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Commission charges five Member States for failure to prevent build-up of surplus sugar stocks

The European Commission today fixed definitive charges on five Member States for failing to prevent the build-up of surplus stocks of sugar prior to their accession in May 2004. The five countries – Estonia, Cyprus, Latvia, Slovakia and Malta – will have to pay charges totalling around €57 million over the next four years[1]. As is usual before every enlargement, the new Member States were required to ensure that there was no speculative stockpiling of agricultural products, which would upset the balance of the entire EU market. Surplus stocks of sugar were found in these five countries. Last year, the Commission granted them additional time to eliminate the surplus sugar from the EU market. The charges imposed today follow an intensive debate with the countries concerned, during which the Commission took into account well-founded arguments and granted extra time to dispose of the surpluses.

"Measures to prevent the build-up of surplus stocks are a normal feature of every EU enlargement," said Mariann Fischer Boel, Commissioner for Agriculture and Rural Development. "It is our legal duty to enforce these rules, which prevent economic operators across the Union being harmed by speculative stockpiling. But I am aware of concerns in the affected countries and have done everything possible to ensure a fair outcome."

Before the enlargement of May 2004, as with previous enlargements, the new Member States had to take measures to prevent operators building up speculative stocks of sugar, and benefiting from the fact that the EU sugar price was three times world market levels. It is the Commission's duty to manage the market and to ensure that its decisions are consistent with the rules set out the Accession Treaty.

Apart from the need to avoid speculation for its own sake, a sudden increase in stocks also has a negative effect on the market balance. The increase of sugar intervention stocks was a clear indication of the market disturbance caused by speculative surpluses.

The amounts to be paid by the five Member States will be taken into account for the calculation of the production levies for the marketing year 2005/2006. Consequently the levies to be paid by sugar and beet producers all over the EU will be reduced accordingly, thus partly compensating them for the difficulties caused by the market disturbance.

1 The total charges minus the 25 percent to be retained by the Member States.

The Commission granted the affected Member States extra time to eliminate from the EU market the surplus stocks which had been discovered. By the deadline of 31 March 2006, Cyprus provided proof of the elimination of 190 tonnes, Latvia 1,743 tonnes, and Slovakia 1,797 tonnes of sugar. The charges for these countries were thus reduced to take account of this.

For the remaining quantities, the Member States will be charged an amount equal to the quantity not eliminated multiplied by the highest export refund for white sugar during the period 1 May 2004 to 30 November 2005 - €499.5 per tonne.

The charges are therefore as follows:

- Estonia: €45,686,268
- Cyprus: €19,991,489
- Latvia: €4,418,577
- Malta: €1,224,774
- Slovakia: €4,209,786

However, as these amounts are regarded as ‘own resources’ of the EU budget, the Member States concerned will be permitted to retain 25 percent of these charges. The payments will have to be made in four instalments, the first being payable when today’s decision is notified to the Member States, and the others being payable on 15 October 2007, 2008 and 2009.