects of the CAP post-2013 were held under the French, Czech and Swedish Presidencies. A final general reflection on the CAP post-2013 is scheduled to take place during the informal meeting of the ministers of Agriculture on 30 May - 1 June, to be held in Mérida, Spain.

Agriculture and the CAP in the perspective of the EU 2020 strategy

The Council will hold an exchange of views on agriculture and the CAP in the perspective of the EU 2020 strategy. The debate will be based on a presidency paper ([7453/1/10](#)) which includes the following questions on which the ministers are called on to react:

- *What is the potential of both agriculture and the CAP to make an active contribution to meeting future challenges in the EU 2020 Strategy? Is this sufficiently reflected in the Strategy?*
- *Do you consider necessary to ensure that the Strategy does not interfere with or call into question the funding of Union policies, such as the CAP, whose objectives are set out in the Treaties and which contribute to the achievement of the new European priorities?*

The presidency's paper highlights the need that the EU's future strategy for jobs and growth not only takes account of the input from the Ecofin and General Affairs Council, but also of sensitivities and opinions expressed in the Agriculture and Fisheries Council. According to the presidency, making the economy more environmentally friendly is a challenge that cannot be met without due consideration for the agriculture which manages almost half of the EU's territory, play a key role in ensuring sustainable use of resources, conservation of natural habitats, biodiversity and is destined to play an increasing role in combating climate change. Agriculture and the agri-food industry also contribute substantially to economic growth and employment.

Situation on the dairy market

The Commission will present a quarterly report of the situation on the dairy market. Latest figures show that average producer milk prices in the EU have reached a level of around 28 cents per litre, which is close to the seasonal long term average.

As a reaction to the crisis in the dairy sector, the Commission committed in May 2009 to report every three months on the situation in the dairy market. The Commission also established a High Level Group discussing mid-term and long-term arrangements and expected to table preliminary conclusions in May 2010. In addition to the discussion within the High Level Group, the Commission will organise a conference "What future for milk?" in Brussels on 26 March in order to consult more widely (http://ec.europa.eu/agriculture/events/milk-conference-2010/index_en.htm).

OTHER BUSINESS

OECD ministerial meeting in Paris

The Austrian delegation will inform the Council about the outcome of the OECD ministerial meeting held in Paris on 25 and 26 February 2010 ([7728/10](#)).

WTO negotiations

The Council will take note of information to be provided by the Commissioner for Agriculture and Rural Development, Dacian Cioloş, on the state of play of the WTO negotiations.

Sustainable exploitation of fishery resources in the Mediterranean Sea

The Italian delegation will draw the Council's attention to the difficulties which have arisen in connection with the timely and full application of the provisions contained in regulation 1967/2006 concerning management measures for the sustainable exploitation of fishery resources in the Mediterranean Sea ([7602/10](#)).

Union for the Mediterranean: ministerial conference on Agriculture in Cairo

The French delegation will draw the Council's attention on the ministerial conference to be held in the framework of the Union for the Mediterranean in Cairo on 15 and 16 June 2010 ([7832/10](#)). This conference is aimed, inter alia, at adopting a charter on food security, defining priority actions and fixing the mandate for the Union's Secretariat General.

International negotiations on bluefin tuna

On the request of Malta the Council will take note of the outcome of the CITES conference on endangered species held in Doha on 13-25 March as regards bluefin tuna.