

**1779TH COUNCIL MEETING - AGRICULTURE - BRUSSELS, 18 AND 19 JULY
1994- PRESIDENT: MR JOCHEN BORCHERT, MINISTER FOR FOOD,
AGRICULTURE AND FORESTRY OF THE FEDERAL REPUBLIC OF GERMANY**

Reference: PRES/94/147 Date: 19/07/1994

The Governments of the Member States and the European Commission were represented as follows:

Belgium:

Mr André BOURGEOIS Minister for Agriculture

Denmark:

Mr Bjørn WESTH Minister for Agriculture and Fisheries

Germany:

Mr Jochen BORCHERT Minister for Food, Agriculture and Forestry
Mr Franz-Josef FEITER State Secretary for Food, Agriculture and Forestry

Greece:

Mr Georges MORAITIS Minister for Agriculture

Spain:

Mr Luis ATIENZA Minister for Agriculture, Fisheries and Food

France:

Mr Jean PUECH Minister for Agriculture and Fisheries

Ireland:

Mr Joe WALSH Minister for Agriculture, Food and Forestry

Italy:

Mrs Adriana POLI BORTONE Minister for Agriculture, Food and Forest Resources

Luxembourg:

Mrs Marie-Josée JACOBS Minister for Agriculture, Viticulture and Rural Development

Netherlands:

Mr Piet BUKMAN Minister for Agriculture, Nature Conservation and Fisheries

Portugal:

Mr Antonio DUARTE-SILVA Minister for Agriculture

United Kingdom:

Mrs Gillian SHEPHARD Minister for Agriculture, Fisheries and Food

Commission
Mr René STEICHEN Member

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The following representatives of the four accession countries also attended as observers:

Norway:
Mr BEFRING State Secretary for Agriculture

Austria:
Mr Franz FISCHLER Minister for Agriculture and Forestry

Finland:
Mr M. PESÄLÄ Minister for Agriculture

Sweden:
Mr Karl Erik OLSSON Ministry for Agriculture

- PRICES FOR AGRICULTURAL PRODUCTS AND RELATED MEASURES FOR 1994/1995
- MILK QUOTAS

Following protracted negotiations, the Council arrived, on the basis of an overall Presidency compromise, at political agreement, by a qualified majority, on the prices package, including milk quotas, for the 1994/1995 marketing year.

While agreeing to the remainder of the compromise, the Belgian, Danish, Luxembourg and Netherlands delegations said they were voting against the part of it concerning the milk quota increase for Italy and the accompanying statement; the Danish delegation also voted against the solution proposed for beef and veal, the Greek delegation was opposed to the measures decided on for durum wheat and the Portuguese delegation came out against the solution adopted for dried fodder.

All of the Regulations will swiftly be finalized for formal adoption by the Council at a forthcoming meeting.

The compromise, endorsed by the Commission, involves some amendments and new features in comparison with the original Commission proposal. Its main components are as follows:

CEREALS

1. For 1994/1995, the same rules as for the preceding marketing year will be applied to:
 - the humidity content of cereals, except for maize and sorghum;
 - the minimum quality for durum wheat;
 - the specific weight of barley.
2. Portuguese maize imports (500 000 t)

For 1994/1995, application of the same arrangements as for 1993/1994.

The Commission undertakes to monitor the implementation of this measure so as, in particular, to avoid it leading to distortion in trade in agricultural products (vegetable and animal) between Member States.

3. Whisky/whiskey

Refunds will be continued in accordance with Protocol No 19 to the 1972 Accession Treaty and with the Commission statement contained in the agreement of May 1993 on prices and related measures (6818/93, Annex).

4. Monthly increases

In Article 1 of proposal No 2, the first monthly increase is raised from ECU 1,16 to 1,20/t and the subsequent monthly increases are adapted accordingly.

5. Durum wheat

In order to safeguard a certain level of production of durum wheat in France, where there is a well-established production outside the traditional regions, an aid of ECU 115/ha is introduced in an area limited to 50 000 ha.

For Spain and Portugal, the ceilings referred to in Article 4(3) of Regulation (EEC) No 1765/92 are raised by 20 000 ha and 5 000 ha respectively.

In Italy, the region of Umbria will be regarded as a traditional region within the limit of 5 000 ha (analogous to the limit referred to in Article 4(4) of Regulation (EEC) No 1765/92).

These arrangements will apply from the 1995/1996 marketing year.

RICE

1. Definition of broken rice

The Council recognizes the need to adapt the current definition of broken rice to reflect the Court's judgement in Case 159/88.

Further to the meeting between the cereals/rice management committee and customs experts arranged to examine that approach, it is proposed to maintain the present definition of broken rice and to take account of immature grains when measuring the grains. On the basis of these conclusions, the Commission will shortly submit a proposal to the Council with a view to settling this problem definitively.

2. Threshold price for broken rice

The Council notes that when the GATT Agreement is applied the basic tariff on broken rice will be equal to the duty applied during the reference period, which will resolve the problem of the link between the threshold price for maize and the threshold price for broken rice. For 1994/1995, the threshold price for broken rice will be set at 160-

170% of the threshold price for maize, disregarding monthly increments.

3. Monthly increases

In Article 1 of proposal No 7, the amount of each monthly increase is raised from ECU 1,88 to 1,94/t for the intervention price, and from ECU 2,35 to 2,42/t for the target price.

POTATO STARCH

1. Recitals to be inserted after the first recital:

"Whereas the potato-starch sector is not subject to the restrictions on production, and in particular to set-aside, applying in the cereals sector; whereas all provisions in favour of the potato-starch sector must nevertheless be compatible with the control of production, which is as necessary in the potato-starch sector as in other sectors;

Whereas the measure controlling production which fits best with the mechanism of premiums for the production of potato-starch is that of the introduction of a system of quotas;"

(The second recital follows without "in order to limit Community potato-starch production".)

2. The text of Article 1 of the proposed potato-starch Regulation No 3 is replaced by:

"A system of quotas on the quantity of production of potato-starch which may benefit from Community support is hereby introduced.". Equivalent amendments are also made in the title of the Regulation. (In the French text here and throughout the Regulation the word "quota" is to be replaced by "contingent").

3. In accordance with Article 3(1) of the proposed Regulation, the Commission will, by 31 October 1997, submit to the Council a report on the allocation of quotas in the Community. That report will take account of the development of the potato-starch market as well as that of the cereal-starch market. At that time, the case of new producers of potato starch will be considered.

4. In view of potato-starch production in Spain, a quota of 2 000 t for Spain is added to the total quantity.

5. In view of the level of investment which has been necessary in the new German Länder as a result of the transition from a system of centralized planning, 90 000 additional tonnes are added to the quota proposed for Germany. In addition, for 1996/1997, Germany may if necessary call on a reserve which may not exceed 110 000 t to cover cases of potato-starch production resulting from investments irreversibly undertaken before 31 January 1994. Quantities released as a result of the closure of factories will be used up before this reserve is called upon. The Commission will see to it that the above conditions for the use of the reserve are complied with.

6. The Council notes that it is not the intention of the Commission's proposal to cover production of potato starch by undertakings which neither purchase potatoes which have benefited from the compensatory aid referred to in Article 8 of Regulation No 1766/92 nor benefit from the refund referred to in Article 7 of that Regulation.
7. As it is now too late to bring the new quota system into force during the 1994/1995 season, the system will be applied as from 1995/1996 and the dates given in Articles 2(1), 3, 8 and 9 of the proposed Regulation are postponed by one year.

SUGAR (Reimbursement of storage costs)

In Article 5 of proposal No 9, the amount of ECU 0,35 is raised to 0,40/100 kg of white sugar per month.

OLIVE OIL

1. Proposal No 10 is deleted and proposal No 11 is amended in such a way that a consumption aid of ECU 10/100 kg remains. The production aid, the deductions relating thereto, the intervention price, the representative market price, the threshold price and the deductions from consumption aid are adapted accordingly (see Annex I).
2. The following Article is added to proposal No 11:

"Should specific measures be needed to resolve transitional problems arising from the reduction in consumption aid or in the intervention price for olive oil, such measures should be adopted in accordance with the procedure laid down in Article 38 of Regulation No 136/66."
3. The Commission states its intention to make an appropriate proposal to amend Regulation (EEC) No 2261/84 to change the final date for fixing the estimated level of production and the percentage of aid which may be paid in advance. This will allow the advance of the aid to be paid on 100% instead of 90% of the quantity requested and raise the advance to be paid to 85-90% instead of 75-80%.
4. The Council takes note of a statement by the Commission that it will follow carefully the development of the market in olive oil with a view to taking appropriate measures if, during the period when permanent intervention is not open, the market prices fall further than should normally take place as a result of the reduction in the intervention price.
5. The Commission reaffirms its commitment to launch an effective promotion campaign for olive oil and notes that the ECU 71 million currently available for this purpose should be utilized within a reasonable time period.

DRIED FODDER

The Commission proposal (proposal No 18) is withdrawn.

The Council notes that the Commission will present a new proposal comprising the following elements and undertakes to take a decision on

this before 1 January 1995 so that the new system will apply from 1 April 1995:

1. The aid for dehydrated fodder will be paid on a flat-rate basis of ECU 57/t, subject to a Community MGQ of 4 394 million tonnes, thus producing a budgetary ceiling of MECU 250 (green), MECU 302 (budget).
2. The Community MGQ will be split between Member States on the basis of their average production in 1992/1993 and 1993/1994 (see figures in Annex II).
3. For the first 5% excess over the Community MGQ, there will be a proportionate reduction in the aid applied to all Community producers.

In the case of excesses beyond this margin, the additional reductions needed to ensure budget neutrality will be made in Member States where production has exceeded their reference figures by more than 5%, in proportion to these excesses.

4. The penalty will apply to the year of production. To make this possible, Member States will be required to notify the production eligible for aid within two months of the end of the marketing year.
5. During the season an advance of ECU 28,5/t will be paid. The balance will be paid at the end of the season subject to the application of the deductions provided for in paragraph 3.
6. The existing minimum protein percentage of 15% will apply.
7. As far as the cumulation of aids is concerned, the status quo is maintained (i.e. the proposal to strengthen these rules is dropped).
8. To enable the land on which dried fodder aid is being paid to be better identified, the proposal to apply to this aid certain elements of integrated control is maintained.
9. The same system, but with a separate MGQ of 432 500 tonnes, will apply to sun-dried fodder, for which the basic level of aid will be ECU 32/t and the advance will be ECU 16/t (see figures in Annex II).

COTTON

1. The Commission proposal (12th Regulation) will be examined in the context of the undertakings given by the Commission during discussions at the Council meeting from 13 to 17 December 1993 (1).
2. The cotton cut-off to be applied for the 1994/1995 marketing year is reduced by 1,5%.

LINSEED

Aid: ECU 87/t.

WINE

Storage contracts

1. For the 1993/1994 wine year, the possibility is introduced of partial release of the quantity under contract before the end of the nine-month storage period, at the request of the producer concerned.

In that case the aid will be paid for the actual storage period. However, for wine to be delivered for compulsory distillation as referred to in Article 39 of Regulation (EEC) No 822/87, the application for release will take effect on 1 July 1994.

2. The exemptions currently granted to Spain under Articles 90 and 127 of the Act of Accession as regards the mixing of red and white wines and acidity are extended for a further marketing year. (1) The Commission confirms its intention of giving thought to the specific problems of the cotton sector in a spirit of fair management.

FRUIT AND VEGETABLES

1. The Council calls on the Commission to consider, in the context of its proposals for the reform of the sector, the question of price relativities for satsumas, clementines and mandarins.

2. The Council notes the Commission's intention of resolving the question of the payment of the aid for the processing of citrus fruits directly to producers within the framework of its proposals for the reform of the fruit and vegetable sector.

3. Apples

- A. The Commission proposal on the grubbing of apple trees is adopted subject to the following amendments:

- the second part of the last recital is replaced by the following text:

"Whereas the grubbing measure provided for in Regulation (EEC) No 1200/90 should therefore be reactivated for this harvest, with the conditions for the granting of this measure being adjusted in order to increase its effectiveness,";

- in Article 1, point 2 is replaced by the following text:

"2. The following is added to Article 2(1)(a):

"However, for the 1994/1995 harvest this grubbing may relate to a part of the orchard;".

- B. The Council notes that the Commission intends to set the premium at ECU 5 000/ha in the event of grubbing of the entire orchard and at ECU 3 500/ha in other cases, and to establish the deadline for submission of premium requests at 1 December 1994.

- C. Member States may for objective reasons - in particular, the specific situation on local markets, the protection of the environment or the need to avoid a disproportionate reduction in employment - refrain

from applying this system on part or on the whole of their territory.

4. The Council recognizes the need for measures similar to those for apples to be taken for peaches and nectarines and asks the Commission to propose appropriate measures before 1 October 1994, bearing in mind the tenor of the decisions taken by the General Affairs Council on 16 and 17 May 1994 with regard to grubbing programmes in fruit and vegetable sectors with surplus production.

POTATOES

The Council will continue its discussions on the Commission proposal on the common organization of the market in potatoes, with a view to taking a decision no later than 1 July 1995.

MILK AND MILK PRODUCTS

Milk quotas and price of butter

1. The 1% reduction in national reference quantities is not adopted.
2. The Council takes note of the Italian Government's confirmation that the figures contained in the Annex to 6427/94 are definitive, except for a small downward adjustment in the figure of 9 632 030. To take account of this change, the figure of 298 030 in the Commission's revised proposal of 18 April 1994 is replaced by 347 701.
3. When examining the implementation of the milk quota system in Greece, the Commission will assess, on the basis of objective data and taking account of the conditions under which the quotas are applied, the extent to which the additional quantity awarded to Greece has made it possible to provide appropriate solutions for the problems posed by the situation of the Greek market.
4. In the proposed amendment to Regulation No 3950/92, the following addition is made to the second indent of Article 3(2)(a) of that Regulation: "or to all producers".
5. The Council notes the intention of the Commission to propose, for a limited period, an extension of the derogation permitting the provisional attribution of quotas in the new German Länder.
6. As regards the position of the Spanish and Italian delegations concerning the retrospective application of the increase in quotas as expressed in the Council, the Commission considers this increase to be justified for objective reasons resulting from an in-depth analysis and a re-evaluation of the statistics on which the overall quota allocation was based at the time these arrangements were introduced and that these objective reasons thus do not relate only to the 1993/1994 period.

The Commission requests the Council to settle this question rapidly on these bases.

The Presidency undertakes to organize the work of the Council in an appropriate configuration with a view to a solution being rapidly

arrived at.

7. The further reduction in this year's proposed intervention price for butter is set at 1% instead of 3%. For 1995/1996 milk quotas will not be reduced.

Single definition of butter

The Council is favourably inclined to establishing a single definition of butter, but would like further technical work before it takes a formal decision. It undertakes to do so by 31 October 1994.

BEEF AND VEAL

1. For the Member States which have chosen 1991 as the reference year, the regional ceilings currently in force remain unchanged. For Germany, the 1990-1991 average is adopted.
2. For the other Member States, the regional ceilings are fixed on the basis of the 1991-1992 average (1992 for Spain and Portugal).
3. The ceilings are as follows:

Belgium	293 211
Denmark	324 652
Germany	3 092 667(2)
Greece	140 130
Spain	551 552(3)
France	1 908 922
Ireland	1 286 521
Italy	824 885
Luxembourg	19 300
Netherlands	264 000
Portugal	154 897
United Kingdom	1 419 811
Total	10 280 548

4. The Commission proposal (No 24) on the abolition of the second premium for uncastrated males is withdrawn.
5. The Commission states that it will examine the operation of the deseasonalization slaughter premium in order to ensure that it does not interfere with the orderly marketing of cattle towards the end of the period of application and will present appropriate proposals to the Council to resolve this problem in a budgetarily neutral manner before 1 September 1994.
6. The Commission states that it will keep under review the distribution of the regional ceilings on premiums for male bovine animals between Member States, particularly in the Member States where the ratio between the number of premiums available and the number of animals slaughtered is substantially lower than the Community average, in the light of developments in production structures following the reform and will, if necessary, submit appropriate proposals before 31 December 1994.

SHEEPMEAT

The change in the rules on private storage will enter into force on 1 August 1994.

The Council calls on the Commission to consider during 1994, with the aim of bringing them into force as from the next marketing year, the appropriate measures regarding:

- (2) including the ceiling laid down for the new Länder, adjusted to take account of changes to the overall ceiling for Germany.
 - (3) including 25 000 for the Canaries.
- the special problems which have arisen in Greece and Italy because the reference period for the establishment of rights to the ewe premium coincided with the transition, in those Member States, from a specific system to the Community system. The measures concerned could take the form of a limited increase in the national reserves to enable the Member States concerned to deal with these problems more satisfactorily.

The measures would be decided on once the number of rights concerned has been precisely identified;

- the definition of a producer so as to simplify the management of the premium scheme in the case of producer groups without, however, thereby creating a means by which the syphoning of premium rights into the national reserve in the case of transfers of rights without transfer of land can be avoided;
- a simplified control system for the derogation which has been accorded in the case of certain Portuguese and Spanish regions for certain dual-purpose breeds.

FLEXIBLE MANAGEMENT OF RIGHTS TO THE SUCKLER COW AND EWE PREMIUMS AND OF RIGHTS TO DURUM WHEAT PREMIUMS IN TRADITIONAL AREAS WITH REGARD TO ACCESS FOR YOUNG PRODUCERS

The Council notes that the Commission will examine the rules for the management of these rights with a view to determining whether, without prejudice to the fact that these schemes are based on individual not aggregate rights or to their effectiveness in terms of the control of production, it is possible to make them more flexible.

EXTENSIVE STOCK FARMING IN PORTUGAL

The Council notes that the Commission intends to propose a minor adjustment to Regulation No 1017/94 in order to solve the problems of producers to whom property that had previously been collectivized was allocated in 1989 and who had not had time to set up their activities before the reference periods.

TOBACCO

1. The Council notes that, in the context of the revision of Regulation (EEC) No 2075/92 shortly to be proposed by the Commission, with the aim of implementing it for the 1994 harvest, the possibility will be provided for a producer to carry forward to the following marketing year, for each group of varieties, excess production of up to 10% of his quota. The excess will be eligible for the premium for the following harvest, provided that, for that harvest, he makes an equivalent reduction in his production so that the total quota for the two harvests in question is respected.
2. For the 1994 harvest, the Commission undertakes to extend until 4 July 1994 the time limits for the conclusion of production contracts set out in Article 3(1), second subparagraph, of Regulation (EEC) No 3478/92.
3. The Council notes that the Commission will propose an amendment to Regulation (EEC) No 2075/92 in order to allow Member States to pay the premium directly to producers.

For the Member States in a position to do so, this system may be applied as from the 1994 harvest.
4. The premium for oriental varieties (groups VI, VII and VIII) is increased by 5%.
5. The Council notes that the Commission will study the production of sun-cured tobacco in Italy and report its conclusions by the end of 1994.

ENVIRONMENTAL SET-ASIDE

The Council notes the intention of the Commission to permit Member States, overall or at regional level, to compensate farmers, at the expense of national budgets, for the cost of specific environmental measures which go beyond the existing provisions of Regulation No 1765/92.

SET-ASIDE

The Council notes that the Commission intends to adapt the implementing rules for set-aside in such a way that a producer whose holding is located in several contiguous yield regions is able to choose to implement his set-aside obligation in one single yield region, provided that the area set aside is adjusted so as to take account of the difference in yield between the regions.

FOLLOW-UP TO THE URUGUAY ROUND

Following the outcome of the Uruguay Round, the Council expresses its resolve to make full use of the dynamic effects entailed by the opening-up of world markets for agricultural products and calls on the Commission to keep it regularly informed of developments in the situation and to submit to it the requisite proposals.

OILSEEDS

The Commission announces its intention to propose an amendment to Regulation (EEC) No 1765/92 to provide Germany with a means of resolving a problem which has arisen as a result of divergent developments in the old and new Länder. This would consist of a power to subdivide, in whole or in part, between its base area regions, the reduction which may arise for Germany as a result of the system of applying the Blair House Agreement decided by the Council in December 1993. To avoid this affecting producers elsewhere, provision will be made to separate, if necessary, the timing and the level of the advance payment made in Germany from that applying elsewhere.

The Council notes that the Commission in the application rules provides Member States with the means of preventing sowing taking place purely with a view to qualifying for the aid.

ANNEX I

OLIVE OIL

(a) Production aid

- EUR 10	ECU 117,76/100 kg
- Spain and Portugal	ECU 106,84/100 kg

(b) Production aid for small producers

- EUR 10	ECU 125,45/100 kg
- Spain and Portugal	ECU 114,11/100 kg

(c) Deductions from production aid

- quality improvement	1,40%
- aid for producers' organizations and associations thereof	0,8%

(d) Intervention price ECU 162,40/100 kg

(e) Representative market price ECU 190,06/100 kg

(f) Threshold price ECU 186,44/100 kg

(g) Deductions from consumption aid

- measures to promote consumption	-
- aid for professional bodies	[2%]

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ANNEX II

BREAKDOWN OF THE MGQ FOR DRIED FODDER (000 t)

MEMBER STATE	DEHYDRATED	SUN DRIED
B + L	8	-
DK	334	-

D	421	—
GR	32	5,5
E	1 224	101
F	1 455	150
IRL	5	—
I	523	151
NL	285	—
P	5	25
UK	102	—
TOTAL	4 394	432,5

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OTHER ITEMS ON THE AGENDA

SIMPLIFICATION OF THE CAP REFORM

The German delegation presented to the Council its second memorandum containing further proposals for simplifying implementation of the CAP.

Having heard the Commission's reactions to the memorandum, delegations gave their views.

On the whole, comments were quite favourable and it was considered essential to simplify the system without calling into question the principles behind the reform.

Following the discussion, the Council instructed the Special Committee on Agriculture to examine the memorandum and then report back.

BSE (BOVINE SPONGIFORM ENCEPHALOPATHY)

The Commission informed the Council that it intended shortly to adopt tougher Community measures reflecting the opinion of the Scientific Veterinary Committee of 11 July 1994, with the Standing Veterinary Committee having just given a unanimously favourable opinion on those measures.

The measures would in particular stipulate that trade in products coming from the United Kingdom was to be confined to bone-in meat from animals from a herd in which no case of BSE had come to light over the last six years and, in the case of animals from herds in which any case of BSE had been observed over the last six years, to meat from which tissue that might contain the BSE agent had been removed.

The Council welcomed this news, which, being based on an opinion from the Scientific Veterinary Committee, should improve consumer confidence in Community decisions.

The German delegation thanked the Commission and announced that, as a result of those new Community measures, Germany would not be implementing the unilateral measures which it had planned to take.

MISCELLANEOUS DECISIONS

(decisions adopted unanimously without discussion save as otherwise

indicated)

Other agricultural decisions

The Council adopted by a qualified majority (with the German and Greek delegations voting against it and the Irish delegation abstaining) the Regulation opening and providing for the administration of Community tariff quotas for bulls, cows and heifers, other than those intended for slaughter, of certain Alpine and mountain breeds. The figures are as follows:

- 21 300 head from 1.7.1994 to 31.12.1994 at a 4% quota duty (order No 09.0001);
- 10 000 head from 1.1.1995 to 30.6.1995 at a 6% quota duty (order No 09.0001);
- 5 000 head from 1.7.1994 to 30.6.1995 at a 4% quota duty (order No 09.0003).

The Council also adopted the Regulation on special arrangements for imports of maize and sorghum into Spain for the year 1994. The purpose of the Regulation is to extend for 1994 the original agreement concluded between the Community and the USA in 1987 under GATT auspices. A quota is opened for imports into Spain of 2 000 000 tonnes of maize and 300 000 tonnes of sorghum.

Fisheries

The Council adopted the Regulation relating to the conclusion of the Protocol defining, for the period 1 December 1993 to 30 November 1996, the fishing opportunities and the financial contribution provided for by the Agreement between the Community and Mauritius.

The Protocol, the provisional application of which was decided on in May 1994 under an Agreement in the form of an exchange of letters, makes provision for the following fishing opportunities for the Community fleet in Mauritian waters:

- for ocean-going tuna seiners: licences for 20 vessels;
- for vessels fishing by line (except tuna trolliers and tuna surface longliners): licences for 100 GRT/month on an annual average.

In addition, fishing licences may be granted for tuna trolliers and tuna surface longliners.

The financial compensation for the period of application of the Protocol is set at ECU 975 000. In the case of tuna fishing, this compensation covers a catch weight in Mauritian waters of 6 000 tonnes per year.

The Council also adopted the Regulation designed to transfer, without any substantive amendment, some existing measures for the conservation of fishery resources, described as technical measures, from the annual Regulation on TACs and quotas to Regulation No 3094/86, which is thus amended for the fifteenth time.