Brussels, 19 September 2017

SI(2017) 429

NOTE TO MEMBERS OF THE COMMISSION

Subject: Meeting of the Special Committee on Agriculture (SCA)
Brussels, 18 September 2017 - Summary record

The Presidency obtained a revised negotiating mandate with a view to the third trilogue on the "Omnibus" regulation, scheduled on 27 September. While the second trilogue was constructive, a number of key issues indeed remained unsolved (in particular the definition of permanent grassland, the proposed changes to the framework for producer co-operation, and the risk management tool kit). The Presidency therefore needed some flexibility from MS to accommodate some of the EP's concerns, hoping for a final agreement by the end of October.

SCA also approved a Council Decision on the position to be adopted, on behalf of the European Union, in the International Organisation for Vine and Wine.

[signed]

Further information:

1. Adoption of the agenda
   Adopted

2. Summary record of the 1556th meeting of the SCA
   11913/17 CRS CSA 16
   Adopted

Summary

The Presidency informed the SCA of the outcome of the second trilogue on the agricultural provisions of the Omnibus proposal (doc. 12042/17).

Delegations were subsequently invited to intervene in one table round with a view of a revised mandate on one package (on all four Regulations) for the third trilogue on 27 September.

Following the exchange of views, the PRES informed it had an agreement about the negotiating mandate as proposed in the four-columned document. The SCA agreed on a revised negotiating mandate for the upcoming trilogue. The mandate is set out in the fourth column of the tables annexed to documents 11247/2/17 REV2, 11274/2/17 REV2, 11290/2/17 REV2 and 11291/2/17 REV2.

Detailed comments

The Presidency informed the delegations that the second trilogue has been successful and that the list of open issues is smaller nowadays. However, the Presidency mentioned that there are still divergent views on some issues and that a small number of key political issues remain to be solved during the third trilogue (in particular the definition of permanent grassland, the proposed changes to the framework for producer co-operation, and the risk management tool kit). The Presidency reminded the objective to reach an agreement by the end of October 2017 and called for a fair degree of flexibility from all institutions in order to achieve this. For this reason the Presidency explained that its compromise proposal takes on board some of the EP amendments. The compromise text proposed also takes on board the comments made during the attachés meeting of 12 Sept. The Presidency highlighted the balanced package proposed and asked for additional flexibility on the greening amendments. It also mentioned that its revised mandate proposal includes text to clarify the double funding issue in the CMO regulation (Amendments 114, 115, and 120) and accepts the compromise text put forward by the Commission on the amendments proposed for the wine sector (Amendments 166 and 167).

The Commission referred to a set of tentative draft texts for possible Commission statements envisaged and informed the delegations their feedback would be welcomed. Regarding Direct Payments (DP), the Commission recalled that it has proposed an alternative text on permanent grassland and expressed its readiness to work with the PRES on a compromise text. As regards greening, the Commission welcomed the PRES proposals. However, it pointed out that the proposed increase of the threshold regarding crop diversification (from 10 to 15 hectares) remains problematic as this would mean taking out 4 million ha, which would constitute a fundamental blow to the greening policy. Regarding VCS, Cion pointed out that the annual revision point would no longer be necessary if PRES compromise text for Amendment 104 was accepted. On young farmers, the Commission expressed it concerns on the issue of the "five years period" (amendment 95). As this point is especially important to the delegation the Commission indicated it would engage bilaterally with the MS to find a reasonable compromise. On Rural Development (RD), the Commission voiced its objections to the proposed reduction of the income loss threshold triggering the use of all tools to 20% instead of 30% (as proposed in EP amendments 33, 37 and 38). It furthermore
referred to the Council amendments on double funding, amendment 29 allowing the use of additional criteria for ANC delimitation, the Council amendment on irrigation and amendment 9 on defining the beneficiary for support under advisory services as additional issues that created serious difficulties to the Commission. On CMO, the Commission informed that some points (contractualisation, value sharing and inter-branch organisations) can be cleared already but that for the amendments related to PO's and competition there are still some points for which there is no clear EC position. Regarding the Horizontal Regulation (HZ), only amendment 61 (non-recovery of undue payments under 1ha) remains problematic.

The Presidency summarized the discussion as follow:

- **HZ**: delegations are quite in agreement with PRES proposal on amendment 61-b
- **Permanent grassland (DP)**: the Council so far held on to its position from April 2017; no significant support for proposal made by the Commission
- **VCS (DP)**: the Council supports the possibility of an annual revision
- **Amendments 73 and 74 (DP)**: the EP has proposed new text to replace amendments and this could be acceptable for the Council
- **Greening (DP)**: there are some EP amendments for which there is firm support by the delegations; Council to remain flexible for some other amendments (only to be accepted in last resort - in spirit of compromise in order to reach an agreement)
- **RD**: organic support based on livestock units: based on the comments from the delegations, this is supported for organic pork and poultry. Council ready to take another look at wording.
- **Risk management (RD)**: PRES proposal works as a suitable compromise
- **CMO**: on amendments 114-115-120, if EP proposals remain, PRES will consider Council proposals
- **Value sharing (CMO)**: the Council confirmed it should remain voluntary
- **POs (CMO)**: Council would like to hold on to its own proposal (but further revision of text expected)

The Cion also read out the following statement in response to a question from the delegation on VCS and requested it to be added to the official SCA minutes: *The Commission does not intend to modify the "regulatory mechanism" provided for in Article 52 (2) of Commission Delegated Regulation (EU) No 639/2014.‘

Next steps:

The presidency plans to provide a next overview to the delegations during the SCA meeting of 2 October.

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4. **Proposal for a Council Decision on the position to be adopted, on behalf of the European Union, in the International Organisation for Vine and Wine**

   – Approval of a draft Council Decision
   11869/17 OIV 13 AGRI 440 + ADD 1, 11988/17 OIV 14 AGRI 459

On 29 August 2017 the Commission submitted to the Council a proposal for a Council Decision on the position to be adopted, on behalf of the EU, in the OIV
Extraordinary General Assembly on 20 October 2017, in Strasbourg, that will vote on the granting of the particular status to the Union in the OIV (doc 11869/17 + ADD 1). The Presidency has subsequently suggested some further changes to the Commission proposal to clarify the text (doc 11988/17). As the text of the proposal for a Council Decision had been already transmitted to the delegations, and only minor drafting remarks were received, the Presidency reminded that no discussion on the substance was needed.

The Commission expressed its satisfaction for this important achievement, and recalled that the Decision would reinforce the role of EU within OIV and bring benefits to wine producers and consumers.

Two delegations [ ] and [ ] emitted parliamentary reservations.

The SCA considered the draft proposal proposed by the Council and took note of the reservations of the [ ] and [ ] delegations. The Presidency proposed to set a silent deadline for 20 September and invited the Council to adopt this decision as an A point at the next Agrifish Council on 9 October after the deadline expired.

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5. Organisation of future work

The next SCA meeting will take place on 2 October in Brussels. The meeting will include a debriefing on the third trilogue meeting on the Omnibus regulation.

The next AGRIFISH Council meeting will take place on 9 Oct in Luxembourg (one day only). The meeting will include a summary of the markets situation (as a B item) as well as a discussion on the Sustainable Development Goals (in the Agrifish format).

A number of delegations requested AOB points:
- [ ] on “impact of currency volatility and state aid flexibility” (paper to follow)
- [ ] ”meeting (and declaration) of the VISEGRAD & LT MS (follow-up of last Agrifish AOB point in July)
- [ ] AOB on "outcome of PA meeting" and AOB on "RD directors meeting"

Finally, depending on the outcome of the next trilogue, a SCA has also been tentatively scheduled for 16 Oct (pm) to approve the final text of the omnibus trilogue.

Reporting: [ ] DG AGRI, Unit I.5 Tel.: [ ]