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## **PRESS RELEASE**

3139th Council meeting

### **Environment**

Brussels, 19 December 2011

President            **Marcin KOROLEC**  
Minister for the Environment of Poland

# **P R E S S**

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## **Main results of the Council**

*The Council took note of progress reports on three proposals for*

- *a regulation concerning the export and import of hazardous chemicals;*
- *a directive on the sulphur content of marine fuels;*
- *a directive on control of major-accident hazards involving dangerous substances*

*The Council also adopted conclusions on*

- *the EU Biodiversity Strategy to 2020;*
- *the roadmap to a resource-efficient Europe*

*During lunch, ministers had an informal debate on future actions in the field of environmental protection and climate policy, as well as on the links between the Environment Council tasks and the European Semester.*

*Finally, ministers had an exchange of views on the outcome of the 17th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC), which took place in Durban, from 28 November to 9 December 2011.*

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Federal Minister for the Environment, Nature Conservation and Reactor Safety

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Minister for the Environment

**Ireland:**

Mr Phil HOGAN

Minister for Environment, Community and Local Government

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Minister for the Environment, Energy and Climate Change

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State Secretary for Climate Change

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Minister for Public Works, Spatial planning and Environment of Principality of Asturias

**France:**

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Deputy Permanent Representative

**Italy:**

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Minister of Environment

**Cyprus:**

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Minister for Agriculture, Natural Resources and Environment

**Latvia:**

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Deputy Minister for the Environment

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Mr Marco SCHANK

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**Hungary:**

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Mr András RÁCZ

Deputy State Secretary of the Ministry of Rural Development

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Ms Beata JACZEWSKA

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Under-Secretary of State, Ministry of the Environment

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Ms Assunção CRISTAS

Minister for Agriculture, Maritime Affairs, the Environment and Regional Planning  
State Secretary for the Environment and Regional Planning

Mr Pedro Afonso de PAULO

**Romania:**

Mr Laszlo BORBELY

Minister for the Environment and Forests

**Slovenia:**

Mr Roko ŽARNIČ

Minister for the Environment

**Slovakia:**

Mr Branislav CIMERMAN

State Secretary, Ministry for Environment

**Finland:**

Mr Ville NIINISTÖ

Minister for the Environment

**Sweden:**

Ms Lena EK

Minister for the Environment

**United Kingdom:**

Ms Caroline SPELMAN

Secretary of State for Environment, Food and Rural Affairs

Mr Stewart Stevenson

Minister of Environment and climate Change (Scottish Government)

.....

**Commission:**

Ms Connie HEDEGAARD

Member

Mr Janez POTOČNIK

Member

.....

The Government of the Acceding State was represented as follows:

**Croatia**

Mr Nikola RUŽINSKI

State Secretary, Ministry of Environmental Protection, Physical Planning and Construction

**ITEMS DEBATED**

**Major-accident hazards involving dangerous substances (Seveso III)**

In public deliberation, the Council took note of progress report regarding the proposal for a directive on control of major-accident hazards involving dangerous substances ([18257/10](#)).

Extensive and intensive negotiations have taken place within the Council and with the European Parliament on this proposal and although progress was made on several political and technical issues, there are still some key elements of the directive that must be further discussed before a first reading agreement is reached.

The Commission proposal ([18257/10](#)), presented on December 2010, aims at replacing, by 1 June 2015, the current Seveso II Directive which applies to around 10 000 establishments in the EU. Its main objectives are:

- align Annex I (defining the substances falling within the scope of the directive) to changes to the EU system of classification of dangerous substances to which it refers;
- adapt Annex I to deal with situations occurring after the alignment where substances are included/excluded that do/do not present a major-accident hazard;
- strengthen the provisions relating to public access to safety information, participation in decision-making and access to justice, and improve the way information is collected, managed, made available and shared;
- introduce stricter standards for inspections of installations to ensure the effective implementation and enforcement of safety rules.

The Commission entered a statement in the Council minutes, since it has reservations on a some elements listed in Section V of the progress report, in particular regarding delegated acts correlation tables.

**Export and import of hazardous chemicals**

In public deliberation, the Council took note of a progress report on the proposal for a regulation concerning the export and import of hazardous chemicals ([9896/11](#)).

The aim of the proposal is to replace regulation 689/2008<sup>1</sup>, which implements the Rotterdam Convention on the Prior Informed Consent Procedure (PIC) for certain hazardous chemicals and pesticides in international trade.

The main objectives of the proposed new regulation are:

- align it with regulation 1272/2008<sup>2</sup> on classification, labelling and packaging of substances and mixtures;
- involve the European Chemicals Agency<sup>3</sup> in certain administrative, technical and scientific tasks necessary for the implementation of the regulation;
- provide for additional conditions that may allow exports to proceed in the absence of a reply from the importing country, whilst not lowering the protection afforded to importing countries.

The provisions of the regulation go beyond those of the Convention and offer more protection to importing countries since they are addressed to all countries and not just to the Parties to the Convention. The scope of the regulation is not limited to chemicals that are banned or severely restricted under the Convention, but also covers those chemicals at EU level. In addition, the regulation ensures that all chemicals are appropriately packed and labelled when exported.

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<sup>1</sup> [OJ L 166, 27.6.2008.](#)

<sup>2</sup> [OJ L 353, 31.12.2008.](#)

<sup>3</sup> <http://echa.europa.eu>



### **Sulphur content of marine fuels**

In public deliberation, the Council took note of a progress report on the proposal for a directive amending directive 1999/32/EC as regards the sulphur content of marine fuels ([12806/11](#)). The Council will pursue its work on the text under the incoming Danish Presidency heading towards a possible first reading agreement with the European Parliament, which would strengthen the legal certainty and allow for a better preparation of the required implementing measures.

The aim of the proposal, submitted by the Commission in July this year, is to align directive 1999/32 with the most recent International Maritime Organization (IMO) rules on fuel standards<sup>1</sup>, notably on prevention of air pollution from ships, as well as to strengthen the EU monitoring and enforcement regime. It also aims to provide a high level of protection for human health and the environment and is in compliance with the EU 2020 Strategy, as well as with its associated flagship initiatives, particularly those relating to the low carbon society roadmaps and innovation union and existing EU policies for sustainable transport.

Member states in general welcomed the report and several ministers underlined the harmful effects for human health of emissions from shipping due to the combustion of marine fuels with a high sulphur content, which contribute to air pollution in the form of sulphur dioxide and particulate matter, thus also causing acidification.

Several member states and the Commission called for the application of stricter fuel quality standards applicable to SO<sub>2</sub> Emission Control Areas (SECAs) to all territorial waters of the EU Member States. However, some ministers pointed out that this could lead to distortions of competitiveness, since other non-EU countries will not apply the same rules and therefore any SECAs enlargement should only be done in the framework of IMO .

Furthermore, a number of ministers also expressed concerns on the fact that adaption of vessels to the new rules would imply additional costs for ship owners and required a transitional period. Some member states also voiced doubts on the availability of low sulphur fuels from the date of entry into force of the directive.

The Commission acknowledged that measures should be taken to mitigate possible financial losses but considered that the maritime sector also had to do their share to achieve the Europe 2020 targets.

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<sup>1</sup> Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL)73/78 (<http://www.imo.org>)

**EU Biodiversity Strategy**

In public deliberation, the Council had an exchange of views on the implementation of the EU Biodiversity Strategy to 2020 and it also adopted conclusions, which focused on the concrete measures required to achieve its main targets: protect species and habitats, maintain and restore ecosystems, anchor biodiversity goals in other EU policies, combat invasive alien species, step up the EU's contribution to averting global biodiversity loss.

Following the Environment Council conclusions of June 2011 ([11978/11](#)), endorsing the Strategy as proposed in the Commission's communication "Our life insurance, our natural capital: an EU biodiversity strategy to 2020" ([9658/11](#)), the present conclusions constitute therefore the second political response of the Council, which intervene in the context of ongoing negotiations on the Multiannual Financial Framework for the period 2014-2020 and at the moment when other EU policies very relevant for the achievement of the EU biodiversity headline target by 2020 - in particular the Common Agricultural Policy, the Common Fisheries Policy and the Cohesion Policy - are ongoing a reform process.

Without prejudging the outcomes of these negotiations, most member states underlined the need to integrate biodiversity concerns in all sectoral policies, in order to reverse the continuing trends of biodiversity loss and ecosystem degradation, and acknowledged that the EU is for the moment falling behind its 2020 overall headline target

## **Roadmap to a resource-efficient Europe**

Ministers had an exchange of views concerning the Commission communication "Roadmap to a Resource-Efficient Europe" ([14632/11](#)), presented in September 2011. The Council also adopted conclusions on this issue, stressing that the roadmap is a key element for the implementation of the flagship initiative "A resource-efficient Europe" ([5869/11](#)), in the context of the Europe 2020 Strategy, which will lead the EU into economic transformation towards a more sustainable and competitive economy and contribute to the world-wide efforts to ensure a transition towards a greener economy.<sup>1</sup>

The roadmap defines medium and long term objectives to achieve resource efficiency, covering a wide range of areas - energy, transport, climate change, industry, commodities, agriculture, fisheries, biodiversity and regional development. Within a long term vision for 2050, the roadmap sets milestones for 2020, illustrating what will be needed to gradually achieve resource efficiency and sustainable growth.

Ministers acknowledged in general that the shift towards a sustainable and responsible resource-efficient European economy and society will require, in addition to technological innovation, new governance models, new business and education models, new consumption patterns and lifestyles geared towards the sustainable management of resources.

In the context of a difficult economic situation, some member states called for innovative financial solutions, also in the framework of the European Semester, arguing for a closer cooperation with business. Proper conditions need to be established, both in the form of regulatory and market-based instruments, as well as through voluntary schemes, in order to stimulate resource efficiency.

Several ministers also underlined the direct link between the Resource Efficiency Roadmap and the 7th EAP, which should be complementary and reinforce each other in providing for, respectively, the integration of environmental aspects in the implementation of the Europe 2020 strategy and the definition of the environmental policy priorities and actions.

The Commission would have preferred more ambitious conclusions and entered a statement in this respect in the Council minutes.

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<sup>1</sup> See also: Council conclusions on Rio+20: towards achieving sustainable development by greening the economy and improving governance ([15388/11](#)).

**Durban climate conference**

The Council had an exchange of views on the outcome of the 17th Conference of the Parties to the UN Framework Convention on Climate Change (UNFCCC), which took place from 28 November to 9 December in Durban, South Africa.

The EU was actively engaged in international negotiations before and during the Durban Conference and it was generally acknowledged that it played a key role in achieving the final agreement.

Although most member states welcomed the outcome of the Conference, it was also generally agreed that this was just a first step and that the EU must keep the pressure and pursue its efforts to secure a legal framework for climate action which should enter into force in 2020. It was also underlined that the EU should produce a clear and credible roadmap to 2015, which this time will engage all countries.

A number of ministers underlined the need for strengthening the alliances established with other countries in Durban and called for increased EU coordination with a view to the next cycle of international negotiations which will start in early 2012. Progress needs still to be made, concerning in particular Land Use, Land-Use Change and Forestry (LULUCF), surplus of Assigned Amount Units (AAUs) and market-based mechanisms.

**Any other business**

**Convention on Migratory Species**

The Council took note of the report submitted by the Commission and the Presidency on the outcome of the 10th Conference of the Parties to the Convention on Migratory Species which took place in Bergen (Norway) on 20-25 November 2011 ([18740/11](#)).

The Convention on the Conservation of Migratory Species of Wild Animals (CMS) (also known as the Bonn Convention), aims to ensure the conservation of migratory species on land, water and air. It came into force on 1 November 1983 and currently, there are 116 Parties to it representing Africa, Central America and South America, Asia, Europe, Australia and Oceania.

**Intergovernmental Negotiating Committee on Mercury**

The Council took note of a report prepared by the Commission and the Presidency on the outcome of the 3rd session of the Intergovernmental Negotiating Committee (INC3) on mercury, which took place in Nairobi, from 31 October to 4 November 2011 ([1844/11](#)). The meeting confirmed that the main challenges in this field are air emissions and financial support to developing countries for compliance purposes.

At EU level mercury is subject to a comprehensive set of control measures, under the Community Strategy Concerning Mercury adopted in 2005 ([5999/05](#)) and the EU has ever since asked for the negotiation of a global legally binding instrument on mercury, under the auspices of UNEP. The first breakthrough in the international negotiations occurred in February 2009 when the USA reversed its position and became in favour of a mercury instrument. The negotiation process is scheduled to be concluded in early 2013.

***UN Conference on Sustainable Development (Rio+20)***

The Council will be briefed by the Presidency on the outcome of the following preparatory meetings with a view to UN Conference on Sustainable Development (Rio+20) to be held from 4 to 6 June 2012, in Rio de Janeiro :

- Ministerial Conference on "Rio +20" (Warsaw, 11-12 October 2011);
- UNECE Regional Preparatory Meeting (Geneva, 1-2 December 2011)
- Second Intersessional Meeting (New York, 15-16 December 2011)

The Rio Conference will focus on two themes:

- a green economy in the context of sustainable development and poverty eradication;
- the institutional framework for sustainable development.

### **Conference "Planning for biodiversity"**

The Council was informed by the Presidency on the outcome of the expert conference "Planning for biodiversity" which was held in Warsaw on 7-9 November 2011 ([18513/11](#))

### **EU-Eastern Partnership countries' cooperation in climate policy**

The Council was briefed by the Presidency on the outcome of the expert workshop on EU-Eastern Partnership countries' cooperation in climate policy which took place in Warsaw on 17-18 November 2011 ([18630/11](#))

### **GMOs cultivation**

The Council was informed by the Presidency about the state of play on the proposal for a regulation amending directive 2001/18/EC as regards the possibility for the member states to restrict or prohibit the cultivation of GMOs in their territory ([12371/10](#)).

The proposal was presented to the Council in July 2010, both at its "Agriculture" and "Environment" configurations, and has been subject to an in-depth technical examination by the Council competent bodies since then. Although progress has been made in this file, it was not yet possible to reach an agreement on a compromise text.

The Polish Presidency prepared a compromise proposal that takes into account discussions held and delegations' written comments after the last meeting of the Working Party, thus providing the incoming Danish Presidency with the technical basis to pursue this work.

### **Convention on the Sustainable Development of the Carpathians**

The Council was informed by the Presidency and the Commission on the state of play of the EU accession to the Framework Convention on the Protection and Sustainable Development of the Carpathians ([18519/11](#)).

In the last Conference of the Parties in Bratislava (25-27 May 2011), the European Union was invited to become a Party to the Carpathian Convention, which is a basic instrument of inter-governmental collaboration between seven Carpathian countries: Poland, Czech Republic, Slovak Republic, Hungary, Ukraine, Romania and Serbia.

The main goal of the Carpathian Convention is to pursue a comprehensive policy and enhance cooperation among the parties for the protection and sustainable development of the region with a view to improving quality of life, strengthening local economies and communities, and conservation of natural values and cultural heritage.

### **Programme for the Environment and Climate Action (LIFE)**

The Council took note of the presentation by the Commission of its recent proposal for a regulation on the establishment of a Programme for the Environment and Climate Action (LIFE) ([18627/11](#)).

In the Multiannual Financial Framework (MFF) for 2014-2020 <sup>1</sup>, the Commission proposes to address environmental and climate issues as an integral part of all the EU main instruments and interventions and it intends to increase the proportion of the Union budget related to climate action to at least 20% with contribution from different policies.

However, the Commission also notes that the main Union financing instruments do not address all environmental and climate specific needs and for this reason, the Commission proposes to modify the LIFE Programme currently regulated by the LIFE+ Regulation <sup>2</sup>, in order to better align it with Europe 2020 objectives and therefore to respond more efficiently to the environmental challenges facing the Union. Globally, the LIFE Programme allocation will increase from €2.1 bn to €3.2 bn.

The main elements of the new LIFE Regulation include:

- creation of two sub-programmes under LIFE: one for Environment (with a budget of €2.4 billion) and one for Climate Action ( allocated € 800 million);
- special emphasis on better governance;
- creation of "Integrated Projects", which will operate on a large scale and will aim to improve the implementation of environmental and climate policy and their integration into other policies;
- better definition of the activities funded for each priority area.

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<sup>1</sup> Commission communication "A budget for Europe 2020" (12475/11)

<sup>2</sup> OJ L 149, 9.6.2007.



## **Greenhouse gas emissions monitoring and reporting**

The Council took note of the presentation by the Commission of its recent proposal for a regulation on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change ([17549/11](#)), which will replace the current monitoring mechanism established under decision 280/2004/EC <sup>1</sup>.

The aim of the proposal is to enhance the monitoring, reporting and review framework within the EU, in the light of lessons learned from implementation of the current decision, to take account of developments at both Union and international level, and to enable further policy development. In particular, the proposal incorporates new reporting and monitoring requirements arising from the 2009 Climate and Energy Package and the relevant objectives of the Europe 2020 strategy, as well as requirements arising from recent decisions adopted under the UNFCCC.

## **Fuel Quality Directive**

The Council was briefed by the Commission on the implementing measures concerning certain provisions of the fuel quality directive <sup>2</sup>, which requires suppliers to reduce by 6% the lifecycle greenhouse gas intensity of fuel for use in road vehicles. The Commission is required to adopt implementing measures on, *inter alia*, the method for calculating the greenhouse gas intensity of fossil fuels ([18459/11](#)).

The Commission is proposing greenhouse gas values for all carbon intensive unconventional sources, making it clear that these sources have a greater greenhouse gas impact than average crude oil. Discussions are on-going with representatives of member states in the competent Committee.

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<sup>1</sup> OJ L 49, 19.02.2004.

<sup>2</sup> Directive 2009/30/EC (OJ L 140, 5.6.2009)

### **Fluorinated greenhouse gases**

The Council took note of the report from the Commission concerning the implementation of regulation 842/2006<sup>1</sup> on certain fluorinated greenhouse gases (“F-Gas regulation”) ([18472/11](#)), which covers several of this type of gases used in stationary applications such as refrigeration, air-conditioning and fire extinguishers.

Following the adoption of the report, a public consultation on possible options for strengthening current measures to reduce F-Gas emissions was launched and is ongoing until 19 December 2011. In addition, the 2012 Commission's Work Programme<sup>2</sup> foresees a legislative proposal for the revision of the F-Gas Regulation.

### **Plastic carrier bags**

The Council took note of information provided by the Commission, at the request of the Italian and Austrian delegations, concerning the results of the public consultation launched by the Commission on this issue - which closed in 9 August -, as well as the planned measures at EU level aiming to reduce the use of plastic bags ([18397/11](#)). The European Commission is currently analysing the contributions received which will feed into an impact assessment of any proposals which the European Commission may make.

The total volume of plastic carrier bags produced in Europe in 2008 was 3.4 million tonnes, which equals the weight of over 2 million passenger cars. The low weight and small size of plastic bags means they often escape waste management and end up in the marine environment, where their eventual decay can take hundreds of years.

### **Disaster risk-sharing facility**

The Council took note of information provided by the Hungarian delegation on further steps to establish a common European industrial disaster risk sharing facility to be financed by a compulsory environmental insurance premium harmonised at the European level ([18596/11](#)).

In October 2010, a major industrial disaster in Western Hungary cost, in addition to immeasurable human tragedies, approximately EUR 115 million to taxpayers in terms of disaster relief and rehabilitation expenditure. The company was unable to pay even a fraction of that cost and without government intervention it faces bankruptcy, risking the loss of thousands of jobs and generating a gross outstanding environmental liability.

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<sup>1</sup> OJ L 161, 14.6.2006.

<sup>2</sup> COM(2011) 777 final.

### **Conference "The Water, Energy and Food Security Nexus"**

The Council was informed by the German delegation about the conference on "The Water, Energy and Food Security Nexus - Solution for a Green Economy" which took place in Bonn on 16-18 November 2011 ([18659/11](#)).

The goal of this conference was to emphasise that a better understanding of the connections and interdependence between water, energy and food is needed to properly address the conflicting uses to better meet the needs of a growing global population.

### **Emissions trading in the aviation sector**

The Commission briefed ministers on the state of play as regards the application of the EU's greenhouse gas emissions trading scheme (ETS) to aviation, due to start on 1 January 2012, and the relations with non-EU countries opposed to the inclusion of international aviation in the Union's ETS. The Commission will continue its ongoing bilateral discussions with those countries, while also pressing for progress in the International Civil Aviation Organisation (ICAO) on a global solution for this issue.

The ETS Directive<sup>1</sup> constitutes the key instrument for reducing emissions from energy-intensive industries and contributing towards deploying the necessary low-carbon technologies. The EU ETS scheme creates the legal framework for the EU's independent (that is, independent of events in international climate negotiations) commitment of reducing its emissions by 20% by 2020 compared to 1990 levels.

### **UN Convention to Combat Desertification**

The Council was informed by the Presidency and the Commission on the outcome of the 10th session of the Conference of the Parties to the United Nations Convention to Combat Desertification which was held in Changwon (Republic of Korea) on 10-21 October 2011 ([18735/11](#))

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<sup>1</sup> 2003/87/EC (OJ L 275, 25.10.2003) .

## **Basel Convention**

The Council was briefed by the Presidency and the Commission on the outcome of the 10th Conference of the Parties to the Basel Convention on the Control of Transboundary Movement of Hazardous Wastes and Their Disposal which took place in Cartagena (Colombia) on 17-21 October 2011 ([18501/11](#)).

The EU is a Party to the Basel Convention <sup>1</sup> - which entered into force in 1992 and now binds 175 Parties - and to the amendment to that convention prohibiting hazardous waste exports for final disposal and recycling from a list of developed (mostly OECD) countries to developing countries (the so-called "Ban Amendment"). The provisions of the Basel Convention and the Ban Amendment were transposed into EU law by regulation 1013/2006 on shipments of waste <sup>2</sup> .

## **REACH system for chemical substances**

– Substances of very high concern

The Council has taken note of information from the Commission on the current status of the candidate list of substances of very high concern (SVHCs), following the announcement by Vice-President Tajani and Commissioner Potočnik that 136 SVHC will be included into the candidate list by the end of 2012 and all relevant currently know SVHCs by the end of 2020 ([18488/11](#)).

The aims of the REACH regulation <sup>3</sup> are to provide a high level of protection for humans and the environment, whilst enhancing competitiveness and innovation. REACH provides for identifying substances of very high concern and for establishing the so called "candidate list" for eventual inclusion into the authorisation list. The substances are identified on the basis of proposals submitted by member states or by the European Chemicals Agency (ECHA) on behalf of the Commission.

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<sup>1</sup> OJ L 39, 16.2.1993.

<sup>2</sup> [OJ L 190, 12.7.2006](#).

<sup>3</sup> Regulation 1907/2006.

- Review of the system in the light of EU Competitiveness

The Council also took note of concerns from the Czech and Slovak delegations as regards the impact of the REACH system on the competitiveness of European chemical industry, in the context of the general report that the Commission will present next year on the experience gained from the operation of the regulation and the review to assess whether or not to amend the scope of the regulation to avoid overlaps with other relevant Community provisions ([18487/11](#)).

### **Annual Growth Survey**

The Council took note of oral information from the Commission concerning the Annual Growth Survey for 2012 ([17229/11](#) + *ADDs 1 to 4*), which was published on 23 November 2011, launching the 2012 European semester of economic governance. The survey is the basis for building the necessary common understanding about the priorities for action at national and EU level for the next twelve months, which should then feed into national economic and budgetary decisions, taking up the EU country-specific recommendations and where relevant the commitments made under the Euro Plus Pact.

The Commission will present to the June European Council a detailed assessment of the implementation by member states of the country-specific recommendations and the Euro Plus Pact commitments in the country-by-country analysis it.

### **Environment meeting of the Visegrad Group**

The Council took note of information by the Czech minister concerning the meeting of the Ministers of the Environment of the Visegrad Group, with Bulgaria and Romania, which was held in Zbiroh on 7-8 November 2011 ([18576/11](#))

### **Convention on the Conservation of European Wildlife and Natural Habitats**

The Council was briefed by the Presidency and the Commission on the 31st meeting of the Standing Committee of the Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention) which took place in Strasbourg from 29 November to 2 December 2011 ([18739/11](#)).

### **Work programme of the incoming Presidency**

The incoming Danish Presidency presented to the Council its the work programme for next semester, which will include pursuing pending dossiers such as GMO, fuel sulphur content and export and import of hazardous chemicals. It also expects, *inter alia*, to adopt conclusions on the green economy and biodiversity and will be actively engaged in the future international climate negotiations.

**OTHER ITEMS APPROVED**

**ECONOMIC AND FINANCIAL AFFAIRS**

**Suspension of tariff duties and tax exemptions and reductions - Canary Islands**

The Council adopted a regulation prolonging the suspension of tariff duties applicable to imports of certain industrial products into the Canary Islands for a further ten years until 31 December 2021 ([17977/11](#)). The regulation also extends the suspension of tariff duties to some additional products. The measure takes account of the remoteness of the Canary Islands, due to which the economic operators suffer severe economic and commercial disadvantages with negative effects on demographic trends, employment and social and economic developments.

The Council also decided to authorise Spain for a further two years until 31 December 2013 to apply exemptions from or reductions in the tax known as AIEM for certain products produced locally in the Canary Islands ([17993/11](#)). This is to alleviate the handicaps to which the Canary Islands are confronted with, in particular the fact that due to high production costs the goods produced locally are less competitive than goods produced elsewhere, even taking into account the cost of transport.

**Reduced excise duty for rum produced in French overseas departments**

The Council decided to increase the quota for traditional rum produced in the French overseas departments, on which a reduced rate of excise duty may be applied, from 108 000 hectolitres to 120 000 hectolitres ([17995/11](#)). It also extended by one year until 31 December 2013 the period of application of the scheme of reduced excise duty.

## **VAT treatment of financial services**

The Council took note of a progress report from the presidency regarding work on proposals on the value-added tax (VAT) treatment of insurance services and other financial services ([18650/11](#)).

The proposals for a directive and a regulation are intended to clarify the provisions of directive 2006/112/EC<sup>1</sup> as regards financial services, which are exempt from VAT.

They are aimed at increasing legal certainty for economic operators and national tax administrations, reducing administrative burdens and lessening the impact of hidden VAT on the costs of service providers.

The existing provisions were established in the 1970s and have led to uneven interpretation by the member states, causing distortions of competition. The VAT exemption for financial services causes high compliance costs, and inconsistencies in its implementation have resulted in an increasing number of court cases, especially as concerns new types of services.

The proposals date from 2007. In November 2010, the Council endorsed guidelines for work on the dossier. Under Polish presidency (July to December 2011), the working group has focused on definitions of exempt financial services. The report provides an overview of progress achieved during that time and assesses the prospects for reaching an overall compromise on the dossier.

## **Code of Conduct (Business Taxation) - Council conclusions**

The Council adopted conclusions on Code of Conduct (Business Taxation). For more information see [18398/11](#).

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<sup>1</sup> Directive 2006/112/EC on the common system of VAT



**GENERAL AFFAIRS**

**Integrated maritime policy - Council conclusions**

The Council adopted the conclusions set out in [18279/11](#).

**FOREIGN AFFAIRS**

**Restrictive measures - Burma**

The Council updated the information relating to one entity subject to restrictive measures due to the human rights situation in Burma/Myanmar. The Council keeps the measures under constant review.

**Restrictive measures - Democratic People's Republic of Korea**

The Council reviewed the restrictive measures motivated by concern about DPRK's policies in relation to its nuclear-related, ballistic missile-related or other weapons of mass destruction-related programmes. It maintained the list of persons and entities subject to restrictive measures.

The Council also added two persons responsible for these policies and one person responsible for providing finance to these programmes to the list of those targeted by an asset freeze and a ban from entering the EU. It also subjected to an asset freeze eight additional entities involved in the said programmes and four additional entities involved in providing finance for them.

**COMMON SECURITY AND DEFENCE POLICY**

**Common costs of military operations**

The Council approved a revised mechanism for financing the common costs of EU military operations (ATHENA mechanism).

**Participation of New Zealand in EU crisis management operations**

The Council approved on behalf of the Union an agreement establishing a framework for the participation of New Zealand in EU crisis management operations and authorised its signature.

**JUSTICE AND HOME AFFAIRS**

**Readmission / visa facilitation agreements with Armenia and Azerbaijan**

The Council adopted a decision authorising the Commission to open negotiations for readmission as well as visa facilitation agreements with Armenia and Azerbaijan.

Once the Commission estimates that negotiations with the two countries will have been finalised, the Council will need to adopt decisions on signing and concluding the agreements by qualified majority and the European Parliament will need to give its consent.

**ENVIRONMENT**

**Convention on Long-range Transboundary Air Pollution**

The Council adopted a decision authorising the Commission to participate, on behalf of the European Union, in the negotiations for the revision of the protocol ("the Gothenburg Protocol") to the 1979 Convention on Long-range Transboundary Air Pollution to Abate Acidification, Eutrophication and Ground- level Ozone.

**International Whaling Commission**

The Council adopted a decision establishing the position to be adopted on behalf of the European Union, at the next three meetings of the International Whaling Commission, with regard to proposals for amendments to the International Convention on the Regulation of Whaling and its Schedule.

The International Whaling Commission (IWC) is the competent international organisation regarding the conservation and management of whale populations at global level. Membership of the IWC is only open to governments. Currently, twenty-five Member States of the Union are parties to the IWC. The Union has observer status at the IWC and it is represented therein by the Commission.

**INTERNAL MARKET**

**Fertilisers - Technical update**

The Council decided not to oppose the adoption by the Commission of a regulation amending regulation 2003/2003 relating to fertilisers for the purposes of adapting annexes I and IV to technical progress.

The draft regulation is subject to the regulatory procedure with scrutiny. This means that now that the Council has given its consent, the Commission may adopt it, unless the European Parliament objects.

**INTELLECTUAL PROPERTY**

**Broadcasting organisations - Convention of the Council of Europe**

The Council and the representatives of governments of the member states meeting within the Council, authorised the Commission and the EU presidency to participate in negotiations for a Convention of the Council of Europe on the protection of the rights of broadcasting organisations.

**TRADE POLICY**

**Suspension of tariff duties and opening of tariff quotas\***

The Council adopted a regulation suspending the autonomous common customs tariff duties on certain agricultural, fishery and industrial products ([18131/11](#) + [18324/11](#)+ [ADD 1](#)). The Council also adopted a regulation opening autonomous EU tariff quotas for certain agricultural and industrial products ([18122/11](#)). The objective of the two regulations is to ensure sufficient and uninterrupted supplies of certain goods insufficiently produced in the EU and to avoid any disturbances on the market for certain agricultural and industrial products.

**Anti-dumping - Trichloroisocyanuric acid - China**

The Council adopted a regulation imposing a definitive anti-dumping duty on imports of trichloroisocyanuric acid originating in China, following an expiry review pursuant to regulation 1225/2009 ([17739/11](#)).

**HEALTH**

**Revision of the list of warnings against tobacco products**

The Council decided not to oppose the adoption of a Commission's directive amending directive 2001/37/EC concerning the manufacture, presentation and sale of tobacco products ([16944/11](#)). The draft amending directive provides for a revision of the list of additional warnings which have to be applied on all packages of smoking tobacco since September 2003 and on packages of other tobacco products since September 2004. Evidence suggests that the impact of the current additional warnings has decreased over time as the novelty effect of the warning messages has worn off. Member states will have two years to transpose the directive into national law.

The Commission directive is subject to the so called regulatory procedure with scrutiny. This means that now that the Council has given its consent, the Commission may adopt the directive, unless the European Parliament objects.

**RESEARCH**

**EU-Algeria agreement on scientific and technological cooperation**

The Council authorised the signing and provisionnal application of a scientific and technological cooperation agreement with Algeria ([17318/11](#)).

**Euratom programme for nuclear research for 2012 and 2013**

The Council extended, for a two-year period, the European Atomic Energy Community (Euratom) framework programme for nuclear research ([17503/11](#) + [CORI](#)).

The Euratom programme, which expires at the end of 2011, is extended in order to align it with the end of the EU's current financial cycle in 2013. Euratom programmes are limited by the Euratom treaty to five years, whereas the general 7th framework programme for research, which runs until end 2013, lasts for seven years.

The framework programme comprises two types of activities: indirect actions and direct actions.

*For more information see press release: [18807/11](#).*

**INSTITUTIONAL AFFAIRS**

**Council rules of procedure - Weighting of votes**

The Council amended its rules of procedure by updating a table of populations of the EU member states for 2012 for the purposes of qualified majority decision-making in the Council ([17116/11](#)).

The Council's rules of procedure provide that when a decision is to be taken by a qualified majority, and if a member of the Council so requests, it shall be verified that the member states constituting the qualified majority represent at least 62 % of the total population of the European Union.

To that end, the EU population figures are updated annually in line with figures provided by Eurostat (the EU's statistical office).

The qualified majority in the Council is set at 255 votes out of a total of 345 and a majority of the 27 member states.

**APPOINTMENTS**

**Economic and Social Committee**

The Council appointed Dr Jörg FREIHERR FRANK VON FÜRSTENWERTH (Germany)

as member of the Economic and Social Committee for the remainder of the current term of office, which runs until 20 September 2015 ([17952/11](#)).

**Committee of the Regions**

The Council appointed Mr Søren Pape POULSEN (Denmark), as member of the Committee of the Regions for the remainder of the current term of office, which runs until 25 January 2015 ([18316/11](#)).

**Supervisory committee of the European Anti-Fraud Office**

The Council endorsed the five following candidates for the role of members of the supervisory committee of the European Anti-Fraud Office (OLAF): Mr. Herbert BÖSCH, Mr Johan DENOLF, Ms Catherine PIGNON, Ms Rita SCHEMBRI and MR Christiaan Timmermans. Their term of office is three years and is renewable once.

**DECISION TAKEN BY WRITTEN PROCEDURE**

**Portugal - Review of the economic adjustment programme**

The Council adopted, on 14 December, a decision amending the conditions underpinning financial assistance to Portugal under the European Financial Stabilisation Mechanism (EFSM).

The decision modifies decision 2011/344/EU as regards economic policy conditions, taking into account a revised economic outlook, so as to ensure a smooth implementation of Portugal's economic adjustment programme.

In May 2011, ministers gave the go-ahead for a EUR 78 billion package of financial assistance, including EUR 26 billion provided under the EFSM.

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