22 June 2015

Dear Rob,

ENVIRONMENT COUNCIL AND AGRICULTURE AND FISHERIES COUNCIL: 15-16 JUNE 2015

I am writing to provide you with reports on the outcomes of the EU Environment Council and EU Agriculture and Fisheries Council meetings which I attended in Luxembourg on 15 and 16 June.

This was my first opportunity to attend the Environment Council, and provided a welcome opportunity to meet with Ministers of other EU Member States and with the Commissioner for the Environment, Karmenu Vella. The Commissioner was very interested in, and welcoming of, Scotland's ambition and work on developing the circular economy. The Commission intend to publish their revised Circular Economy Package later this year and are currently consulting on the possible shape of that package, he encouraged active participation by Scotland in that process.

I met Amber Rudd, the new UK Secretary of State for Energy and Climate Change, and discussed the good story Scotland has to tell on climate ambition and delivery as well as UK leadership within the EU on climate change in the run up to the Paris climate conference. I also met Rory Stewart the Parliamentary Under-Secretary of State for Defra and discussed working together on key environment priorities.

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I was especially glad to be able to listen to the exchange of views among Member States regarding the state of progress in negotiations on international climate change. The EU made the first major pledge for the Paris climate conference in March: a 40% emissions cut by 2030. Although not as ambitious as Scotland, it’s the most ambitious pledge currently on the table from the big players. Following the strong statement from the G7 about the need for an ambitious and robust agreement in Paris, the EU is now looking for ambitious pledges from other Parties. Importantly, the UK and EU are pressing for five-yearly reviews of the level of global ambition as part of the Paris agreement.

I am copying this letter to the Convener of the European and External Relations Committee, for information.

AILEEN MCLEOD
ENVIRONMENT COUNCIL REPORT: 15 JUNE 2015

SUMMARY

Ministers discussed the proposal for a directive on the reduction of national emissions of certain atmospheric pollutants as part of the Clean Air Package. The Council also heard the state of negotiations on an international climate agreement as part of the Road to Paris.

The Minister met with Commissioner Karmenu Vella, Commissioner for Environment, Maritime Affairs and Fisheries. The Commissioner was very interested in Scotland’s experience and ambition on the Circular Economy and in managing sustainably our marine environment. Dr McLeod also held a bilateral meeting with the Irish Environment Minister, Allan Kelly, where they discussed climate change ambition.

Dr McLeod took the opportunity in Luxembourg to meet with the UK Secretary of State for Environment and Climate Change, Amber Rudd MP, in order to discuss the prospects for a good agreement on Climate Change in Paris and how Scotland’s strong narrative and commitment can be an exemplar for others. In a further meeting with Rory Stewart MP, Parliamentary Under-Secretary of State for the UK Department for Environment, Food and Rural Affairs, Dr McLeod explained Scotland’s key priorities in EU Environment Policy, highlighting in particular our desire to see an ambitious EU Circular Economy Package.

KEY OUTCOMES

National Emissions Ceiling Directive

1. The Council held a policy debate to allow Ministers the opportunity to express their views on the outstanding issues and direct the further discussions needed in order to reach a common position. Technical level discussions on the key emission limit levels for different atmospheric pollutants will continue under the next Presidency, and in the European Parliament Committee.

2. As part of its package of new measures on air quality, the Commissions is proposing to realign the National Emissions Ceiling Directive limits (2001/81/EC) to match the emissions limits agreed in the 2012 revision of the Gothenburg Protocol to the UNECE Convention on Long Range Transboundary Air Pollution.

3. The revised Protocol sets new emissions reduction commitments for Sulphur Dioxide, Mono-Nitrogen Oxides, Ammonia, volatile organic compounds and fine particulate matter (PM2.5) for 2020 and annual caps thereafter. It is proposed that these annual caps should become legally binding under the revised Directive from 2025, with further commitments from 2030.

UNFCCC – State of Negotiations on International Climate Change

4. Ministers took stock of the progress in the negotiations in preparation for the Conference of the Parties to the UN Convention on Climate Change in Paris in December 2015. Some concern was expressed at the pace of negotiations so far in Geneva (February) and Bonn (June), only ten formal negotiating days remain ahead of Council, however Ministers welcomed that a number of other parties have come forward with their Intended Nationally Determined Contributions.
5. Ministers called on all other parties to the UN Convention to engage in negotiations and seek to reach an ambitious agreement in Paris. The Luxembourg Presidency which begins on the 1 July 2015, will hold a special Council on 18 September 2015 to agree Council conclusions on the negotiations.

ANY OTHER BUSINESS

Recent international meetings – information from the Presidency and Commission

6. The Presidency and the Commission presented the outcomes of the “Triple COP” (a joint meeting of the Basel, Rotterdam and Stockholm Conventions), and the meeting of the parties to the RAMSAR Convention.

7. For the second time the Conferences of the Parties for the following conventions were held jointly in Geneva: the Basel Convention on the Control of Transboundary Movements of hazardous wastes and their disposal; the Rotterdam Convention on the Prior Informed Consent Procedure for certain hazardous chemicals and pesticides in international trade; and, the Stockholm Convention on Persistent Organic Pollutants. The meeting adopted a total of 73 decisions aimed at strengthening protection of human health and the environment from hazardous chemicals and wastes.

8. The Ramsar Convention is an inter-governmental treaty that provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources. The last meeting took place in Uruguay in June 2015 and a UK delegation (from Defra) attended. There are currently 51 Ramsar sites designated as internationally important wetlands in Scotland, covering a total area of about 313,000 hectares. All Ramsar sites in Scotland are also either Special Protection Areas (SPAs) or Special Areas of Conservation (SACs), some are also Sites of Special Scientific Interest.

European Fund for Strategic Investment – information from the Commission

9. The Commission presented the recently agreed European Fund for Strategic Investment, and in particular highlighted that the EFSI could be used to provide funding to ‘environmental’ projects where they meet the other criteria. More broadly, all projects taken forward by the EIB under EFSI will be expected to conform to the EIB’s environmental standards.

Lisbon Charter on Drinking Water (Portugal)

10. The Portuguese Minister presented its non-binding Charter which was adopted in Lisbon in September 2014 at the International Water Association (IWA) Conference. The Charter sets out how to provide safe and secure water and sanitation services. It updates the 2005 Bonn Charter, which responded to and strongly supported the 2004 UN World Health Organisation’s (WHO) major water policy initiative on how to secure safe drinking water.

11. The Lisbon Charter now recognises the role of economic regulation, in addition to quality regulation, in setting up and managing safe water and waste water services.
using a risk based approach. It is underpinned by the UK model of risk based regulation as an enabler of sustainable and safe water and sanitation services.

**Market Stability Reserve (Emissions Trading Scheme)**

12. The successful conclusion of an agreement with the European Parliament on the Market Stability Reserve (MSR) as part of the Emissions Trading Scheme (ETS) is one of the big wins of the Latvian Presidency. In early May, agreement was reached between the Council, European Parliament and European Commission to strengthen the MSR by: bringing the start date forward from 2021 to 2019; placing approximately 1.5 billion backloaded and unallocated allowances directly into the reserve, rather than auctioning them; and, reducing the share of allowances that lower income Member States place into the reserve until 2025.

13. The MSR will address the significant surplus of ETS allowances in the EU carbon market, which is currently depressing the signal for low carbon investment. The Scottish Government therefore welcomed the progress in this file, and were particularly pleased that our secondee to the Latvian Presidency played a part in the team that produced this result. The Minister was able to meet with the Scottish Government secondee in the margins of the Council and congratulate him on the work done in this file in particular.

**Work Programme of the incoming Presidency (Luxembourg)**

14. The Luxembourg Minister presented their work programme and priorities for their July-December 2015 Presidency. They placed a particular emphasis on their intention to commit great deal of effort to pursuing a good outcome by leading the EU delegation at the Paris Conference of the Parties to the UN Convention on Climate Change later this year.

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The next Environment Council will be held in Brussels on the 18 September 2015.
SUMMARY

Ministers agreed their position on a revised Regulation on Organic Production and Labelling of Organic Products, when the European Parliament has reached their own position negotiations will commence between the two institutions and the European Commission. The Commission presented their Communication on the fishing opportunities for 2016 and the principles which they will use, this begins the process of negotiation towards the December Fisheries Council. Member States offered their views on the Commission's proposed approach and stated their key priorities. The Commission also presented their reports into the feasibility of an extension of mandatory country of origin labelling to certain categories of food including milk and milk used as an ingredient in dairy products.

KEY OUTCOMES

Organic Production and Labelling of Organic Products

1. The Council agreed a general approach on the revised Regulation overcoming disagreements over the frequency of controls and the handling of the presence of non-authorised substances. The Council position agreed not to impose a mandatory decertification threshold in the presence of non-authorised substances, but rather will lead to their phasing out at the end of 2021. This proposal would allow that those organic products which contain non-authorised substances as a result of unavoidable and unintentional contamination may continue to be marketed as organic. The Presidency will now await the result of the European Parliamentary Committee's discussions before opening trilateral negotiations with them to reach an agreement.

Communication on Fishing Opportunities for 2016

2. Commission provided a read out of the key elements of their policy statement for the setting of quotas for 2016. Reflecting that stocks were increasingly healthy and that as such they remained of the view that it was possible to fish sustainably and meet MSY targets at the same time. Where advice on MSY was available that would be the objective set for those stocks, where MSY advice wasn't available then following scientific advice would be their approach and where there was stocks that fell into the data limited category a precautionary approach would be taken. On preparing for the discard ban and the transfer of discards to the catch columns they would treat each species on a case by case basis using historic discard data as their reference points.

3. A round table ensued where MS were broadly supportive of the approach including the UK. Key messages were that the fishing industry should receive public recognition for efforts made to date in recovering and improving the state of fish stocks, that MSY across all stocks was a challenge and may need an element of phasing but importantly that there needed to be account taken of the potential economic impact of fleets and communities. On the discard ban that the Commission needed to work closely with the regional bodies and make clear well in advance of negotiations what methodology will be used in allocating discards to the catch opportunities.
ANY OTHER BUSINESS

Extension of the European Fisheries Fund 2007-2013 (Greece)

4. Greece requested that the Commission extend the deadline for eligibility of payments under the 2007-2013 rural development programmes for six months, to mid-2016. The Commissioner acknowledged difficulties some Member States were experiencing but declined this request in line with a cross-cutting decision on the extension to deadlines for other EU funds.

Situation in the Fishing Sector in light of the Russian Import Restrictions (Estonia)

5. Estonia raised an AOB point, supported by Latvia, regarding the latest restrictions imposed by Russia on trade of certain fish products following an inspection visit by Russian authorities. European Maritime and Fisheries Fund new operational programmes were highlighted as supportive of marketing and diversification by the Commissioner as one possible route for affected fish processors. The Commissioner promised to consider further the options to take action at the EU level to help mitigate the impact of this action by the Russian authorities.

Reports on Country of Origin Labeling

6. The Commissioner presented two reports into the feasibility of extending mandatory country of origin labelling to milk and milk products, and to certain unprocessed and single ingredient or lightly processed foods not already covered by existing rules. The reports conclude that the costs of introducing such mandatory labelling would be excessive and recommend voluntary labelling rules as the most suitable. The reports are marginally more positive with regard to labelling for dairy products but indicate a likely uneven impact on producers. A small number of Member States, the UK included, drew a more positive conclusion for further work to determine the feasibility of a specific scheme for milk, whereas a number of other Member States preferred a voluntary approach. The Commissioner was not inclined towards introducing any new scheme and cited the evidence on costs in the reports, including findings that consumers were not willing to pay the extra cost.

Outcome of the Visegrad Group Ministerial Meeting

7. Slovakia presented the outcomes of a recent Ministerial meeting of the Visegrad Group – Czech Republic, Hungary, Poland and Slovakia. In particular the joint statement issued on the improvement needed to the farmers position in the food supply chain and a common view arguing the merits of a Legally Binding Agreement on forests in Europe. There has been considerable division among Member States over the need for such an agreement; the UK continues to take the view that negotiations on this should come to an end as there is no indication that an agreement can be reached in the near future.

Animal Health Regulation

8. The Latvian Presidency welcomed a provisional deal reached on the new Animal Health regulation, bringing together more than 40 existing regulations and
directives, some of which date back as far as 1964, and consolidate provisions on animal health into a single document. The regulation will be formally adopted by Council and Parliament later this year and will come into force in 2020 following a five year transition period. Other Member State Ministers warmly welcomed the progress made and congratulated the Presidency on their efforts. The UK however expressed a concern at the last minute decision to change the use of an Implementing Act to determine the list of diseases to which the regulation applies, to the use of a Delegated Act instead – increasing the role of the Council and European Parliament and therefore risking the politicisation of the list.

Rural Development Expenditure (Romania)

9. Romania requested that the Commission extend the deadline for eligibility of payments under the 2007-2013 rural development programmes for six months, to mid-2016. The Commissioner acknowledged difficulties some Member States were experiencing but declined this request in line with a cross-cutting decision on the extension to deadlines for other EU funds.

The next Agriculture and Fisheries Council will be held in Brussels on the 13 July 2015.