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NOTE

From:	Presidency
To:	Delegations
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 1308/2013 and Regulation (EU) No 1306/2013 as regards the aid scheme for the supply of fruit and vegetables, bananas and milk in the educational establishments Proposal for a COUNCIL REGULATION amending Regulation (EU) No 1370/2013 determining measures on fixing certain aids and refunds related to the common organisation of the markets in agricultural products - Information from the Presidency

1. On 30 January 2014 the Commission submitted two proposals. The first aims at amending Regulation (EU) No 1308/2013 and Regulation (EU) No 1306/2013 as regards the aid scheme for the supply of fruit and vegetables, bananas and milk in the educational establishments (the "CMO proposal", doc. 5958/14). The second amends Regulation (EU) No 1370/2013 (the "Fixing Regulation", doc. 6054/14).

2. The European Parliament (EP) appointed Mr Marc Tarabella (S&D, BE) as rapporteur. It adopted (at plenary level) its negotiating mandate to enter interinstitutional negotiations on 27 May 2015. This mandate includes 49 amendments to the Commission proposal [1].

[1] Doc. 10312/15.

3. Building on the progress made under the Greek and Italian Presidencies, the Luxembourg Presidency resumed the work on this file and entered in negotiations with the EP, on the basis of mandates granted by the Special Committee on Agriculture (SCA), initially at its meeting of 12 October.

4. On that basis five trilogues took place on 20 October, 11 November and 1, 8 and 10 December. On 10 December the representatives of the Council and of the European Parliament reached an agreement, *ad referendum*, on the Regulation of the EP and of the Council.

5. On the main substantive elements of the new school scheme the Presidency would like to highlight the following:

- an overall amount of aid of € 250 million, of which 150 million for fruit and vegetables, and 100 million for milk and milk products
- allocation of aid based on the three criteria set out in the SCA mandate, without the phasing-out of the historical criterion for milk nor the extra 5 % + 5 % of aid for outermost regions called for by the EP.
- transfers between the allocations for the two groups of products of 20%, to be increased to up to 25% in duly justified cases, while the EP wanted to limit such transfers to 10 %.
- a differentiated role for the national authorities for health and nutrition, from their involvement to their authorisation for the addition of limited quantities of certain substances, limits being set through a delegated act, while the EP initially wanted all products to be authorised by these authorities.
- a list of products, not limited to fresh products as initially requested by the EP but including processed products as well
- no mandatory quantified targets or logo, which were both part of the EP amendments.
- the new school scheme should be applicable as from August 2017.

6. Regarding the disputed issue of the correct legal basis for some of the provisions, it has been raised by the EP President with the Commission President and has also to be seen in the context of recent ECJ cases whose outcomes have not been supportive to an extensive recourse of article 43(3). In that light and taking into account the elements of substance outlined in point 5 the agreement reached *ad referendum* foresees the use of article 43(2) for the provisions on aid, criteria and transfers. For the actual fixing of the national allocations including for the initial period of six years, for the aid for milk and for setting the percentage (15 %) for accompanying measures and (10%) for related costs, it is article 43(3) which is retained.

7. Taking into account the elements outlined in points 5 and 6 the Presidency is of the view that the overall outcome should be seen as satisfactory by the Council and as representing an improvement compared to the existing schemes.

8. On 16 December the SCA will be invited to analyse the outcome of these negotiations as well as to finalise the text of the Council Regulation, so as to allow a fast completion of the negotiation process and an early entry into force of both Regulations, also taking into account that it is an element of the € 500 million aid package aimed at stabilising the EU market (notably in the dairy sector) and alleviate the difficult situation of EU farmers.