IP/07/466

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Commission charges nine Member States for the build-up of surplus stocks of agricultural products

The European Commission today adopted a communication setting out charges on nine of the Member States which joined the EU in 2004 for the build-up of surplus stocks of various agricultural products prior to their accession. The countries will have to pay a total of € 41.1 million into the EU budget, but will be given a period of four years to make the payments. As it follows from the accession Treaty, the new Member States were required to ensure that there was no stockpiling of agricultural products leading up to accession. However, above-normal stocks were found for agricultural commodities including meat, dairy products and fruit & vegetables. The definition of these surplus stocks follows two years of close and open dialogue with the Member States concerned, during which the Commission has adjusted its method for calculation to take into account general and country specific put forward By Member States. The result is charges much lower than initially calculated. The definition and charging of surplus stocks is done before every enlargement. In 2006 a Commission decision was made on surplus stocks of sugar (see IP/06/1551).

"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 make sure these rules are enforced, because they prevent companies across the Union being harmed by excessive stockpiling. I am of course aware of concerns in the affected countries.We have therefore 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 the build-up of either privately or publicly-held stocks of agricultural products. The potential for stockpiling follows generally from differences in prices in EU and in the countries concerned before they joined the EU.

Establishing surplus stocks is the result of a long process where the stock situation in the last year before accession has been compared with the stock situation in the previous three years. Stocks have been established on the basis of monthly import, export and production data drawn from Eurostat databases. In the absence of such data Commission has relied on data provided by Member States and certified by national statistical authorities.

The Commission first calculated surplus stocks in 2005. Subsequently all figures and calculation methods were submitted to the scrutiny of the concerned Member States. Member States have in the period repeatedly been encouraged to ensure that the appropriate data was available to Eurostat. Regular updates have ensured that only the most recently available data was used for the calculations.

In establishing the final surplus stocks, the Commission has also taken into account a certain number of considerations. Calculations have been adjusted to take into consideration possible trends to better reflect the general economic development of candidate countries leading up to accession. Furthermore a number of interchangeable products – such as butter and butter-oil, different qualities and types of rice, hops, seeds, wine, alcohol, tobacco and cereals – have been considered as single groups allowing for surplus stocks of one product to be set-off – and hence not charged – by negative stocks in related products. Finally a threshold of 10 % of what is considered a normal carry over stock has been established. Member States have not been charged for surplus stocks below this threshold. These general considerations have been equally applied to all of the concerned member states.

In addition to these general considerations a certain number of well-founded country specific arguments put forward by Member States have been taken into account when establishing the surplus stocks.

The charge for each Member State is based on the multiplication of the surplus stocks with the difference between the internal and external price level, reflected by the average export refund during the first year after accession or, for products where no exports refund apply – such as preserved mushrooms, garlic, and fruit juices - the price differences between the average internal and external prices.

Member States will have four years to pay the charges. The first instalment is due by the last day of the second month following the month when the decision is notified to the Member States. Subsequent instalments are due by 31 May, 2008, 31 May 2009 and 31 May 2010.

The charges are set out in the table below:

Product Group	**CZ** 1000 EUR	**EE** 1000 EUR	**CY** 1000 EUR	**LV** 1000 EUR	**LT** 1000 EUR	**MT** 1000 EUR	**PL** 1000 EUR	**SL** 1000 EUR	**SK** 1000 EUR
Meat (*)	**6 221**			**0**		**0**	**7 773**	**0**	**980**
Milk (**)	**0**	**7 523**			**2 971**	**288**	**752**		
Fruits (***)	**4 944**			**0**	**180**		**2 229**	**375**	**3 049**
Rice	**1 123**	**5**	**115**		**30**		**1 225**	**18**	**585**
Wine		**42**		**204**			**473**		
TOTAL:	**12 288**	**7 570**	**115**	**204**	**3 182**	**288**	**12 451**	**393**	**4 614**

(*) 4 sub-groups: Beef & Veal, Pigmeat, Sheep & Goat, Poultry
(**) 4 sub-groups: Cheeses, SMP WMP, Butter & ButterOil
(***) 9 sub-groups: Mushrooms, Mandarins, Pineappels, Orange Juice, Pineapple Juice, Apple Juice, Tomatoes, Garlic, Grape Juice

This draft decision will be discussed with Member States in the context of the management committee for trade mechanisms in order to allow its formal adoption by the Commission.