



**COUNCIL OF
THE EUROPEAN UNION**



11372/13

(OR. en)

PRESSE 280

PR CO 35

PRESS RELEASE

3249th Council meeting

Agriculture and Fisheries

Luxembourg, 24 and 25 June 2013

President

Mr Simon Coveney

Minister for Agriculture, Food and the Marine of Ireland

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Main results of the Council

*As regards agriculture, the Council held a debate on the proposals for the **direct payments regulation**, the **single common market organisation (CMO) regulation**, the **rural development regulation** and the **horizontal regulation** within the framework of **reform of the common agricultural policy (CAP reform)**.*

The Council agreed a number of adjustments to the Presidency's negotiating mandate of last March, with a view to reaching a political agreement with the other EU institutions on the whole CAP reform package.

*Finally, the ministers were briefed on the consequences for agriculture of recent **flooding in several member states**.*

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<i>none</i>	
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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.
- Documents for which 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 Council's Internet site or may be obtained from the Press Office.

PARTICIPANTS

Belgium:

Ms Sabine LARUELLE

Mr Kris PEETERS

Mr Carlo DI ANTONIO

Minister for the Middle Classes, SMEs, the Self-Employed and Agriculture
Minister-President of the Flemish Government and Flemish Minister for the Economy, Foreign Policy, Agriculture and Rural Policy
Minister for Public Works, Agriculture, Rural Affairs, Nature, Forests and Heritage

Bulgaria:

Mr Dimitar GREKOV

Minister for Agriculture and Food

Czech Republic:

Ms Jaroslava BENEŠ ŠPALKOVÁ

Deputy Minister for Agriculture

Denmark:

Ms Mette GJERSKOV

Minister for Food, Agriculture and Fisheries

Germany:

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Federal Minister for Food, Agriculture and Consumer Protection
State Secretary

Mr Robert KLOOS

Estonia:

Mr Helir-Valdor SEEDER

Mr Clyde KULL

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Deputy Permanent Representative

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Mr Dimitrios MELAS

Minister for Rural Development and Food
Secretary General for Rural Development and Food

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Minister for Agriculture, Food and the Environment

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Mr Stéphane LE FOLL

Minister for Agriculture, the Food Processing Industry and Forestry

Italy:

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Minister for Agricultural, Food and Forestry Policy

Cyprus:

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Latvia:

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Minister of Agriculture

Lithuania:

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Mr Mindaugas KUKLIERIUS

Minister for Agriculture
Deputy Minister for Agriculture

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Minister for Agriculture, Viticulture and Rural Development, Minister for Sport, Minister with responsibility for Economic Solidarity

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Minister of Agriculture and Development
State Secretary

Malta:

Mr Roderick GALDES

Parliamentary Secretary for Agriculture, Fisheries and Animal Rights

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Minister for Agriculture

Austria:

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State Secretary for Agriculture

Romania:

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

Finland:

Mr Jari KOSKINEN

Mr Risto ARTJOKI

Minister of Agriculture and Forestry
State Secretary

Sweden:

Mr Eskil ERLANDSSON

Minister for Rural Affairs

United Kingdom:

Mr Owen PATERSON

Mr Richard LOCHHEAD

Mr Alun DAVIES

Ms Michelle O'NEIL

Secretary of State for Environment, Food and Rural Affairs
Cabinet Secretary for Rural Affairs and Environment (Scottish Government)
Deputy Minister for Agriculture, Food, Fisheries and European Programmes (Welsh Assembly Government)
Minister of Agriculture and Rural Development NI

Commission:

Mr Dacian CIOLOȘ

Member

The government of the acceding state was represented as follows:

Croatia:

Mr Tihomir JAKOVINA

Minister for Agriculture

ITEMS DEBATED**AGRICULTURE****Reform of the common agricultural policy (CAP)**

The Council held a debate on the outcome of the trilogue discussions with the European Parliament and the Commission on the four main proposals for regulations within the framework of reform of the common agricultural policy (CAP). More specifically, the Presidency reported back to the ministers about the issues cleared in the last round of trilogues which took place in Luxembourg on Monday, 24 June in parallel with the Council meeting. Finally, the Council reached agreement on an adjustment of the Presidency's negotiating mandate with a view to reaching a political agreement with the other institutions on the whole CAP reform package.

Since the beginning of trilogue discussions on the CAP reform package in April this year, the positions of the Council and the European Parliament have converged towards compromises on many political and technical issues. With a view to the final series of trilogues, the Presidency prepared a comprehensive package of consolidated texts identifying the key outstanding issues in the four draft regulations.

- Regulation establishing rules for direct payments to farmers (Direct Payments Regulation) ([10730/1/13 REV 1](#));
- Regulation establishing a common organisation of the markets in agricultural products (Single CMO Regulation) ([10784/1/13 REV 1 + REV 1 ADD 1](#));
- Regulation on support for rural development (Rural Development Regulation) ([11102/1/13 REV 1](#));
- Regulation on the financing, management and monitoring of the CAP (Horizontal Regulation) ([11082/1/13 REV 1 + REV 1 ADD 1](#)).

The main issues covered by the Council's adjusted mandate are set out below Annex ([11171/13 ADD 1](#), [11561/13](#), [11546/13 + ADDs 1, 2 and 3](#)).

These issues are likely to be addressed at a final trilogue to be held in Brussels on 26 June 2013 prior to European Parliament Agriculture Committee (COMAGRI) extraordinary meeting that day. If the final trilogue resulted in a political agreement, the Special Committee on Agriculture (SCA) has been instructed by the Council to finalise the legal texts with a view to reaching an agreement with the European Parliament at first reading subject to legal linguistic revision.

Issues related to the Multiannual financial framework (MFF) will be left aside at this stage, pending finalisation of the MFF agreement between EU institutions.

ANY OTHER BUSINESS

Flooding in Eastern and Central Europe - Consequences for agriculture

The Austrian, Czech, German and Slovak delegations briefed the Council about the consequences for agriculture of the flooding resulting from the overflowing of Danube and Elbe rivers and requested the European Commission for the activation of appropriate measures ([11299/13](#)).

Several other member states, even if not all directly affected by this flooding, expressed solidarity and supported the request of these delegations.

Extensive rainfall in late May/early June caused the rivers Danube and Elbe as well as their tributaries to overflow which resulted in severe flooding in several member states. Extensive damages have been caused by flooding to agriculture and forestry, horticulture and specialised crop cultivation, animal farming, inland fisheries and aquaculture.

The Commission detailed the financial measures at the EU level which could be made available in this case, in particular the application of the EU solidarity fund, measures in the rural development fund (EAFRD) on the restoration of agricultural land and forestry following catastrophic events and the approval of national State aids. The Commission was committed to examine all notifications swiftly and provide all necessary assistance to the Member States concerned.

***MAIN ISSUES COVERED BY THE COUNCIL ADJUSTED MANDATE
AGREED ON 26/06***

1. DIRECT PAYMENTS

Degressivity (Article 11)

- Mandatory reduction on amounts over €150,000 by at least 5%, (strictly on the condition that the Council position on other MFF issues is accepted).
- Possibility not to apply degressivity in Member States where the application of redistributive payments does not permit to do so.

Internal Convergence - Partial Convergence Model (Article 22.5a)

- Option to limit the maximum loss at individual farm level to 30%.
- Minimum convergence rate of 60% of national/regional level in 2019.
- Where the 60% minimum results in a maximum loss greater than 30% in Member States applying this threshold, the minimum rate may be reduced in order to respect the 30% maximum.
- Member States flexibility on how reductions are applied to payments above the average.
- 30% greening payment calculated at holding level ('variable greening' - Article 29).

Coupled Payments (Articles 38 and 39)

- All Member States permitted a level of 8% coupling, plus 2% for protein crops.
- Member States who used more than 5% coupled aid in one year in the period 2010-2014 permitted a level of 13%, plus 2% for protein crops.
- Member States who used more than 10% in one year in the 2010-2014 period may decide to use more than 13% coupled aid upon approval by the Commission (Article 39).

Financial Discipline (Article 8)

- Exemption for farmers receiving less than €2,000 in direct payments.

Active Farmer (Article 9) /

- Short mandatory negative list agreed, comprising airports, railway services, water works, real estate services, and permanent sports and recreational grounds.

Young Farmer (Article 36) /

- Mandatory scheme agreed in Pillar 1, using up to 2% of national ceiling.

Small Farmer (Articles 47, 49 and 51)

- Optional scheme, with a maximum payment of €1,250.
- Alternative calculation methods to accommodate circumstances in Member States.

Greening

Equivalence (Article 29 & Annex)

- Equivalent measures removed where they relate to permanent crops. Specific reference to the principle of no double funding.

Maintenance of Permanent Grassland (Article 31)

- Permanent grassland ratio can be applied at national, regional or farm level.

Ecological focus areas (EFAs) (Article 32)

- The minimum area threshold where there will be no EFA requirement is 15 hectares of arable land.
- The percentage - starting at 5% in 2015, then moving to 7% after a Commission report in 2017 and subject to a legislative proposal
- EFA applies to arable land only, not to permanent grassland and land under permanent crops.
- A list of EFA eligible areas has been agreed (e.g. fallow land, terraces, landscape features, buffer strips, agro forestry, etc.) as well as exemptions (e.g. holdings where more than 75% of the holding is in grassland, heavily forested areas, etc.)
- The conversion matrix to be included as an annex in the basic act, with figures to be added by the Commission by way of delegated acts.

2. SINGLE CMO

Vine plantings (Article 54)

- New planting authorisations system to commence in 2016 (article 54f).
- 2030 end-date for authorisations system (article 54f).
- 1% annual increase in vine planting authorisations (article 54b).
- Current vine planting rights' duration extended from 3 to 5 years as transitional measure (article 54h).

On milk:

- Dropping of EP Article 156a on supply control in the milk sector;
- Inclusion of recital no. (134a) referring to need to address market disturbance in the milk sector;
- Retention of milk package provisions on recognition of POs, APOs and IBOs in the milk sector
- Deletion of Article 110(5) and second paragraph of Article 111 : application to the milk sector of Articles 110 and 111 giving discretionary power to Member States to permit POs and IBOs to extend rules to non members;
- Deletion of Article 145a - extension to the milk sector of Article 145 on the application of competition rules to IBOs.;
- Deletion of Article 157 (4) - Scope of Article 157 on "Communication Requirements" extended to milk.
- Extension of intervention period by one month
- Increase of private storage for milk and SMP to 50 000 tonnes

On sugar:

- Article 101(3): End Date 2017
- Annex IIIB - Additional 30,000 tonnes of Isoglucose quota for Hungary;

On Contractual Negotiations

- New Articles 113b, c, and d have been inserted permitting POs in the olive oil, arable crops and beef sectors to engage in collective bargaining, with protection for co-ops, and competition, and a 15% upper limit on the share of the national market.

Position on Article 43(3) related provisions

- Only for article 7 (reference prices), article 7 (1a) (possible review of reference prices), article 12(1)(c) (opening of public intervention prices for the beef and veal sector), and article 101h and Annex III b sugar quota allocation, possibility to accept use of article 43(2) (co-decision); all other articles refer to article 43(3).

3. RURAL DEVELOPMENT

Priorities (Article 5)

- Priority 2 changed to include a reference to promoting the sustainable management of forests.
- In Priority 3 a reference has been added to the processing and marketing of agricultural products has been included under food chain organisation.

Quality Schemes (Article 17)

- Support for information and promotion activities.
- Empowerment for the Commission to adopt delegated acts in order to ensure consistency with other Union instruments on promotion.

Afforestation (Article 23)

- Support for establishment costs in the case of fast growing trees.
- No support is provided for fast growing trees for energy production.

Agri Environment (Article 29) / Organic Farming (Article 30) / Natura and Water Framework Directive (Article 31)

- Specific reference to the principle of no double funding will be introduced in the three provisions.

Areas with natural constraints (ANCs) (Article 32 and Annex II)

- Postponement of the delimitation up to 2018 at the latest. Earlier commencement will also be permitted.

ANCs (Article 33)

- More flexibility on cumulation of bio-physical criteria to attain the 60% threshold.
- The threshold must be reached at municipalities or equivalent units (i.e. Local administrative unit 2 or LAU2) level or an equivalent administrative area.
- Fine-tuning must be applied to remove those areas which have overcome their handicaps.

Fund Contribution (Article 65)

- At least 30% of the total EAFRD funds must be reserved for measures under Articles 18 (Investment), 22 to 27 (Forestry), 29 (Agri-Environment), 30 (Organic farming) and 31 (Natura 2000, excluding WFD-related payments), 32 and 33 (ANCs) and 35 (Forest Environment Measure).

4. HORIZONTAL REGULATION

Exchange Rate and Operative Event (Article 106(3))

- New drafting on the exchange rate to be used by non-euro Member States Monitoring and Evaluation of the CAP (Article 110.2)

Use of the unused portion of the crisis reserve by DG SANCO (Article 4(2)(e))

- No inclusion of the provision

Number of paying agencies (Article 7)

- Status quo

Payments deadlines (Article 76 and Article 42)

- Common payment deadlines for the two pillars (Article 76) but no interest rate on late payment (art 42),

Late submission of control statistics (Article 44)

- Suspension of up to 1.5% (rather than 2%) of payments in the case of late submission of control statistics (art 44),

The operation of the reimbursement of unused crisis reserve funds to beneficiaries (Articles 25(4a))

- Beneficiaries in year N pay into the crisis reserve.
- Beneficiaries in year N+1 to be reimbursed unused funds from the crisis reserve

50:50 Rule (Art 56(2))

- Retention of the 50/50 share of financial losses between the national and EU budgets in case of no recovery of undue payments.

Farm advisory service (FAS) (Article 12(2) and (3) and Annex I, linked to Article 93(3) and (4))

- The two Directives (i.e. Water Framework Directive (WFD) and the Sustainable Use of Pesticides Directive (SUPD)) are included as obligatory elements of FAS (deleted from cross-compliance).

EFA's in Land Parcel Identification System (LPIS) (Article 71(2))

- LPIS to reflect stable EFA's for greening control purposes with the update required to be completed by 2018 at the latest.

Greening penalty (Article 77a(5a))

- Phasing-in period for the greening penalty: zero rate on the first two years; 20% third year and 25% from the fourth year onwards.