

# **16<sup>th</sup> meeting of the Expert Group on delegated acts for the Common Organisation of the Agricultural Markets**

## **Horizontal Questions**

**27 May 2015**

### **Item 2: Exchange of views on horizontal rules for private storage aid (Commission Regulation (EC) No. 826/2008)**

*This working document is provided by DG AGRI for the purposes of providing a framework for a structured discussion of suggestions that have been put forward by Member States and stakeholders in the course of the review of the provisions on private storage. It does not reflect the official position of the Commission and the points mentioned will not necessarily be included in the Commission's eventual proposal.*

## REVIEW OF PRIVATE STORAGE AID

In the meeting of the CMO GREX/Committee on 12 May, the Commission presented a working document (comprising 2 papers) setting out changes to the current horizontal regulation on private storage aid (Commission Regulation (EC) No 826/2008) that could be eventually incorporated into the new delegated act and implementing act on market intervention.

Member States are kindly reminded to send their written comments on the working document to the CMO Task Force shared mailbox in order to contribute to the process of drafting the new legal acts.

At the meeting the CMO GREX on 27 May, the Commission plans to organise the discussion around a number of questions as below. Member States are requested to prepare their position for what we hope will be an open and productive discussion. The questions are as follows:

### **1. Fixing of the aid for PSA**

The working document mentions both current systems for fixing the aid – tendering and fixed in advance. Recently aid has been fixed in advance in the dairy and pigmeat sectors, whereas tendering was used for olive oil<sup>1</sup>. It could be argued that fixing aid in advance is an easier system for operators, but it can also be argued that it is economically less efficient than establishing the aid by means of tendering.

In order to combine the benefit of both systems, a possible option in the new PSA system would be to establish the maximum amount of aid by means of a tendering system and, in a second step, to set a fixed aid on the basis of the amount established by the tender. Such a fixed aid would be available for a limited duration of time (e.g. until the next tender) and set at a level lower than the amount established by the tender. The approach follows the one used in the past for the fixing of export refunds, for example in the cereals and dairy sectors.

The advantage of the approach is that it would combine the positive features of both systems, although it could result in a slightly longer period for the first triggering of aid as the tendering cycle would need to be established.

***Q: Would Member States see merit in developing a combined system as described? If not, why?***

### **2. Stage of goods subject to a PSA contract**

The working document mentions that aid may be made available for goods that are partly or fully in storage, or which have not yet been placed in storage. Following the simplified approach developed for public intervention and bearing in mind that PSA will be granted when there is a relative surplus of product depressing the market, a possibly more efficient option would be to focus PSA on products that are already in store that meets the normal eligibility requirements. This would offer significant benefits for Member States and operators in terms of the operation of the system and an economic benefit in continuing to keep already stored products off the market, although the approach would represent a change from the traditional arrangements in some sectors.

<sup>1</sup> Commission Regulation 430/2012

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***Q: Would Member States see a difficulty in limiting PSA to products already in storage? If so what and for what products? If not, why?***

### **3. Storage of products in bulk**

The working document mentions that products subject to a PSA contract should be stored in a way that they are individually identifiable. This provision aims to assist Member States in implementing PSA in their territories and reduces the risk that aid is paid on the storage of products that would otherwise form part of the normal commercial operations of the operator. It is recognised that the requirement may present certain practical issues for products that are usually stored in bulk, such as sugar. However, the alternative of establishing a system for such products based on auditable accounting practices that demonstrate that the contracted quantity has been maintained in store on the basis of accounts, rather than through physical segregation, would potentially entail more complex control and record keeping procedures in order that products subject to a PSA contract can be verified.

***Q: What are Member States' views on this issue? Would it be worth introducing the level of complexity required to control contracted goods stored in bulk as an alternative to storage that facilitates individual identification of contracted quantities? Would such a system be compatible with the objective of reducing error rate?***

### **4. Removal from store**

The working document mentions a new possibility that would allow products subject to a PSA contract to be removed from store in advance of the end of the contractual period in the event that an operator identifies a market for the products. The COM emphasises the need to find a balance in such a system so that the objective of granting PSA is not undermined.

***Q: Is it worth to open this possibility? If yes, at what point could it be considered to allow this possibility (e.g. x days before the end of a contract, xx% of a contractual period completed) and how should the reduction to the final amount of aid paid be calculated?***