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**News for agribusiness executives – immediate and direct from Brussels**


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### **COMMISSION TO RESTORE CEREALS IMPORT TARIFFS**

EU import tariffs for cereals will be reintroduced next week, following a Commission proposal to yesterday's Management Committee that was backed by Member States. Tariffs were suspended towards the end of last year in the wake of supply shortages which drove up market prices and emptied intervention stores [see AF97-07]. This was then extended at the end of June. Now, with prices falling (to less than 150 €/t for wheat, relative to the 295 €/t seen in March), abundant supplies after this year's bumper EU harvest, & the possibility of EU intervention purchases restarting from November 1 – if prices are sufficiently low - the Commission has moved to restore the usual measure. The EU import tariff for cereals is based on the difference between 155% of the intervention price & the average cif price (Rotterdam), and set twice a month. The EU also has a number of Tariff Rate Quotas (TRQs) for preferential imports – for barley (306 215t at 16 €/t), malting barley (50 000t at 8 €/t), medium & low quality soft wheat (2 989 240t at 12 €/t with 572 000t earmarked for the US & 38 853t for Canada). In 2003, the EU also introduced a TRQ for barley & low/medium quality of wheat from the Commonwealth of Independent States (CIS).

### **RURAL DEVELOPMENT CONFERENCE: 2nd Pillar up after 2013?; New RD Network; School milk;**

**Rural Development post-2013:** Rural Development will "*at the very least* keep the share of the cake that it has now & I personally believe it will take a larger slice", according to EU Farm Commissioner Mariann Fischer Boel, in answer to her own questions about the balance of emphasis in the post-2013 CAP – between income support & market instruments & RD policy; between "compensation" & "investment", and the manner in which RD funding could be better targeted. Addressing yesterday's Rural Development Conference "*Europe's rural areas in action: facing the challenges of tomorrow*", organised by the DG AGRI in the southern Cypriot town of Limassol, MFB was cognisant that "there will be huge pressures on the overall EU budget for after 2013" & that "some countries will see the CAP as a prime candidate to be squeezed". At the same stage, she was vocal in underlining the popularity of RD policy with the public, highlighting the necessity to translate "what RD policy gives us for every euro we spend" to Finance Ministers, Parliamentarians, voters, etc. In terms of the Health Check, she underlined the importance of compulsory modulation in order to fund measures to address the "new challenges", notably linked to climate change, stating that "EU agriculture must pull its weight on the rope" to ensure achieving the target for Greenhouse Gas emission reductions. Whilst referring to the issue of water scarcity – a very serious problem in Cyprus at present - she outlined how replacing old irrigation systems, raising energy efficiency & the better use of nitrogen fertiliser could be funded through RD policy via the increased rate of compulsory modulation.

\* See <http://www.aimgroup.eu/2008/cyprusagri/index.html>

**RD Network launched:** A European Network for Rural Development (ENRD) aimed at creating a forum of exchange of ideas & best practice on Rural Development projects has been launched by Commissioner Fischer Boel in Limassol today. Intended to bring together policy-makers, stakeholders, academics & key actors across the EU, MFB hoped that the network "will set off chain reactions of ideas & will quickly prove its worth in the policy-making process" drawing an analogy with the successes of the former "LEADER" approach. Feedback from the ENRD will inform any future RD policy, she insisted.

**New School Milk campaign:** Meanwhile, an EU-wide campaign\* "*Milk-Drink it up*" to promote the revamped School Milk Programme was also launched in the margins of the Conference, aimed at raising awareness of the benefits of milk consumption as a counter-obesity measure. Health Commissioner Androulla Vassiliou endorsed the "integrated approach" of the policy, & the availability of EU funds for school participation in the scheme - whilst Cypriot Farm Minister Michalis Polynikis assisted MFB in kicking off a series of educative events in schools.

\* See [www.drinkitup.europa.eu](http://www.drinkitup.europa.eu)

## **WORLD FOOD DAY PROMPTS DEBATE ON HEALTH IMPLICATIONS OF CLIMATE CHANGE**

Crop yields in the Mediterranean area, south-eastern Europe & Central Asia “could decrease up to 30% by the middle of the 21<sup>st</sup> Century” and therefore affect food security, according to a conference in Rome on Tuesday jointly organized by the World Health Organisation (WHO), the Food & Agriculture Organization (FAO) & the European Food Safety Authority (EFSA). Entitled the “*Health effects of climate change on food & water safety and nutrition*”, delegates were told that mitigation measures taken in energy, agriculture & land use are “essential” to curb the problem. Ahead of this week’s World Food Day, speakers were keen to highlight the need to place health & equity centre stage in any policy debate on climate change, underlining that such a phenomenon worsens health inequities within & among countries, & puts additional stress on poorer groups. In agricultural terms, the conference dealt with water stress, which is to hit the Mediterranean area the most, with a 25% decrease in winter rains expected. As a whole, Central & Southern Europe & Central Asia face reductions in summer water flows of up to 80%, affecting 16-44 million additional people by 2080, it seems. Elsewhere, changing patterns & practices of crop protection will lead to the “increased use of agrochemicals”, with new diseases spreading in Northern Europe such as the Bluetongue Virus (BTV), as well as the emergence of zoonotic diseases, conference attendees heard. The global cost of climate change is projected to be up to 5% of gross domestic product (GDP) by the end of this Century, prompting Catherine Geslain-Lanéelle, EFSA Executive Director to urge “Member States & other partners to share relevant information & develop appropriate systems to identify, analyse & tackle emerging risks brought about by climate change”.

\* See [http://www.fao.org/ag/agn/index\\_en.stm](http://www.fao.org/ag/agn/index_en.stm) under “New Documents”

## **COMMISSION BRIEFS: Pesticide residues; “Forest package”; Envi Infractions; GI database;**

**EU monitoring of pesticide residues:** Roughly 54% of fruit, vegetable & cereal samples tested in 2006 had pesticide residues, with 4.4% above the Maximum Residues Limits (MRLs) and residues at or below MRL levels found in 42% of the 65 810 samples, according to a leaked copy of the annual Commission report\* on the pesticide residues monitoring programme in the EU (plus Norway, Iceland & Liechtenstein) due for publication next month. These figures confirm the downward trend in sample exceeding the MRLs (which peaked at 5.5% in 2003), but a further rise in the number of residues detected below the MRLs – and a continued increase in the number of samples detected with multiple residues (27.7%). This is due to more sophisticated testing methods, according to one industry official. Commission inspectors also found that 6.4% of imports exceeded MRLs, while just 2.2% of EU products did. For baby food, where stricter rules apply, no residues were found in 86% of samples, with MRLs exceeded in just 0.2% of cases. [See AF88-07 for last year’s report.]

**Forest Package presented by Environment Commissioner:** Legislative proposals to tackle the problem of illegal logging & timber products entering the EU market & a Communication on ways to mitigate tropical deforestation were published by the Commission (DG ENVI) today. In presenting the two strands of the “Forest Package”, Environment Commissioner Stavros Dimas stated that “this is the first time that any region in the world has adopted such a comprehensive package”. The issue of the illegal sourcing of timber – some 19% of timber imports into the EU - has been raised at a number of Farm Councils, most recently by Dutch Minister Gerda Verburg last month, who urged Farm Commissioner Mariann Fischer Boel to press ahead with formal proposals before the current EP legislature draws to a close [see AF83-08]. In response to today’s draft legislative proposals, Anke Schulmeister, Forest Policy Officer at WWF has expressed her fear that they “do not have the teeth to seriously clamp down on this trade”, stating that they do “not bind companies all along the supply chain to provide credible assurances that their timber is legally sourced”.

**New GI database & 3 new GIs:** DG AGRI has today launched a new database of protected products under the PDO, PGI & TSG register. Called the *DOOR (Database Of Origin & Registration)*, the tool\* is aimed to provide more transparency for names already registered & those applied for. The Commission has also confirmed today that 3 new products have been added to the list of approved products – namely the Czech beer *České pivo*, the Spanish cheese *Cebreiro* and the Italian radish *Radicchio di Chioggia*, all of which receive the Protected Geographical (PGI) designation.

\* See [http://ec.europa.eu/agriculture/quality/database/index\\_en.htm](http://ec.europa.eu/agriculture/quality/database/index_en.htm)

**Infractions – Wild Birds (Gre) & Habitats/Natura 2000 (Hun):** With one European Court of Justice (ECJ) ruling against Greece for its failure to implement the Wild Birds Directive, the Commission has launched the first step in the procedure towards a 2<sup>nd</sup> Court case this week – the difference being that a 2<sup>nd</sup> ruling would carry with it a fine for each day that Greece has failed to respect the rules. The Commission considers that the Greek response to the 1<sup>st</sup> Court ruling has not been sufficient. The Commission has also initiated the first steps in infringement procedures against Hungary – for shortcomings in applying the Habitats Directive (poor inclusion of woodlands) & the *Natura 2000* Directive (compensation for illegal logging in the Sajolad Wood).

## **BRIEFS: Doha update; WTO Hormone case; Single CMO ManCom; EFSA & Nanotechnology;**

**Doha update – Walks in the woods make little concrete progress:** Private talks between WTO Ag Committee Chair Crawford Falconer and a small number of negotiators have not provided any breakthrough

in the Doha Round negotiations. Speaking in Geneva this week, Falconer confirmed that he has concentrated his efforts on the 6 questions where countries are most polarised – TRQ creation, Tariff simplification, Developing country food purchases/ Green Box, Sensitive Products, the Special Safeguard Mechanism, and Cotton – but had found little consensus taking the talks forward, even if various delegations are now consulting with capitals. He retains his intention of coming forward with a revised modalities text in November, but confirmed that this is revised from his previous July 10 text, rather than from the texts that were circulating during the end of July Ministerial talks.

**Beef hormone Panel – Appellate body reverses aspects but not outcome of 1<sup>st</sup> Panel:** The US & Canada can continue to apply retaliatory sanctions against certain EU products because of the EU's continued ban on imports of hormone-treated beef, according to the appeal of a Panel ruling in May [see AF49-08]. However, the new report questions some of the findings of the original ruling, notably stating that the Panel was wrong to conclude that there was no scientific basis for the EU ban – even signalling that the scientific experts consulted were compromised by the institutional affiliation. Nevertheless, it states that it is unable to complete the analysis of whether the EU ban is scientifically based.

\* See [http://www.wto.org/english/news\\_e/news08\\_e/320abr\\_321abr\\_e.htm](http://www.wto.org/english/news_e/news08_e/320abr_321abr_e.htm)

**Single CMO ManCom – Sugar & Cereals:** Roughly 120 000t of sugar was sold out of EU intervention stocks onto the EU market at Thursday's Management Committee meeting, taking the remaining stocks to less than 80 000t. Having rejected bids for sale onto the EU market for some time, the meeting agreed to sell 113 070t of Italian stocks at 54.8 €/100kg and 6 902t of Hun stocks at 55.2 €/100kg (but rejected bids from Swe – as well as bids for sale of intervention stocks for industrial use). Latest intervention figures show that, as of Oct 10, i.e. before the meeting, some 1.474 million tonnes have been sold out of intervention since Sept 2005 – 325 061t last year & 164 157t so far this year – with a further 224 198t committed under various Aid for the Needy schemes. This left 198 231t still to be sold – mainly in It (180 143t), Hun (7 780t), Swe (6 412t), Cz (2 140t) – with roughly 60% of this now seemingly cleared. Meanwhile, latest **cereals** intervention stocks show that the volumes in store have now dropped to just 15 621t of Hun maize and 37t of Hun wheat, i.e. 15 658t in total. In this context, the cereals part of the Single CMO Management Committee received no bids for the sale of intervention stocks under the various tenders.

**EFSA consultation on nanotechnologies:** A public consultation\* on the use of nanoscience & nanotechnologies in food & feed has been launched by ESA today - until Dec 1 - based on a draft scientific opinion by the EFSA scientific panel looking in particular at the general approach to risk assessment in this field, rather than the assessment of any specific engineered nano materials (ENMs).

\* See [http://www.efsa.europa.eu/EFSA/efsa\\_locale-1178620753812\\_1211902132298.htm](http://www.efsa.europa.eu/EFSA/efsa_locale-1178620753812_1211902132298.htm)

#### **TIMETABLE: The week ahead** *(in Brussels unless stated)*

- Oct 20 Environment Council (Lux. & 21<sup>st</sup>) *inc. orientation debate on GMOs [see AF89-08], progress report on the energy-climate change package, Deforestation [see above]; EP Plenary Session in Strasbourg (until 23<sup>rd</sup>) inc. Commissioner-designate Baroness Catherine Ashton before the EP International Trade C'ttee [see AF88-08] & vote on budget procedure 2009; Report on last week's EU Summit from Presidents Sarkozy & Barroso (Tues); Farm Commissioner Mariann Fischer Boel & French Minister Michel Barnier attend SIAL International Food Salon (Paris);*
- Oct 21 Commission College (Strasbourg);
- Oct 22 Commissioner Fischer Boel at Conference of Maritime & Peripheral Regions (Nantes);
- Oct 24 Justice & Home Affairs Council (Lux); Health Commissioner Androulla Vassiliou attends the French Presidency Conference on Traditional Food Products & Food Safety (Paris);
- (Oct 27 & 28 Farm Council (Lux) *inc CAP Health Check negotiations (& further "trilaterals") aimed at reaching a "common approach", but leaving key issues such as dairy quota increases & the rates of compulsory modulation until November, it seems;*)

#### **Management & Regulatory Committees**

- Oct 20 Single CMO ManCom (wine, & 21<sup>st</sup>); Ag Funds Committee; SCoFCAH – Plant Health (& 21<sup>st</sup>);
- Oct 21 Standing Committee on Organic Farming (& 22<sup>nd</sup>);
- Oct 22 Single CMO ManCom (livestock products);
- Oct 23 SCoFCAH – Animal Nutrition;

*[Rather than have a 5-page edition of AGRA FACTS, we are today, exceptionally, publishing 2 editions – a special edition [No.89-08] relating to a number of GMO issues that have emerged this week, and this edition which is more or less "GMO-free".]*

ENDS