



Council of the
European Union

Brussels, 6 April 2016
(OR. en)

7606/16

AGRI 164
AGRIFIN 27
AGRIORG 20

NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Request for modification of the implementation rules to be provided for in the planned support scheme for the fruit and vegetable producers with regard to embargo established by the Russian Federation

Delegations will find in Annex a note from the Polish delegation on the above subject to be presented under "Any other business" at the Council ("Agriculture and Fisheries") on 11 April 2016.

Request for modification of the implementation rules to be provided for in the planned support scheme for the fruit and vegetable producers with regard to embargo established by the Russian Federation

The latest support mechanism for the fruit and vegetables sector implemented with regard to the Russian embargo was launched in autumn 2015. Under this mechanism the withdrawal operations aiming at limiting the supply of certain fruit and vegetables that traditionally had significant share in the EU export to Russia in the period preceding implementation of the embargo, are to be carried out by the end of June of the current year. This solution effectively enabled to stabilize the supply upon harvesting. According to the estimates, to this date the withdrawals have covered more than 2/3 (app. 220 000 t) of fruits and vegetables allocated to Poland.

Information provided to the ministry by the representatives of fruit producers, in particular apples, demonstrate that despite available withdrawal of such products from the market, vast amount of production has remained in the producers' stocks. In autumn 2015, the prices of apples stabilized at the level of 0.25 €/kg however a slight drop has been observed recently. There is a risk that at the end of the current storage season, the production will be directed on the market with the effect of increased pressure of supply of these fruits and drop of prices offered to the producers.

With regard to the above, Poland welcomes the intention of the Commission to continue its support scheme for the fruit and vegetables sector in context of maintaining Russian embargo for the EU agricultural products. One should emphasize that EU fruit and vegetables importers acting as the alternative to the Russian Federation are not receptive enough to replace the demand represented by the Russian importers before the embargo.

Poland requests **accelerating the works on draft Commission Regulation** to ensure continuity of the scheme (i.e. to enable operations covered by the new support scheme starting from the beginning of July of the current year).

In addition, Poland stresses the necessity of **equalising the rates offered to non-associated producers** for withdrawals other than free distribution **with the rates offered to the producer organizations**. In the opinion of Poland, rate diversification is discriminative in context of the Member States with low share of producer organizations at the market.

At the same time, Poland submits a request for **verifying the rates of aid provided under the scheme**, in particular with regard to market withdrawal operations other than free distribution. Poland provides various destinations of withdrawn fruits and vegetables, however due to insufficient aid vast majority of withdrawn fruit and vegetables is transferred to free distribution. Poland believes that the regulations proposed by the Commission should provide the **opportunity to refund the transport costs also in the other cases than free distribution**. Poland provides the opportunity of transferring the withdrawn fruits and vegetables for biogas or ethyl alcohol production however this destination is not commonly applied due to inability to obtain a transport cost refund.

In addition, Poland wishes to draw the attention to the issue of concern resulting from the applicable rules for **conversion of aid amount from EUR to national currencies** in the case of Member States outside the eurozone. The provisions currently in force (Article 29(4) of the Commission Delegated Regulation (EU) No. 907/2014) provide for that the conversion of aid amount from EUR to national currency shall be made at the exchange rate applicable for 30 June 2016, which, in effect, prevents payment of aid amount in the national currency before this date. In context of the following scheme, the provisions drawn-up by the Commission should clearly indicate the application of Article 36(c)(d) of this Regulation stating that the operative event for the exchange rate is the day on which the given operation takes place.