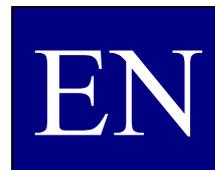




**COUNCIL OF
THE EUROPEAN UNION**



11560/06 (Presse 217)

PRESS RELEASE

2745th Council Meeting

Agriculture and Fisheries

Brussels, 18 July 2006

President

Mr Juha KORKEAOJA
Minister for Agriculture and Forestry of Finland

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11560/06 (Presse 217)

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Main Results of the Council

*The Council held a first exchange of views on the Communication concerning the reform of the **wine sector** in the European Union. The Council was informed on the state of play of the **agriculture negotiations at the World Trade Organisation.***

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- The documents whose references are given in the text are available on the Council's Internet site <http://www.consilium.europa.eu>.
- 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

Czech Republic:

Ms Hana HEIDLEROVÁ

Deputy Minister for Agriculture

Denmark:

Mr Hans Christian SCHMIDT

Minister for Food, Agriculture and Fisheries

Germany:

Mr Gert LINDEMANN

State Secretary, Ministry of Consumer Protection, Food and Agriculture

Estonia:

Mr Tiit NABER

Deputy Permanent Representative

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 and Fisheries

Ireland:

Ms Mary COUGHLAN

Minister for Agriculture and Food

Italy:

Mr Paolo DE CASTRO

Minister for Agricultural and Forestry Policy

Cyprus:

Mr Photis PHOTIOU

Minister for Agriculture, Natural Resources and Environment

Latvia:

Mr Mārtiņš ROZE

Minister for Agriculture

Lithuania:

Mr Gediminas RADZEVICIUS,

State Secretary at the Ministry of 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

Hungary:

Mr József GRÁF

Minister for Agriculture and Rural Development

Malta:

Mr Francis AGIUS

Parliamentary Secretary for Agriculture and Fisheries

Netherlands:

Mr Ate OOSTRA

Director General, Ministry of Agriculture, Nature and Food Quality

Austria:

Mr Werner WUTSCHER

Secretary General, Federal Ministry of Agriculture,
Forestry, the Environment and Water Management**Poland:**

Mr Andrzej BABUCHOWSKI

Deputy State Secretary, Ministry of Agriculture and Rural
Development**Portugal:**

Mr Jaime SILVA

Minister for Agriculture, Rural Development and Fisheries

Slovenia:

Ms Marija LUKAČIČ

Minister for Agriculture, Forestry and Food

Slovakia:

Mr Miroslav JUREŇA

Minister for Agriculture

Finland:

Mr Juha KORKEAOJA

Mr Ilkka RUSKA

Minister for Agriculture and Forestry

Director General, Ministry of Agriculture and Forestry

Sweden:

Ms Ann-Christin NYKVIST

Minister for Agriculture

United Kingdom:

Mr David MILIBAND

Secretary of State for the Environment, Food and Rural
Affairs**Commission:**

Ms Mariann FISCHER BOEL

Mr Joe BORG

Member

Member

.....

The Governments of the Acceding States were represented as follows:

Bulgaria:

Mr Nihat KABIL

Minister for Agriculture and Forestry

Romania:

Mr Mugur CRĂCIUN

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

ITEMS DEBATED

PRESIDENCY WORK PROGRAMME

The Presidency presented its work programme for the coming six months to the Council. The presentation was broadcast and could be followed by video streaming (11566/06)¹.

¹ <http://ceuweb.belbone.be/index.php?lang=EN&sessionno=>

WINE REFORM

The Council, having heard the Commission's presentation of its Communication (10851/06+ADD 1) and delegations' preliminary reactions to the questions on the political aspects underlying the reform of the wine sector, invited the Special Committee for Agriculture to conduct a thorough examination of all the issues and to prepare a report which the Council would consider at a future session.

The Council took note of the presentation by Commissioner Fischer-Boel of the Communication on the reform of the wine sector in the EU¹, and held an exchange of views² on the basis of the following questions :

- (1) Against the background of the current situation in the wine sector and the need to extend CAP reform to this sector, do you share the Commission's analysis and its view that a fundamental reform is necessary?

All delegations acknowledged the need for a reform of the current Common Market Organisation of the wine sector in view of the current problems in the sector, notably increasing stocks, reduced consumption and growing imports from third countries.

- (2) Among the measures envisaged by the Commission for a fundamental reform of the CMO, which are the measures that provide the best solutions to the current difficulties of the wine sector?

A large number of delegations supported the measures simplifying the labelling provisions which were geared to the expressed needs of consumers and improved marketing. Several producer Member States also welcomed the national envelope scheduled by the Communication in order to finance different measures. However, some of these delegations suggested that Member States be granted greater flexibility when managing this envelope.

This Communication is a Commission initiative following on from the CAP reforms of 2003 (general CAP reform), 2004 (cotton, hops, olive oil, tobacco) and 2006 (sugar), which covered all the main sectors except wine and fruit and vegetables. The Commission considers that the deterioration in the balance between supply and demand in the wine sector and the increasing challenges inherent in a European and international wine market require reform of the sector.

¹ More details can be found in the press pack of the Commission at : http://ec.europa.eu/agriculture/capreform/wine/index_en.htm

² All members of the Council took the floor.

In this context, the future regime should ensure sustainability for producers, make provision for the smooth integration of Bulgaria and Romania and full compliance with international obligations. The policy also has to react to changing circumstances in order to:

- increase the competitiveness of the EU's wine producers; strengthen the reputation of EU quality wine as the best in the world; recover old markets and win new ones;
- create a wine regime that operates through clear, simple and effective rules that balance supply and demand;
- create a wine regime that preserves the best traditions of EU wine production, reinforces the social fabric of many rural areas, and ensures that all production respects the environment.

The new EU wine policy should also give due consideration to increased public concern regarding health and consumer protection.

In its Communication, the Commission considers four options (the status quo; a complete deregulation of the market; a reform along CAP reform lines; a fundamental reform), and comes out clearly in favour of a radical reform involving either a one-step or a two-step approach.

After an in-depth debate on its ideas, the Commission plans to table legislative proposals in December 2006 or January 2007.

WTO NEGOTIATIONS

The Council was briefed by Commissioner Fischer-Boel on the latest state of play of negotiations on agricultural issues at the World Trade Organisation (WTO). The Council agreed to review the issue at future meetings.

Commissioner Fischer-Boel made clear that there had been no new offer from the European Union since the last conditional offer made on Agriculture and Non-Agriculture Market Access (NAMA) on 28 October 2005.

At the General Affairs and External Relations Council (GAERC) on 17 July, the Council held an exchange of views and adopted the following conclusions : "Recalling in full its conclusions of 12 June 2006, the Council agreed that a special session of the Council, as well as of the 133 Committee, would be held, if a WTO Ministerial meeting is convened at the end of July or in August, in Geneva. The date would be determined by the Presidency in the light of developments."

At the General Affairs and External Relations Council (GAERC) in Geneva on 29 June the Council reconfirmed its objective of a comprehensive, balanced and ambitious agreement as a single undertaking¹. However the WTO ministerial meeting in Geneva did not produce a satisfactory outcome, mainly due to lack of progress by the United States in cutting their most trade-distorting domestic support and their production linked support.

It should be remembered that the EU presented its last - conditional - offer on agriculture and NAMA on 28 October 2005².

¹ As recorded in the conclusions of the Council on 12 June, see 9947/06 p.5.

² For further details on this offer see:
<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/05/400>
and
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/05/1358>

VOLUNTARY MODULATION

The Council held a policy debate on the proposal (*10014/06 and 11529/06*) laying down rules for voluntary modulation of direct payments provided for in Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers. This discussion has led to political guidance to allow the Special Committee on Agriculture to make progress on the issue with a view to formal adoption by the Council towards the end of 2006, pending Parliament's Opinion .

The aim of the proposal is, following the conclusions of the European Council in December 2005, to enable Member States to transfer, on a voluntary basis, additional sums from the first CAP pillar to their rural development programmes up to a maximum of 20% of their direct aid payments budget.

At the Council today, several delegations stated their support for the Commission's proposal but called for greater flexibility on the chosen rate of voluntary modulation, possibly with annual adjustments, the date of entry into the system of voluntary modulation, and the possibility of applying different rates for regions in the same country, voicing concern as regards the period of two months within which Member States were to notify the Commission of their chosen rates of modulation. A few delegations reiterated their wish for voluntary modulation to be exempt from the EUR 5000 franchise - a minimum threshold for direct payments below which compulsory modulation does not apply. Some delegations expressed their concern as regards the possible distortion of competition among Member States, particularly given the possibility of national co-financing of voluntary modulation proceeds.

Commissioner Fischer-Boel reminded the Council of the decision to limit voluntary modulation to direct payments in the first pillar - direct payments and market expenditures -, and indicated that her Institution had chosen to align the voluntary modulation rules on existing compulsory modulation rules¹. Against this background, she stressed that the EUR 5000 franchise applicable to compulsory modulation would also apply to voluntary modulation, as well as the minimum spending rates per axis for rural development. In this regard she made clear that regional application of voluntary modulation would constitute a departure from the compulsory modulation rules, and would be very difficult to manage. Concerning the request that it should be possible to adjust the modulation rate on an annual basis, she pointed out that modifying rates upwards or downwards would not be consistent with sound financial planning. However, she offered Member States the opportunity to review the provisions concerning voluntary modulation in 2008 in the "Health check" review of the CAP reform, which would also examine the compulsory modulation scheme.

¹ A compulsory modulation rate of 5% on direct payments transferred to rural development will apply in 2006 and thereafter, pursuant to the June 2003 CAP reform.

An initial debate took place in the Special Committee on Agriculture on 10 July where delegations' main concerns were the lack of flexibility of the voluntary modulation scheme proposed by the Commission, with regard to both the arrangement for setting the modulation rates and the rules for spending voluntary modulation funds under rural development. Delegations also requested added flexibility, with the possibility of introducing specific rates of modulation in a Member State, according to the different regions of the country, the extension of dates for notifying rates and an exemption from the minimum EUR 5000 franchise. The spending of voluntary modulation funds under the rural development scheme was also at stake, as some delegations expressed their opposition to the request for compliance with the minimum spending rates per axis for these funds.

OTHER BUSINESS

– EC/Mauritania Fisheries Partnership Agreement

The Council was briefed on the progress of negotiations concerning the EU/Mauritania Fisheries Partnership Agreement.

Commissioner Borg explained that he was waiting for confirmation from the Council that the EC/Mauritania Fisheries Agreement could be adopted swiftly once the proposal for a Regulation had been submitted. This would allow the Commission to comply with Mauritania's key condition that the Agreement should commence in July and that it should receive the first payment of the financial counterpart before 23 December 2006.

All the delegations which took the floor unanimously supported the Commission in its effort to reach a quick and balanced fishing agreement with Mauritania and agreed on the use of a special fast-track procedure in order to conclude the agreement before the end of 2006.

The present EC/Mauritania Fisheries Agreement will expire on 31 July 2006. The European fisheries sector will apply for private licences from 1 August in case the negotiations are not successful.

– Anchovy in the Bay of Biscay

The Council took note of a request (11518/06) from the French delegation concerning the announcement by the Commission, following the opinion of its advisory group (Scientific, Technical and Economic Committee on Fisheries, STECF)¹ that the anchovy fisheries in the bay of Biscay should be closed until the end of 2006.

The French delegation, said it was in favour of the sound management of anchovy stocks, but asked the Commission to consider alternative measures to the closure of the fishery. It suggested the introduction of a permanent closed box for the protection of juveniles, as well as the reopening in the autumn season, of the 5000-tonne Total Allowable Catches (TAC) granted to France and Spain for the year 2006, and a further 2000 tonne TAC, as the spawning season would have ended.

¹ See press release:
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/912&format=HTML&aged=0&language=EN&guiLanguage=en>

Commissioner Borg indicated that no alternative to the closure of the anchovy fishery in the Bay of Biscay - due to enter into force on 22 July - was envisaged, stressing that the 5000 tonnes TAC which had not been fully used, provided a clear indication of the poor stocks of anchovy. He stated that financial support could be granted to the fishermen in order to redirect their activities.

In December 2005 the Council decided that, should STECF advise that the stock of adult anchovy in the Bay of Biscay was below 28 000 tonnes during spawning time, in spring, the Commission would immediately stop fishing for anchovy in the Bay of Biscay. STECF has estimated this stock at 18,640 tonnes. Financial aid may be available again this year for those affected by this closure, under the Fisheries Fund (Financial Instrument for Fisheries Guidance, FIFG). FIFG rules allow for the granting of tie-up aid for a total period of 6 months over the entire 2000-2006 programming period. As aid was granted for less than 6 months following the 2005 closure, it could be continued again this year so long as no more than 6 months' aid is given in 2005 and 2006 taken together. The Total Allowable Catch (TAC) for anchovy for 2005 was 30 000t in ICES Sub-area VIII, of which Spain has 90% and France 10%. In June 2005, new scientific information from the International Council for the Exploration of the Sea (ICES) indicated that urgent measures were necessary for the protection and recovery of this stock. The TAC for 2006 is 5 000 tons with a possibility of review it in the light of new scientific advice. It was not allowed to be fished until 1 March 2006. Under the terms of a bilateral agreement between Spain and France - l'Accord d'Arcachon - Spain and France transfer certain quotas to each other on an annual basis and the French fleet refrain from fishing anchovy from 20th March to 31st May.

– *Avian Influenza (H5N1)*

The Commission provided the Council with a written update (11759/06) on the latest developments concerning identified cases of the avian influenza H5N1 strain in the world and in the European Union.

– *Community guidelines on state aids*

The Council took note of a request (11567/06) from the Austrian delegation, supported by a large majority of delegations, concerning the proposed new rules for Community guidelines on state aids in agriculture, in particular the restriction of the current possibilities and levels of state aids. The delegations conceded that state aids were a matter of Commission competence but expressed concern as regards the direction of the guidelines proposed by the Commission. Commissioner Fischer-Boel took note of the remarks made by the delegations and indicated her readiness to take their concerns into account.

– *Organisation of future work*

The Presidency announced that the next Agriculture and Fisheries Council would take place in Brussels on 18 September 2006. The informal meeting of Ministers for Agriculture would be held in Oulu (Finland) from 24 to 26 September 2006.¹

¹ More information can be found on this meeting at:
http://www.eu2006.fi/eu_and_policy_areas/policy_areas/en_GB/agriculture_and_fisheries/11560/06 (Presse 217)

OTHER ITEMS APPROVED**AGRICULTURE****Equivalence of the examination of varieties carried out in Croatia**

The Council adopted a Decision aimed at recognising the equivalence of the official examination of varieties carried out by Croatia with examinations conducted by the EU Member States (10516/06). The varieties concerned are wheat, barley and maize.

Sugar imports from the ACP countries and India to the European Communities

The Council adopted a Decision approving agreements in the form of an exchange of letters between the European Community, the ACP countries¹ and India on the guaranteed prices for cane sugar for the 2005 - 2006 delivery period (10523/06).

These guaranteed prices for sugar from the ACP States and India are set at EUR 52,37/100 kilograms for raw sugar and EUR 64,65/100 kilograms for white sugar.

SOCIAL POLICY**Employment guidelines**

The Council adopted a Decision on guidelines for the employment policies of the Member States, maintaining for 2006 the guidelines set out in Decision 2005/600/EC (OJ L 205, 6.8.2005, p. 21) (10344/06).

The guidelines aim to achieve objectives of full employment, job quality, labour productivity and social cohesion, reflected in clear priorities: to attract and retain more people in employment, increase labour supply and modernise social protection systems; to improve the adaptability of workers and enterprises; and to increase investment in human capital through better education and skills.

¹ The ACP countries concerned are the following : Barbados, Belize, the Republic of Congo, the Republic of Fiji, the Republic of Guyana, the Republic of Côte d'Ivoire, Jamaica, the Republic of Kenya, the Republic of Madagascar, the Republic of Malawi, the Republic of Mauritius, the Republic of Suriname, Saint Kitts and Nevis, the Kingdom of Swaziland, the United Republic of Tanzania, the Republic of Trinidad and Tobago, the Republic of Uganda, the Republic of Zambia and the Republic of Zimbabwe.

Community programme for employment and social solidarity - Progress *

Following agreement on the EU's financial perspectives for 2007-2013, the Council adopted a common position with a view to the adoption of a Decision establishing a Community programme for employment and social solidarity - *Progress (6282/06 and 11136/06 ADD1)*.

The text will be sent to the European Parliament with a view to a second reading.

The programme is designed to provide financial support for the implementation of the objectives of the EU in the fields of employment and social affairs and thereby contribute to the achievement of the Lisbon Strategy goals in those fields. The activities of the programme are divided into five different sections: employment, social protection and inclusion, working conditions, anti-discrimination and diversity, and gender equality.

The common position allocates the overall budget fully between the different sections of the programme¹. The Council accepted the European Parliament's amendment increasing the funding for the social protection and inclusion section and the gender equality section but it also increased the funding for two other sections, i.e. employment and working conditions. This full allocation of the funding follows the aims of the European Parliament which, in its amendments, stressed the importance of transparency in budgetary decision-making.

The total appropriation allocated to the programme amounts to EUR 657,59 million (at 2004 prices).

For further details see press release 15201/1/05, p. 12.

ENVIRONMENT

Persistent organic pollutants

The Council adopted a Regulation adding concentration limits to Annex IV to Regulation No 850/2004 on persistent organic pollutants, which contains a list of substances subject to waste management provisions (*10805/06*).

The Regulation is aimed at protecting human health and the environment against persistent organic pollutants. It establishes the legal framework for the implementation of the Stockholm Convention and of the Protocol to the 1979 Convention on Long-Range Transboundary Air Pollution as regards persistent organic pollutants.

¹ The Commission had initially proposed a 10% unallocated reserve, to be distributed between the five sections during the period of the programme's implementation.

Århus Convention *

Following agreement with the European Parliament in the conciliation committee¹, the Council adopted a Regulation concerning the application of the provisions of the Århus Convention on access to information, public participation in decision-making and access to justice in environmental matters to the EC institutions and bodies (*PE-CONS 3614/1/06 and 10407/06 ADD1 REVI*).

The Belgian delegation abstained.

The EU institutions or bodies will apply the requirements of the Århus Convention, in particular by:

- guaranteeing the right of public access to environmental information received or produced and held by them;
- ensuring that environmental information is progressively made available and disseminated to the public in order to achieve its widest possible systematic availability and dissemination;
- taking into account the outcome of public participation when deciding on a plan or programme relating to the environment and informing the public about it;
- granting access to justice in environmental matters at EU level under the conditions laid down by the Regulation;
- including information on steps taken in proceedings for infringement of Community law in databases or registers.

Batteries and accumulators *

Following agreement with the European Parliament in the conciliation committee², the Council adopted a Directive on batteries and accumulators and waste batteries and accumulators, repealing Directive 91/157/EEC (*PE-CONS 3615/4/06 and 10408/06 ADD1*).

Environmental concerns related to batteries and accumulators are mainly due to the materials they contain. The main environmental impacts occur during the production and waste management phases. Reducing the quantities of hazardous substances in waste is one of the Community's environmental objectives.

¹ See press release 8966/06.

² See press release 8625/06.

Against this background, the Directive aims to achieve a high level of protection of health and the environment, by:

- prohibiting the marketing of certain batteries and accumulators;
- promoting the collection and recycling of waste batteries and accumulators and placing restrictions on their disposal, so as to maximise the reuse of their metal content.

As it will avoid divergences between Member States' legislation, the Directive will ensure that the internal market continues to work properly and will remove obstacles to the free movement of goods and to competition within the Community.

In order to prevent batteries and accumulators from ending up in the environment and to avoid consumer confusion about the different waste management requirements for different batteries, the Directive will cover all batteries and accumulators placed on the Community market.

The Directive will repeal Directives 91/157/EEC, 91/101/EC and 93/86/EEC, replacing them with a single legal instrument.

EDUCATION

EU/Canada - Agreement on higher education, training and youth for 2006-2013

The Council adopted a Decision approving the signature of an agreement with Canada with a view to establishing a framework for cooperation in the fields of higher education, training and youth for the period 2006-2013 (10924/06).

The general objectives of the agreement are to promote mutual understanding between the peoples of the EU and Canada, including broader knowledge of their languages, cultures and institutions and to improve the quality of human resources by facilitating the reciprocal acquisition of skills required to meet the challenges of the global knowledge-based economy.

The previous agreement, concluded in 2000, renewed the EU/Canada programme for five years, ending in 2005.

CULTURE**Culture 2007 programme ***

Following agreement on the EU's financial perspective for 2007-2013, the Council adopted a common position with a view to the adoption of a Decision establishing the Culture 2007 programme, aimed at providing financial support for the European cultural sector for the period 2007-2013 (*6235/06 and 11116/06 ADD 1*).

The Commission was unable to agree with some changes to its proposal. The text will be sent to the European Parliament with a view to a second reading.

The draft Decision is aimed at ensuring the continuity of the current Culture 2000 programme and has the following main objectives:

- promoting the transnational mobility of people working in the cultural sector;
- encouraging the transnational circulation of works of art and cultural and artistic products;
- fostering intercultural dialogue.

The programme provides for three strands of intervention:

- support for cultural measures (multi-annual cooperation projects, cooperation measures and special actions);
- support for bodies active at European level in the field of culture;
- support for analyses and the collection and dissemination of information and for activities maximising the impact of projects in the field of European cultural cooperation and European cultural policy development.

The common position includes the following new elements which were not in the Commission proposal:

- the Council has agreed, with the Commission and the European Parliament, to transfer support for measures for the preservation of memorials to the proposed "Citizens for Europe" programme;

- in order to make it easier for small operators to access the programme, the Council, in line with the European Parliament's approach, has lowered the minimum Community support from EUR 60 000 to EUR 50 000 and reduced the minimum number of operators from 4 to 3 for cooperation measures;
- the Council has introduced a management committee procedure for projects with a total Community contribution exceeding EUR 200 000.

The total appropriation allocated to the programme amounts to EUR 354 million (at 2004 prices).
