



Council of the
European Union

Brussels, 3 December 2019
(OR. en)

14282/19
PV CONS 61
AGRI 558
PECHE 512

DRAFT MINUTES
COUNCIL OF THE EUROPEAN UNION
(**Agriculture** and Fisheries)
18 November 2019

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1. Adoption of the agenda

The Council adopted the agenda set out in 13920/19.

2. Approval of "A" items

a) Non-legislative list

13930/19

The Council adopted the "A" items listed in 13930/19 including COR and REV documents presented for adoption. Statements related to these items are set out in the Addendum.

For the following items the documents should read as follows:

Fisheries

1. Council Decision on the signing and the provisional application of the Protocol to amend the International Convention for the Conservation of Atlantic Tuna (ICCAT)
Adoption
approved by Coreper, Part 1, on 13.11.2019



13730/19 + ADD 1
13445/19
13446/19
+ COR 1 (hr)
PECHE

- b) Legislative list (Public deliberation in accordance with Article 16(8) of the Treaty on European Union)

13931/19

Internal Market and Industry

Directive on cross-border conversions, mergers and divisions
Adoption of the legislative act
approved by Coreper, Part 1, on 13.11.2019



13691/19 + ADD 1
+ ADD 1 COR 1
PE-CONS 84/19
DRS

The Council approved the European Parliament's position at first reading and the proposed act has been adopted, with the Estonia and the United Kingdom abstaining, pursuant to Article 294(4) of the Treaty on the Functioning of the European Union. (Legal basis: Article 50(1) and (2) TFEU). Statements related to this item are set out in the Annex.

Legislative deliberations

(Public deliberation in accordance with Article 16(8) of the Treaty on European Union)

3. **Post-2020 CAP reform package**  14051/19
- a) **Regulation on CAP Strategic Plans**
 - b) **Regulation on financing, management and monitoring of the CAP**
 - c) **Regulation on common market organisation (CMO) of agricultural products**

Exchange of views on environmental and climate-related aspects

Based on the Presidency's discussion paper 14051/19, the Council exchanged views on the environment and climate-related objectives of the CAP, including the Presidency suggestion to set a single target covering the whole CAP.

The Presidency took note of delegations' and the Commission's comments and would further reflect on the way to take them on board.

The Council took note of the statement signed by the Ministers of Estonia, Latvia, Lithuania and Poland on environmental and climate benefits of systematic liming of acidic agricultural soils (set out in the Annex).

4. **Regulations on CAP transitional rules**  13644/19 + ADD1
Presentation by the Commission
Exchange of views 13643/19 + ADD1

The Council took note of the information provided by the Commission, and of delegations' comments.

The Council also took note of the common declaration of Bulgaria, Cyprus, the Czech Republic, Hungary, Poland and Romania on transitional national aid under the CAP transitional rules (set out in the Annex)

Any other business

- | | | | |
|----|----|--|----------|
| 5. | a) | Increasing difficulties in the apiculture sector
<i>Information from the Hungarian delegation</i> | 14036/19 |
| | b) | Further increase in imports to the EU of japonica rice
<i>Information from the Italian delegation</i> | 14034/19 |
| | c) | Excessive maize imports from Ukraine
<i>Information from the Polish delegation</i> | 14081/19 |
| | d) | EU-China - Geographical indications agreement
<i>Information from the Commission</i> | 14033/19 |



First reading



Item based on a Commission proposal

Statements to the legislative "B" items set out in 13920/19

Ad "B" item 3: **Post-2020 CAP reform package**
Exchange of views on environmental and climate-related aspects

**STATEMENT BY ESTONIA, LATVIA, LITHUANIA AND POLAND
ON ENVIRONMENTAL AND CLIMATE BENEFITS OF SYSTEMATIC LIMING OF
ACIDIC AGRICULTURAL SOILS**

"

Tartu, 31 October 2019

Introduction

Agricultural production and land use has its effects on climate. At the same time, agriculture is one of the sectors most affected by the climate change. European Union (EU) has set itself ambitious climate objectives. Agriculture must be part of the solution and should contribute to these objectives. One of the objectives of the new Common Agricultural Policy (CAP) is to bolster environmental care and climate action and to contribute to the environmental and climate objectives of the EU.

Environmental and climate benefits of systematic liming of acidic agricultural soils

Agriculture sector is using 48% of EU's land and farmers by their activities not only influence natural resources of soil, water and air, but also provide important carbon capture. Soil is the largest carbon pool in the terrestrial biosphere. Systemic agricultural practices through liming could enhance the ability of soils to store carbon and contribute to climate change mitigation.

In the view of the climate neutrality objective, different analysis have shown huge potential of liming in increasing carbon sequestration in soils. There is a strong correlation between soil pH and organic carbon. In areas where the soil is acidic, the organic carbon content is lower.

Analysis are showing that increase in pH of 0.1 units, the organic carbon content increases on average by about 0.02-0.3%.

Mostly limestone, dolomitic limestone and ash are used for liming. The use of ash would allow limiting CO₂ emissions from liming, as it is predominantly calcium oxide, which does not result in additional emissions.

Liming agricultural soils is important for contributing climate change mitigation due to increasing organic carbon sequestration. It helps to:

- increase the organic carbon content and storage;
- preserve and improve soil structure and quality;
- increase the activity of micro-organisms and earthworms;
- improve the soil water and air condition and increase soil fertility;
- increase the uptake of nutrients;
- contribute to the circular economy by helping to use the by-products (e.g. ash).

Role of the CAP

CAP should lead a transition towards a more sustainable and climate-smart agriculture. To achieve that, specific objective on contributing to climate change mitigation and adaptation, has been set. The specific objectives of the CAP have the role to translate general CAP objectives into more concrete priorities and interventions.

New delivery mechanism for CAP provides great potential and tools for Member States to set ambitious targets and focus on results. For this potential to be fully realized, different circumstances in different member States should be truly taken into account.

Therefore, we, Ministers of Agriculture of Estonia, Latvia, Lithuania and Poland:

EMPHASIZE the role of agriculture in the sustainable use of soils in food production and providing ecosystem services;

TAKE INTO ACCOUNT the United Nations' Sustainable Development Goals and the European Commission calls for a climate-neutral Europe by 2050;

EXPRESS the need for implementing the necessary measures to ensure maximum carbon sequestration in soils;

ACKNOWLEDGE liming of acidic agricultural soils by using certain type substances as an environmental and climate measure, which helps to achieve CAP climate objectives in future and, therefore, we **REQUEST** the European Commission that liming should be considered as eligible practice under schemes for the climate and the environment (eco-schemes) and environmental, climate and other management commitments."

Ad "B" item 4: **Regulations on CAP transitional rules**
Presentation by the Commission
Exchange of views

**STATEMENT BY BULGARIA, CYPRUS, THE CZECH REPUBLIC, HUNGARY,
POLAND AND ROMANIA**

"The Transitional package containing the two proposals designed to ensure the continuity of the CAP support to farmers and other beneficiaries in the transition period envisages the extension of the applicability of the existing legal framework and adaptations of certain rules to ensure the continuity of the CAP until the new system is in place.

Bulgaria, Cyprus, the Czech Republic, Hungary, Poland and Romania ask for inclusion in the Regulation on CAP transitional rules the possibility to extend the implementation of the Transitional national aid provided for in Article 37 of Regulation (EU) No 1307/2013 on financial levels not lower than in 2020.

Our proposal is substantiated by the following rationale:

- Proposed transitional rules are based on existing applicable rules and schemes and it is logical to include the Transitional national aid which is a part of the existing legal framework;
- Continuation of Transitional national aid would contribute to providing certainty and continuity in the granting of support to concerned farmers and avoiding a sudden and substantial decrease of support for sectors in respect of which Transitional national aid is granted;
- Discontinuance of Transitional national aid means a sudden and substantial decrease in the incomes of farmers concerned which would endanger ensuring of employment opportunities and development of rural areas;
- Transitional national aid is financed by the national budget and is budgetary neutral for EU;
- Agreement on the CAP Reform proposals remains the priority and exclusion of the Transitional national aid from the Regulation on CAP transitional rules would prejudice the discussion on the issue in the margins of CAP Reform.

Taking into account the arguments, we request the prolongation of the Transitional national aid in the CAP Transitional rules."

Statements to the legislative "A" items set out in 13931/19**Ad "A" item 1: **Directive on cross-border conversions, mergers and divisions**
*Adoption of the legislative act*****STATEMENT BY ESTONIA**

"Estonia welcomes the aim of the directive on cross-border conversions, mergers, and divisions to provide a legal and administrative environment, which is both conducive to growth and adapted to face the new economic and social challenges of a globalised and digital world, while ensuring the protection of employees, creditors and minority shareholders. Estonia acknowledges the potential benefit of such a legal framework. It has been a unique opportunity to create the much-needed legal framework to unleash the full potential of the single market and stimulate jobs, growth and investment.

Estonia, however, regrets that the aforementioned aims have not been fully achieved in the outcome of the interinstitutional negotiations. We remain deeply concerned that directive contains unclear and cumbersome obligations, which do not allow for the use of the full potential of the single market and might even have a deterring effect on companies, especially on SMEs. Moreover, the rules laid down in the directive do not take into account neither the rapidly developing business landscape nor the digital economy. In this context, Estonia particularly regrets the unequal treatment of companies established under different legal theories despite their legitimacy and equal status under Article 54 TFEU and settled case law (cases Polbud, C-106/16, paras 34 and 62, National Grid Indus, C-371/10, paras 26-27, Daily Mail, C-81/87, para 21). Taking this into account, it is not comprehensible why one system should be disadvantaged compared with the other. By creating a presumption whereby the absence of abuse or fraudulent behaviour by companies, which have their effective management and economic activity in the Member State of registration, is assumed, we are essentially creating a presumption that contemporary and global digital companies are, in fact, fraudulent or "shell companies". This incentivizes progressive companies to register themselves outside of the single market, in countries with more modern and flexible legal environment. Therefore, we fear that such complex rules will result in companies searching for alternatives, bearing unpredictable consequences to employees, creditors and minority shareholders.

Furthermore, the directive on cross-border mergers has been well-functioning in practice for more than ten years. Thus, it remains unclear why the rules on cross-border mergers were not taken as a basis for cross-border conversions and divisions in the first place. Moreover, it is worrisome that the existing rules on cross-border mergers have been changed beyond what is necessary to solve the few practical problems detected. By making too many changes, we risk making the existing well-functioning rules on cross-border mergers ineffective, cumbersome and less attractive."