



EUROPEAN COMMISSION
SECRETARIAT-GENERAL

Directorate D
SG-D-3 – Resource Efficiency

Brussels, 04 October 2017

SI(2017) xxx

NOTE TO MEMBERS OF THE COMMISSION

**Subject: Meeting of the Special Committee on Agriculture (SCA)
Brussels, 3 October 2017 - Summary record**

SCA was presented with an update on the market situation as part of the preparation for the "Agriculture and Fisheries" Council on 9 October 2017. Presidency also presented a paper with questions for the ministerial debate on the implementation of the 2030 Agenda for Sustainable Development.

With regard to the OMNIBUS proposal, the Presidency debriefed the SCA on the outcome of the third trilogue on the agricultural provisions and delegations examined on how to proceed further.

[signed]

Further information: [redacted]

1. **Adoption of the agenda**
2. **Summary record of the 1557th meeting of the SCA**
3. **Proposal for a Council Decision on the conclusion of the Agreement between the European Union and the Republic of Chile on trade in organic products**
Adoption

PRES confirmed the point will be included as an A-item during the Agrifish Council meeting of 9 Oct. PL delegation made reference to the administrative burden linked with the supervision of production from third countries, but will not oppose against adoption.

4. **Preparation of the "Agriculture and Fisheries" Council**
 - a) **Market developments**
– Information from the Commission

The Commission gave an overview of the different sectors, including the milk, beef, pig meat, F&V, wine, sugar and cereals market situations.

The FR delegation mentioned the impact the Mercosur agreement could have on some sectors (beef, sugar etc) and the need of the so-called "single pocket approach" during the Mercosur negotiations, without putting any figures on the table already.

FR, supported by HU, AT, and IE requested an AOB point for the AGRIFISH meeting of next week and will transmit a paper in the following days.

SK highlighted the differences in butter prices between MS and referred to the need of a common legislation against UTP.

PL mentioned the adverse impact of EU intervention stocks on the skimmed milk powder market and mentioned the need of extra aid for private SMP; also referred to the African swine fever for piglet markets where the situation is still fragile; mentioned, structural overproduction of grains on cereals market and need of import duties to protect these; called to closely follow development of sugar market following end of quota.

FI referred to milk price in FI being still exceptionally low; mentioned adverse impact of EU intervention stocks on skimmed milk powder market;

LT referred to cereals markets.

LV mentioned impact of bad weather conditions; regarding dairy market, referred to difference between price of butter and skimmed milk produce; awaits FR paper before taking their position on Mercosur.

The PRES concluded that in preparation of the next Council meeting of 9 Oct., the SCA took note of the update of the Commission and of the FR delegation's wish to raise an AOB item during the next AGRIFISH Council and the MS supporting this suggestion.

Contact: [REDACTED], DG AGRI, Unit G.3 Tel.: [REDACTED]

**b) Implementation of the 2030 Agenda for Sustainable Development:
Implications for the EU agricultural policy**

– Presentation of the Presidency paper with the questions for Council debate

The Commission welcomed this initiative and gave it its full support, stressing joint action is needed in this context and highlighting the relevance of this topic in the context of the CAP modernisation;

Two delegations commented:

NL: requested more info to be provided on Q2 in order to allow for an adequate discussion at the Ministerial meeting of 09/10. PRES replied it does not want to put a framework for MS to answer those questions.

HU: inquired about the following steps after the Ministerial meeting; PRES specified it will issue presidential conclusions orally.

PRES concluded that the SCA took note of the PRES background paper and questions contained; SCA agreed that the Council of 9 Oct will have an exchange of views on the basis of these two questions; SCA took note of the delegations' comments and of the Commission reaction.

Contact: [REDACTED], DG AGRI, Unit A.1 Tel.: [REDACTED]

- 5. Proposal for a Regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union and amending Regulation (EC) No 2012/2002, Regulations (EU) No 1296/2013, (EU) 1301/2013, (EU) No 1303/2013, EU No 1304/2013, (EU) No 1305/2013, (EU) No 1306/2013, (EU) No 1307/2013, (EU) No 1308/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, (EU) No 652/2014 of the European Parliament and of the Council and Decision No 541/2014/EU of the European Parliament and of the Council (Omnibus proposal) (First reading)**
Debriefing of the last trilogue

The PRES debriefed the delegations on the third trilogue on the agricultural provisions of the Omnibus proposal which took place on 27 September 2017. They mentioned the considerable progress made on nearly all outstanding issues with only two key political issues left to be resolved at the fourth trilogue on 12 October 2017 although much work remains to be done at the technical level.

The main two outstanding issues are the following:

(1) risk management: in general the EP welcomes the CS proposal, although there is no agreement yet on the lowering of the triggering threshold to 20%, in terms of tool this should concern (Council preferring the general income stabilisation tool, and the EP preferring the general insurance scheme)

(2) on greening the PRES stated some leeway is needed in order to reach an agreement; in particular amendments 85, 86, 89, and 90 are important for the EP (list of plant varieties eligible on EFAs and weighting factors); on permanent grassland (PG), a large number of Member States can't support the mandatory nature of ploughing up. PRES noted that this could be supported if it remains voluntary; in addition a majority of MS did not support the Commission's empowered competences to decide on the relevant criteria; WP 10599/2017 proposed some changes on this regard and the three institutions have agreed to continue working at technical level on the basis of a Commission compromise text.

On matters relating to the Common Market Organisation (CMO) Regulation for which the Commission did not have a clear mandate yet, the EP and the Council have essentially reached an agreement on compromise texts amongst them and invited the Commission to accept that agreement in the final trilogue. A new text was distributed by the PRES (WK 10615/2017) containing revised drafting proposals for Article 152 and

the related recital as well as consequential changes to Articles 149,154, 161 and 209 of the Regulation (EU) 1308/2013.

An exchange of view took place on the key outstanding issues in order to identify the areas where the Presidency might be able to show some flexibility with a view to securing an agreement on an overall compromise package, the PRES thereby asking the SCA to be able to agree '*ad referendum*' on some smaller changes during the fourth trilogue.

In general most delegations expressed their support for the new proposal on permanent grassland or stated the new text was going in the right direction. However the positions of the delegations on the risk management issues were more divergent, with some delegations being more flexible than others. A number of delegations (UK, CZ, AT) also emitted scrutiny reservations.

Conclusion

SCA took note of the outcome of the third trilogue as reflected in document 12625/2017 and the four column tables annexed to documents 11247/3/17 REV 3, 11274/3/17 REV 3, 11290/3/17 REV 3 and 11291/3/17 REV 3. PRES concluded that an exchange of views took place regarding the outstanding issues and that a number of issues have been identified on which the Council accepts to be more flexible, in order to come to a compromise agreement regarding the whole package; PRES requested the delegations having questions to contact the PRES by 4 Oct (eob) and will inform the SCA during its next meeting of Oct 16 about the outcome of the fourth trilogue where it will ask for an approval of the general compromise package.

Contact: [REDACTED], DG AGRI, Unit I.1 Tel.: [REDACTED]

6. European Court of Auditors' Special Report No 7/2017: "The certification bodies' new role on CAP expenditure: a positive step towards a single audit model but with significant weaknesses to be addressed"

– Exchange of views

Pending the adoption by AGRIFIN of Council conclusions on the Court's Special Report, the French delegation requested to discuss this Special Report in the light of the work of the Omnibus.

The Presidency first reminded that delegations should pass their comments on to AGRIFIN's colleagues, rather than in SCA – unless the discussion is relevant from the legislative viewpoint. [Croatia & Sweden already made textual proposals on the Council's text in AGRIFIN].

The French delegation is of the view that certain elements of the Court's Special Report should be better considered in the Regulation.

The French delegation supports the single audit approach, but expressed concern about the **operational consequences** of the increase of work of the Certification Bodies (in terms of **costs**).

The Commission made the following points:

- The Commission welcomes the Court's assessment that the CBs' new role is a positive step towards a single audit model.
- The Commission guidelines have already been amended, in close collaboration with Member States – these new guidelines address the Court's recommendations, and will apply from 2019 (some MS will voluntarily apply as early as from financial year 2018).
- Greater assurance can already be taken from the CBs' work in 2016 (=second exercise). For those cases where the CBs' work is considered reliable (62% of IACS EAGF expenditure in financial year 2016), the Commission will audit at CB level only.

Contact: [REDACTED], DG AGRI, Unit H.1 Tel.: [REDACTED]

7. Organisation of future work

The next **AGRIFISH** Council meeting will take place on 9 Oct in Luxembourg. The meeting will include a summary of the markets situation, AOB Mercosur, as well as a discussion on the Sustainable Development Goals and a number of AOBs.

DE delegation announced it would submit a request for a AOB point on a multi-stakeholder conference of the Amsterdam Group on deforestation-free supply chains.

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

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