



**COUNCIL OF
THE EUROPEAN UNION**



16325/06 (Presse 354)

PROVISIONAL VERSION
(only items discussed on 19/12)

PRESS RELEASE

2774th Council Meeting

Agriculture and Fisheries

Brussels, 19-21 December 2006

President **Mr Juha KORKEAOJA**
Minister for Agriculture and Forestry, of Finland

P R E S S

Main Results of the Council

*The Council reached a general approach on a Regulation on the labelling of **organic products**.*

*The Commission updated the Council on the latest developments concerning the veterinary and phytosanitary negotiations with **Russia**.*

The Council adopted without debate:

- *TACs and quotas for **deep sea** species for 2007-2008;*
- *a reform of the **banana sector**, adaptations to **energy crops** and **sugar** scheme taking into account the accession of Bulgaria and Romania.*

(To be completed).

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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.
- 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

Mr Yves LETERME

Minister-President of the Flemish Government and Flemish Minister for Institutional Reform, Agriculture, Sea Fisheries and Rural Policy

Czech Republic:

Ms Milena VICENOVÁ

Minister for Agriculture

Denmark:

Mr Hans Christian SCHMIDT

Minister for Food, Agriculture and Fisheries

Germany:

Mr Horst SEEHOFER

Federal Minister for Food, Agriculture and Consumer Protection

Mr Gerd LINDEMANN

State Secretary, Federal Ministry of Food, Agriculture and Consumer Protection

Estonia:

Ms Ester TUIKSOO

Minister for Agriculture

Mr Olavi TAMMEMÄE

Deputy Minister for the Environment

Greece:

Mr Evangelos BASIAKOS

Minister for Rural Development and Food

Spain:

Ms Elena ESPINOSA MANGANA

Minister for Agriculture, Fisheries and Food

Mr Gonzalo ARGUILÉ

Minister for Agriculture of the Autonomous Community of Aragón

Mr Gonzalo SÁENZ DE SAMANIEGO BERGANZO

Minister for Agriculture, Fisheries and Food of the Autonomous Community of the Basque Country

France:

Mr Dominique BUSSEREAU

Minister for Agriculture and Fisheries

Ireland:

Ms Mary COUGHLAN

Minister for Agriculture and Food

Mr John BROWNE

Minister of State at the Department of Agriculture and Food with special responsibility for Forestry

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:

Ms Kazimira Danutė PRUNSKIENĖ

Minister for 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

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Malta:

Mr George PULLICINO

Minister for Rural Affairs and the Environment

Netherlands:

Mr Cees VEERMAN

Minister for Agriculture, Nature and Food Quality

Austria:

Mr Josef PRÖLL

Federal Minister for Agriculture, Forestry, the
Environment and Water Management

Pologne:

Mr Andrzej LEPPER

Deputy Prime Minister, Minister for 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

Minister for Agriculture and Forestry

Sweden:

Mr Eskil ERLANDSSON

Minister for Agriculture

United Kingdom:

Mr Ben BRADSHAW

Parliamentary Under-Secretary of State for Local
Environment, Marine and Animal Welfare
Minister for Environment and Rural Development
(Scottish Executive)

Mr Ross FINNIE

.....
Commission:

Mr Joe BORG

Member

Ms Mariann FISCHER BOEL

Member
.....

The Governments of the Acceding States were represented as follows:

Bulgaria:

Mr Roussi IVANOV

Deputy Permanent Representative

Romania:

Mr Nicolae Flaviu LAZIN

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

ORGANIC PRODUCTS - LABELLING

The Presidency noted that the Council could support the general approach on the draft Regulation (16577/06 ADD1 & ADD2) provided that certain concerns raised by delegations are introduced at the time of final revision of the Regulation, in particular the principles that organic products shall not contain GMOs (only adventitious presence) and that all ingredients of a composite organic product shall be organic. The revision of the Regulation shall also tackle the issue of extending or not its scope to mass catering.

The upcoming German Presidency expressed its intention to reach an agreement on this file after the opinion of the European Parliament is made available (end of March 2007).

OTHER BUSINESS

– Single Common Market Organisation (CMO)

The Council took note of the presentation by Commissioner Fischer Boel of the Commission proposal for a Single CMO.

The proposal aims to replace the 21st existing CMOs with a single CMO as part of the general effort to streamline and simplify the common agricultural policy.

Once adopted this Regulation together with the Regulations on Direct Payments (Regulation 1782/2003), Rural Development (Regulation . 1698/05) and CAP Financing (Regulation 1290/05) will constitute the legislative framework for the whole of the CAP. The Commission expects the new CMO to enter into force from the start of the 2008/2009 marketing year.

– Measures to stabilise the EU sugar market

The Council took note of the request from the German and Austrian delegations (16706/06) and of the reply from the Commission that there is no legal basis for advance market withdrawal for 2007/2008 campaign.

Commissioner Fischer Boel that until Today, only 1 million tons have been given for the restructuring programme for sugar. This means that a significant structural surplus of sugar could be expected in the marketing year 2007/08 if the the 3,5 million tonnes expected have not been entered before the deadline of 31st January 2007.

– ***Pig meat market***

The Council took note of the concern expressed by the Polish delegation (*doc. 16805/06*) regarding the situation in the Polish pig meat market and of the request made by this Delegation to the Commission to put in place urgent storage aid and export refunds for pig meat. The Commission, while taking note of the difficulties faced by the Polish sector, expressed the views that this was due to huge increase of production consecutive to the higher prices obtained after the enlargement.

– ***Plant protection***

i) Placing of plant protection products on the market

The Council took note of the progress made (*15945/06*) on the draft Regulation on the placing of plant protection products on the market and of the Commission representative's comments.

The Regulation would replace the existing Directive 91/414/EEC, revising the procedures for considering the safety of active substances and for the authorisation of plant protection products (Mutual recognition for Member States in the same climate zone, detailed provisions on intellectual property rights and transparency, comparative assessment of pesticides to encourage safer alternatives to dangerous substances, spelling out of EFSA).

The proposal is part of a package including a Thematic Strategy on the Sustainable Use of Pesticides and a Proposal for a Directive in co-decision establishing a framework for Community action to achieve a sustainable use of pesticides.

ii) Thematic Strategy on the sustainable use of pesticides

The Council took note of the information presented by the Presidency (*16242/06*) concerning the Thematic Strategy on the sustainable use of pesticides, which respond to one of the objectives of the sixth Community Environment Action Programme. The debate was broadcast to the public.

– ***Avian Influenza (H5N1)***

The Council took note of the written update provided by the Commission on the latest developments concerning identified cases of the avian influenza H5N1 strain in the world and in the European Union.

– ***Veterinary and Phytosanitary negotiations with Russia***

The Council agreed today that a Community wide solution is necessary in the discussions with the Russian Federation as regards the announced possible restrictions on EU exports of animal products as from 1 January 2007. The Council expressed its support to the Commission to find a mutually agreed solution before 31 December 2006 in the currently ongoing discussions in Moscow between Commissioner Kyrianiou and Russian authorities.

The Council will continue its assessment of the situation tomorrow after hearing a report by the Commission about the outcome of the discussions in Moscow.

– ***Protection of animals during transport***

The Council took note of a request from the Czech delegation to postpone to 5 January 2009 the date of application of “approved GPS system” foreseen in Council Regulation (EC) No 1/2005 on the protection of animals during transport (*doc. 16804/06*).

The Commission explained that the issuing of technical specification for such navigation systems was not a preliminary conditions for the application of this provision under the Regulation. The initiative taken in cooperation with the Joint Research Centre in June 2006 was only intended to provide guidelines to Member States. The equipment of trucks with navigation systems is a key element to ease the implementing of animal welfare rules during transport and to ensure harmonised controls in the Community.

AGRICULTURE

Banana sector reform

The Council adopted a Regulation reforming the banana sector (14881/06).

The Commission issued a statement to address the specific problem of Cyprus which abstained, as did the Netherlands. Latvia, the UK and Sweden voted against and issued a common statement. Estonia, Germany and Poland issued their own statements. (16398/06 ADD1).

The Regulation replaces the aid scheme in the banana CMO through a transfer to the POSEI scheme of the financial envelope for sustaining local banana production in the concerned outermost regions. It also includes "non-POSEI" areas under banana cultivation in the Single Payment Scheme (as of 2007 for Greece and Portugal, and in the following years for Cyprus), similarly with an appropriate budget transfer.

The financial envelope included in the proposal is based on the reference period 2000-2002. The total envelope amounts to € 280 millions for the major producing Member States (Spain, France, Portugal and Greece). For Cyprus, where banana producers are currently supported under the single area payment scheme, an additional budget of € 3.4 millions is foreseen.

This Regulation offers the advantages of:

- consistency with the CAP reform and with WTO disciplines;
- *flexibility*, for example in the promotion of environmentally-sound cultivation methods;
- permitting additional financing by Member States;
- contributing to the attainment of a *fair standard of living* of the agricultural community in EU banana-producing regions;
- *predictability* and stabilising public expenditure, which was not the case with the former Regulation.

Energy crops

The Council adopted a Regulation extending the direct support scheme to the eight Member States not benefiting from it and increasing the eligible area for energy crops from 1.5 to 2 million hectares. Latvia, while supportive, issued a statement asking that cross compliance conditions starts to apply only from the year when Latvia is going to implement the Single Payment Scheme. The Council issued a statement inviting the Commission to further examine pending issues which were not taken on board in the present adaptation, either in connection with the cross compliance report or with the CAP “health check” foreseen in 2008 (*16524/06 ADD1*).

The Regulation also provides for the extension until 2010 of the SAPS for new Member States, the simplification of the eligibility rules for olive groves and the introduction of formal direct payment rules for the sugar sector. It takes account of accession of Bulgaria and Romania in 2007.

Bulgaria and Romania - Sugar and Seeds

The Council adopted a Regulation adapting the sugar reform regulations as well as the provisions on aid in the seeds sector by reason of the accession of Bulgaria and Romania to the EU (14883/06). This Regulation inserts the results of the accession negotiations with Bulgaria and Romania within the new sugar reform regulations (Regulations 318/2006, 319/2006, 320/2006) and the new seed aid regulation (*1947/2005*) all of which were adopted after the conclusion of the accession negotiations.

Bulgaria and Romania issued a joint statement reserving their right to return to the issues concerning the position of full time sugar refiners in Bulgaria and Romania and the phasing-in of the sugar direct payments in Bulgaria and Romania. (*15259/06 ADD1 REV1*).

Expenditure in the veterinary field

The Council adopted a Decision amending Decision 90/424/EC on expenditure in the veterinary field. (*14443/06*)

This Decision aims i.a at allowing the financing of multi-annual programmes of eradication, control and monitoring of animal diseases and zoonoses.

Community surveys on the structure of agricultural holdings

The Council adopted a regulation amending Regulation (EEC) No 571/88 on the organisation of Community surveys on the structure of agricultural holdings, as regards the financial framework for the 2007-2009 period and the maximum Community contribution for Bulgaria and Romania (*PE-CONS 3689/06*). The German delegation abstained from voting.

The financial envelope for implementation of the programme amounts to EUR 20.4 million for the 2007-2009 period.

With Bulgaria and Romania joining the EU and with a view to conducting surveys on the structure of agricultural holdings in these two Member States in 2007, the maximum Community contribution for surveys to be carried out there is set at EUR 2 million for Bulgaria and 2 million for Romania. The maximum amounts are based on the number of agricultural holdings and the surface area of the countries concerned, to ensure that these countries are treated in a comparable manner to the current Member States.

Agri-environmental indicators - Council conclusions

The Council adopted the following conclusions:

"THE COUNCIL OF THE EUROPEAN UNION,

CONSIDERS that the implementation of the Council strategy on environmental integration and sustainable development in the Common Agricultural Policy needs continuous monitoring and evaluation based on reliable figures. This is necessary in order to meet the growing policy needs and to be able to adjust and deepen the strategy in the future;

RECOGNISES that agri-environmental indicators are one of the tools for identifying and assessing the impact of policy decisions, identifying shortcomings in current measures and needs for new policy initiatives, helping to plan new measures and, where appropriate, improving the targeting and tailoring of the measures to local conditions;

RECOGNISES that, to this end, a coherent set of agri-environmental indicators is required, which is able to capture the regional diversity of agricultural production systems and structures (e.g., specialisations, production patterns, farming methods, farm sizes) and environmental conditions (e.g., soil type, climate, hydro-geological situation, biodiversity), as well as the positive and negative influences that these production systems and structures exert on the environment;

NOTES that the two previous Commission Communications on Indicators for the Integration of Environmental Concerns into the Common Agricultural Policy¹ and on Statistical Information Needed for Indicators to Monitor the Integration of Environmental Concerns into the Common Agricultural Policy² provide a coherent analytical framework for the development of such indicators;

WELCOMES the work undertaken so far by the Commission with regard to the development of agri-environmental indicators, and in particular the progress made through the IRENA operation;

RECOGNISES the need to overcome the weaknesses which at present limit the information potential of certain indicators. In this respect, there is a specific need for comparable data to be generated on agricultural activities, at the appropriate geographical level, and covering the whole Community, using, as far as possible, existing data sources and data collection structures;

CONSIDERS the list of 28 indicators proposed in the Annex to the Commission Communication on Development of agri-environmental indicators for monitoring the integration of environmental concerns into the common agricultural policy³ from 2006 as the starting point for the future work on agri-environmental indicators. This list, which is the outcome of the IRENA operation and which has been selected for its relevance for policy-making, could be subject to further adjustments, in particular, as a result of future policy requirements or on the basis of experience with the further development of the indicators and their use in policy making;

CALLS UPON the Commission to undertake the actions proposed in the 2006 Commission Communication, in close cooperation with the relevant national institutions of the Member States. This concerns in particular the consolidation of the proposed set of indicators, the extension of the coverage to the new Member States and the correction of existing weaknesses;

¹ Doc. 5742/00 COM (2000) 20.

² Doc. 7387/01 COM (2001) 144.

³ Doc. 12973/08 COM (2006) 508.

CONSIDERS that the Commission, together with the Member States, should take close account of the costs and resource implications of any new initiative related to data collection that goes beyond existing legal requirements;

RECOGNISES the need for a long-term information system for monitoring environmental integration to be set up, CALLS UPON the Commission to establish a more stable and permanent arrangement for the management of the indicator system on the basis of close cooperation with the Member States. The Eurostat's Standing Committee for Agricultural Statistics shall be actively involved in this process, particularly in relation to the identification and allocation of responsibilities among the partner institutions, including the systematic collection and delivery of the data necessary for the compilation, maintenance and updating of the indicators".

Special Report No 8/2006 of the Court of Auditors - *Council conclusions*

The Council adopted the following conclusions:

"THE COUNCIL

NOTES the submission of the Court of Auditors' Special Report No 8/2006 concerning the effectiveness of the European Union support for fruit and vegetable producers' operational programmes;

RECOGNIZES that this report has been submitted in very good and appropriate time just before the forthcoming reform of the Common market organisation for fruit and vegetables;

ASKS the Commission to take into account the recommendations of the Court as one contribution in its forthcoming proposal for the reform of the Common market organisation of fruit and vegetables".

Special Report No. 10/2006 of Court of Auditors - *Council conclusions*

The Council adopted the following conclusions:

"The Council takes good note of the extensive and analytical report of the Court of Auditors and welcomes the recommendations made therein.

The Council agrees that well focussed, high quality ex post evaluation is essential in the development of better policy programming and implementation. The Council concludes that adequate resources are needed in order to ensure that shortcomings experienced in the past are avoided in the future.

The Council finds that the conclusion concerning shortcomings in the evaluation methodology for the period 1994-99 are relevant; however it underlines that these problems have already been addressed in respect of the current Structural Funds period 2000-2006.

The Council is aware that further improvements have been introduced for the upcoming Structural Funds period 2007-2013, and considers that the evaluation methodology should continue to be addressed.

The Council believes that the improvements made to the evaluation methodology and data collection mechanisms during the current period (2000-2006), and the legal provisions for the period 2007-2013, will ensure an adequate basis for evaluation of the allocated resources against the cohesion policy objectives.

Finally, the Council considers that the existing partnership among the Commission, the Member States, the research community and stakeholders should continue to address methodological aspects of evaluation, such as those raised by the Court of Auditors report, and to propose solutions, as appropriate".

Animal Health Policy Strategy 2007-2013

The Presidency adopted the following conclusions:

"Prevention is better than cure

The Finnish Presidency organised a CAHP Conference on 7 November 2006 in Brussels, in close collaboration with the Austrian Presidency and the Health and Consumer Protection Directorate General, to present the evaluation results, including options for the future. By mid 2007, the Commission will present a Commission Communication on the Community Animal Health Policy and its strategy over the period 2007-2013 based on the evaluation results and the conference conclusions. For this purpose the Finnish Presidency presents the following conclusions :

1. The new strategy on animal health should be aimed at safeguarding public health and animal welfare, as well as promoting competitiveness in animal and food production. It should also be coherent with other Community policies, in particular relating to agriculture, environment, trade, the internal market, the competitiveness agenda and the development policy.
2. A single coherent policy framework needs to be established. The framework should include clear objectives and a prioritisation of EU-level intervention.
3. Proposals should reflect the principles of better regulation including impact assessments. Evaluations of existing measures should be done systematically.
4. New mechanisms should be introduced for the involvement of major stakeholders in decision-making on significant policy issues.
5. More focus should be put on disease prevention. Bio-security and disease awareness at farm level should be promoted through existing support schemes. Sufficient veterinary networks in rural areas should be maintained.
6. Disease eradication measures should be cost-effective and take account of societal, environmental, trade and animal welfare concerns. The use of vaccination should be considered where appropriate. Disease eradication policies should include transparent and coherent communication to consumers.
7. Import rules should be reviewed with a view to make them more risk-based. Cooperation with other authorities, in particular custom authorities, should be increased to target illegal imports. Passenger awareness of animal health risks should be raised.
8. Aid to developing countries aimed at controlling and eradicating animal diseases should be continued and, where necessary, increased. Third countries wishing to export animals and animal products to the European Union should be assisted in their efforts to reach EU standards on controls and certification.
9. The financial compensation system should be reviewed taking account of the limits of the EU-budget, the need for a more balanced sharing of responsibilities and international commitments concerning state aid. Losses related to movement restrictions need to be covered, too. An efficient responsibility and cost sharing system needs to be created which encourages risk-reduction for instance by using "safety bonus" and "disease free bonus".

10. Sufficient resources should be made available to support research on animal health and welfare. Good public/private co-operation experience gained with the Global Animal Health Technology Platform should be continued. Similarly, it should be ensured that sufficient resources are available in the European Food Safety Authority to carry out animal health related risk assessments.

Further discussion is needed on, among others:

- the need to further develop rules on live animal movement so as on the one hand to ensure animal welfare and minimising animal health risks, and on the other hand to avoid unnecessary trade obstacles ;
- acceptable level of risk in relation to zoonoses ;
- advantages and disadvantages of negotiating export conditions at Community level ;
- further convergence between EU-legislation and OIE standards so as to ensure a world wide implementation of high level standards ;
- whether the industry should be encouraged to develop voluntary health classification systems ; and
- the possibility to use framework legislation based on agreed health standards rather than prescriptive and unnecessarily detailed rules".

RURAL DEVELOPMENT

Bulgaria and Romania - EU enlargement

The Council adopted a corrigendum to the Regulation (EC) No 1463/2006, adopted on 19 June 2006, adapting Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development by reason of accession of Bulgaria and Romania to the EU (16426/06).

FISHERIES

Guide prices for 2007

The Council adopted a regulation fixing for 2007 the guide prices and Community producer prices for certain fishery products pursuant to regulation 104/2000 (15911/1/06).

Regulation 104/2000 stipulates that these prices be based on the average of prices recorded for a significant proportion of Community output on wholesale markets or in ports during the three fishing years immediately preceding 2007. Furthermore, they are to take into account trends in production and demand, thus being an appropriate tool for the determination of price levels of intervention on the market for certain fishery products, while stabilising the markets and avoiding the formation of surpluses in the Community.

EU - Cape Verde fishing agreement

The Council adopted a regulation approving a fisheries partnership agreement (FPA) between the European Community and Cape Verde (12929/06).

The FPA provides for improved economic, financial, technical and scientific cooperation in the fisheries sector with a view to guaranteeing the conservation and sustainable exploitation of resources, as well as partnerships between undertakings aimed at developing economic activities in the fisheries sector and related activities in the common interest. The FPA with Cape Verde replaces the 1990 agreement on fishing off the coast of this country.

The fishing opportunities set out in the protocol attached to the agreement are allocated, for a period of five years from 1 September 2006, for 48 surface longliners from Portugal and Spain; 25 freezer tuna seiners from France and Spain; and 11 pole-and-line tuna vessels from France and Spain.

The agreement will cover an annual catch of 5 000 tonnes of tuna in Cape Verde waters.

The EU will pay a financial contribution of EUR 1 925 000 for the whole five year period, of which 80% will be allocated each year by the government of Cape Verde to the support and implementation of initiatives in the fisheries sector.

TACS for deep-sea species for 2007-2008 *

The Council adopted a regulation fixing TACs and quotas for 2007 and 2008 for certain deep-sea fish stocks such as sharks, black scabbardfish, tusk and forkbeards (*15697/06 and 15692/06 ADD1*).

Some outstanding features contained in the regulation include the following:

- the biggest TAC reductions for 2007 and 2008 concern: deep-sea sharks, blue ling and orange roughy;
- a rollover of the 2005-2006 TACs will apply to : black scabbardfish, alfonsinos, red seabream, forkbeards and roundnose grenadier in zones I, II, IV and Va;
- in general, the reductions in TAC levels contained in the regulation are smaller than initially proposed by the Commission, in particular for roundnose grenadier in zones VIII, IX, X, XII, XIV and V (Greenland waters).

ICES provides scientific advice on deep sea stocks every two years. The latest advice was given in June 2006. It indicates that most exploited deep-water species are being harvested unsustainably, and ICES has recommended immediate reductions in established deep-sea fisheries unless they can be shown to be sustainable.

The Council reached last November, by unanimity, a political agreement on the draft regulation (*see press release 15025/1/06*).

JUSTICE AND HOME AFFAIRS

Moldova - Visa facilitation and readmission agreements

The Council adopted decisions authorising the Commission to open negotiations for the conclusion of an agreement on the facilitation of issuance of short-stay visas with Moldova and readmission agreement with Moldova.

"Fundamental rights and citizenship" programme

Pending the European Parliament's opinion, the Council agreed on a general approach on the specific programme "Fundamental rights and citizenship" as part of the General programme "Fundamental Rights and Justice" for the period 2007-2013.

The main objectives of the programme are the support to civil society associations, the fight against racism, xenophobia and anti-Semitism, the protection of Fundamental Rights and the protection of the Rights of the Citizen, through an interfaith and multicultural dialogue. Those objectives are complementary to those of the European Union Agency for Fundamental Rights and will focus on those areas where European added-value can be engendered.

Schengen Information System (SIS II) *

The Council adopted a Regulation in first reading following an agreement with the European Parliament on the establishment, operation and use of the second generation of SIS II (*PE-CONS 3662/06*) (*see press release 16888/06*).

Access to the second generation of SIS II - Vehicles

The Council adopted a Regulation in first reading following an agreement with the European Parliament allowing access to SIS II by the services in the Member States responsible for issuing registration certificates for vehicles. (*PE-CONS 3661/06*)

Access to SIS II to those services will enable them to check whether the vehicles presented to them for registration have been stolen, misappropriated or lost.

Promotion of democracy and human rights

The Council adopted a regulation establishing a financing instrument for the promotion of democracy and human rights worldwide, with a total of EUR 1.1 billion for the 2007-13 period. (*PE-CONS 3688/06*) (*see press release 16971/06*).

ECONOMIC AND FINANCIAL AFFAIRS

Common VAT rules - Broadcasting services and e-commerce

The Council adopted a directive amending directive 2006/112/EC on the common system of value added tax by extending the period of application of VAT arrangements for radio and television broadcasting services and certain electronically supplied services until 31 December 2008 (16108/06).

The directive requires the levying of VAT on the provision of such services from third countries. Its adoption follows an agreement reached by the Council at its meeting on 28 November.

European Investment Bank external lending

The Council adopted a decision on renewal of the European Investment Bank's external lending mandates for the 2007-13 period (16058/06).

The decision renews the mandates given to the EIB, under guarantee from the EU budget, for lending to projects outside the EU. The current mandates consist of a general external lending mandate as well as specific mandates, established by Council decisions 2000/24/EC and 2005/48/EC, for projects in Russia, Ukraine, Moldova and Belarus.

Activities outside the EU make up roughly 10% of the EIB's total activities, amounting to EUR 5.1 billion in 2005, of which 72.5% were under EU guarantee. The guarantee prevents the bank's operations, which often bear a significantly higher risk than its operations within the EU, from affecting the bank's credit standing. It thus allows the EIB to maintain attractive lending rates.

The decision will allow lending on a single legal basis for loans and guarantees in all regions. It provides for a new geographical breakdown aimed at ensuring better linkage with the EU's external relations policies and objectives.

The decision provides for a total volume of lending for the seven-year period amounting to EUR 27.8 billion, of which EUR 2 billion will be withheld until 2010, pending the results of a mid-term review.

The regional distribution of lending is calculated on the basis of the remaining fixed ceiling of EUR 25.8 billion:

- Pre-accession countries: EUR 8.7 billion.
- European neighbourhood and partnership countries: EUR 12.4 billion, of which:
 - EUR 8.7 billion for Mediterranean countries, and
 - EUR 3.7 billion for eastern Europe, the southern Caucasus and Russia.
- Asia and Latin America: EUR 3.8 billion, of which:
 - EUR 2.8 billion for Latin America, and
 - EUR 1 billion for Asia.
- South Africa: EUR 900 million.

Statistics

The Council adopted a Regulation establishing the statistical classification of economic activities NACE Rev. 2 and amending Council Regulation (EEC) N° 3037/90 and certain EC Regulations on specific statistical domains (*PE-CONS 3651/06*).

CUSTOMS UNION

Exemption from duties

The Council adopted a Regulation amending Annex I to Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff (*15612/06*).

The purpose of this Regulation is to extend autonomously to sterile surgical or dental adhesion barriers, whether or not absorbable, and appliances identifiable for ostomy use the exemption from duties for pharmaceutical products falling under Chapter 30 of the CN. Those products are currently subject to a 6,5 % rate of duty.

This Regulation will apply from 1 January 2007.

Suspensions of duties for certain industrial, agricultural and fishery products

The Council adopted a regulation amending regulation 1255/96 temporarily suspending the autonomous common customs tariff duties on certain industrial, agricultural and fishery products (15614/06).

Tariff quotas

The Council adopted a Regulation amending Regulation (EC) No 2505/96 opening and providing for the administration of autonomous Community tariff quotas for certain agricultural and industrial products (15613/06).

TRANSPORT

Agreement on air services with Malaysia

The Council adopted a decision approving the signing and provisional application of the agreement between the EU and Malaysia on certain aspects of air services.

The agreement is the result of negotiation under a mandate by which the Commission can negotiate with any third country with a view to bringing Member States' existing bilateral aviation agreements with that country into line with Community law.

Driving licences

The Council adopted a directive aimed at ensuring mutual recognition of driving licences by the Member States, approving five amendments voted by the European Parliament in second reading, which adapt the directive to new comitology rules adopted by the Council in July 2006¹ (16581/06, 15817/06).

The directive is aimed at improving road safety by setting minimum standards for medical checks on professional drivers and for qualifications and continuous training for driving examiners.

It is also aimed at reducing the risks of fraud by use of a plastic card model, with optional use of a microchip provided that this does not interfere with commonly accessible data (*see press release 16972/06*).

¹ Council Decision 2006/512/EC (OJ L 200, 22.7.2006, p. 11).

Civil aviation - Harmonisation of technical requirements and administrative procedures

The Council adopted a regulation amending the regulation on the harmonisation of technical requirements and administrative procedures in the field of civil aviation (EU-OPS), adopted in October 2006 (*see press release 13989/06, p. 31*), to align it with the new comitology rules (*PE-CONS 3673/06*).

TRADE POLICY

Textiles - Agreement with Belarus

The Council adopted a decision approving the signing and provisional application, as from 1 January 2007, of an agreement with Belarus amending the current agreement on trade in textile products in order to make some adjustments on quantitative limits, and providing for an extension until 31 December 2007 (*15552/06*).

Anti-dumping - Algeria, Belarus, Russia and Ukraine - Urea and ammonium nitrate

The Council adopted a regulation imposing a definitive anti-dumping duty on imports of solutions of urea and ammonium nitrate originating in Algeria, Belarus, Russia and Ukraine following an expiry review pursuant to Article 11(2) of Council Regulation (EC) No 384/96 (*15815/06*).

Anti-dumping - Japan - Television camera systems

The Council adopted a regulation imposing a definitive anti-dumping duty on imports of television camera systems originating in Japan following an expiry review pursuant to Article 11(2) of Council Regulation (EC) No 384/96 (*16068/06*).

EU/Switzerland - Mutual recognition in relation to conformity assessment

The Council adopted a decision approving an agreement between the EC and Switzerland on the revision of the Agreement on mutual recognition in relation to conformity assessment (*8918/3/05*).

RESEARCH

Specific programmes on EU research for 2007-2013*

The Council adopted decisions establishing specific programmes for implementation of the 7th EU research framework programmes¹ (15965/06, 16368/1/06 ADD1).

The 7th framework programme of the European Community (FP7-EC) will be implemented, for the period 2007 to 2013, by means of five specific programmes: "Cooperation", "Ideas", "People", "Capacities" and the specific programme for activities of the Joint Research Centre (JRC).

- *Cooperation* will be covering trans-national cooperation on the following policy-defined themes: health; food, agriculture and fisheries, biotechnology; information and communication technologies; nano-sciences; energy; environment; transport; socio-economic sciences and humanities; space; security. Budget: EUR 32.4 billion.
- *Ideas* will deal with investigator-driven research based on the initiative of the research community, by means of a European Research Council. Budget: EUR 7.5 bn.
- *People*, designed for support of training and career development of researchers and aimed at increasing the human R & D potential in Europe in terms of both quality and quantity. Budget: EUR 4.7 bn.
- *Capacities*, for support of key aspects of European research and innovation capacities such as: infrastructures; research for the benefit of small and medium sized enterprises; regions of knowledge; research potential; science in society; development of research policies and activities of international cooperation. Budget: EUR 4 bn.
- *direct actions of the JCR (non-nuclear activities)*, with a view to continuing to provide scientific and technical support to the EU policy making. Budget: EUR 1.7 bn.

¹ The 7th EU framework programmes on research, together with the budgetary breakdown and rules for the participation of undertakings, research centres and universities, were adopted by the Council on 18 December (see press release 16887/06).

The 7th framework programme of the European Atomic Energy Community (FP7-Euratom) will be implemented, for the period 2007 to 2011, by means of two specific programmes: the specific programme for nuclear research and training activities and the specific programme for activities in the field of nuclear research of the JRC.

- *specific programme for nuclear research activities* in the fields of fusion energy, nuclear fission and radiation protection (including implementation of the ITER project). Budget: EUR 2.2 bn.
- *direct actions of the JCR*, with a view to supporting research actions carried out in trans-national cooperation on nuclear waste management, nuclear safety and nuclear security. Budget: EUR 517 million.

The Council also adopted a regulation laying down the rules for the participation of undertakings, research centres and universities in actions under FP7-Euratom (15964/06).

HEALTH

Paediatric medicines

The Council adopted a regulation amending the regulation on medicinal products for paediatric use, adopted in October 2006 (see press release 14290/06), to align it with the new comitology rules (PE-CONS 3677/06).

SOCIAL POLICY

European Institute for Gender Equality *

The Council adopted a regulation establishing a European Institute for gender Equality, approving all amendments voted by the European Parliament in second reading (16579 + ADD1, 15795/06).

The overall objectives of the Institute shall be to strengthen the promotion of gender equality, including gender mainstreaming in all Community and national policies, and the fight against discrimination based on sex, and to raise EU citizens' awareness of gender equality by providing technical assistance to the Community and the national institutions.

To meet these objectives the Institute would, in particular:

- disseminate information as regards gender equality and suggest areas for further research;
- develop methodological tools in order to support the integration of gender equality into all Community and national policies and to support gender mainstreaming in all Community institutions and bodies;
- carry out surveys on the situation in Europe as regards gender equality;
- set up and coordinate a European Network on Gender Equality,
- raise EU citizens' awareness of gender equality,
- develop dialogue and cooperation with non-governmental and equal opportunities organisations.

European globalisation adjustment fund

The Council adopted a regulation establishing a European globalisation adjustment fund (EGF), accepting all the amendments suggested by the European Parliament at first reading (*PE-CONS 3678/06*). The Fund may not exceed a maximum annual amount of EUR 500 million (current prices).

Notwithstanding the positive effects of globalisation, it may also have negative consequences. EGF, accessible to all Member States, will be the instrument through which the Community would show its solidarity towards workers affected by redundancies resulting from major structural changes in world trade patterns, to assist them with their reintegration into the labour market (*see press release 17009/06*).

DEVELOPMENT COOPERATION

El Salvador

The Council adopted a Decision allowing El Salvador to continue benefiting from the special incentive arrangement for sustainable development and good governance from 1 January 2007 to 31 December 2008. (16060/06)

GENERAL AFFAIRS

Rules of Procedure of the Court of Justice and Court of First Instance

The Council adopted two Decisions amending the Rules of Procedure of the Court of Justice and of the Court of First Instance in order to include Bulgarian and Romanian among the languages of cases dealt with by both Courts (15778/06, 15708/06).
