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COVER NOTE

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	23 September 2014
To:	Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union
No. Cion doc.:	C(2014) 6869 final
Subject:	COMMISSION DELEGATED REGULATION (EU) No .../.. of 22.9.2014 repealing Delegated Regulation (EU) No 950/2014

Delegations will find attached document C(2014) 6869 final.

Encl.: C(2014) 6869 final



Brussels, 22.9.2014
C(2014) 6869 final

COMMISSION DELEGATED REGULATION (EU) No .../..
of 22.9.2014
repealing Delegated Regulation (EU) No 950/2014

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

This Delegated Act repeals Delegated Regulation (EU) No 950/2014 of 4 September 2014 opening a temporary exceptional private storage aid scheme for certain cheeses and fixing in advance the amount of aid.

On 7 August 2014, the Russian government introduced a ban on imports of certain products from the EU to Russia, including milk and milk products. This ban resulted in a threat of market disturbances caused by significant price falls due to the fact that an important export market suddenly became unavailable. Private storage of cheeses could help to mitigate or eliminate the threat of imbalance in the cheese market and therefore Regulation (EU) No 950/2014 was adopted to provide for the granting of aid for the private storage of cheese and to fix the amount of aid in advance.

In order to ensure a sound management of the Union budget a ceiling was set for the maximum volume to be covered by the scheme. The ceiling was fixed at 155 000 tonnes, based on cheese exports to the Russian federation in 2013 and market expectations. A notification mechanism was put into place to ensure that the ceiling was not exceeded.

Notifications received by the Commission following the first week of application of the scheme revealed that the measure was disproportionately used by operators based in an area of the Union that traditionally does not count for significant exports to Russia, if compared with the areas most affected by the ban. Furthermore, the type of cheese mainly produced in that area is traditionally also not exported in large quantities to Russia. The amounts notified in the first week of application correspond to more than 50% of the maximum amount, and for one particular area the amounts notified correspond to more than ten times the traditional yearly exports to Russia. These facts cast serious doubts about the ability of the private storage aid as provided for by Regulation (EU) No 950/2014 to fulfill its objective of helping to stabilise the market. Keeping in place a measure not fulfilling its objective would in turn lead to an inappropriate use of the Union budget.

In order to have an immediate effect on the proper use of the EU budget this regulation should be adopted as quickly as possible and on the basis of the urgency procedure provided for in Article 219 in conjunction with Article 228 of Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007.

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

As the measure is being adopted under the urgency procedure pursuant to Article 219 of Regulation (EU) No 1308/2013 in conjunction with Article 228 thereof an impact assessment has not been carried out.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

The delegated act is based on Article 219(1) of Regulation (EU) No 1308/2013. It should be adopted by means of the urgency procedure according to Article 219(1) second subparagraph and Article 228 of Regulation (EU) No 1308/2013. This means that the delegated act enters immediately into force without delay.

It will apply as long as no objection is expressed by the European Parliament or the Council within a period of two months (or - if one of the institutions asks for an extension for two additional months - within a period of 4 months). If objections are expressed, the Commission shall repeal the act without delay.

COMMISSION DELEGATED REGULATION (EU) No .../..

of 22.9.2014

repealing Delegated Regulation (EU) No 950/2014

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007¹, and in particular Article 219(1) in conjunction with Article 228 thereof,

Whereas:

- (1) In order to mitigate or eliminate the threat of serious imbalance in the cheese market created by the import ban introduced by the Russian government, Commission Delegated Regulation (EU) No 950/2014² provided for a temporary exceptional private storage aid scheme for cheeses for a maximum volume of 155 000 tonnes. To ensure the respect of that maximum quantity, a notification and monitoring mechanism was set up.
- (2) While the effects of the Russian import ban impact potentially the whole EU market for cheeses, the most affected Member States are Finland and the Baltic States for which Russia is the exclusive trading partner for cheese and Germany, the Netherlands and Poland, for which Russia is a significant destination for cheeses. Furthermore, while cheeses with a geographical indication are affected by the import ban, they only represent a minimum share of the whole range of cheese exported to Russia.
- (3) The notifications received so far in application of the monitoring mechanism of Article 12 of Regulation (EU) No 950/2014 show that the scheme is disproportionately used by producers of cheese from areas traditionally not exporting significant quantities to Russia. The scheme therefore does not seem adequate to react effectively and efficiently against the market disturbances that result from the Russian ban.
- (4) In light of the above and to ensure a sound use of the Union budget, it is appropriate to put an end to the private storage scheme for cheeses as provided for by Regulation (EU) No 950/2014.

¹ OJ L 347, 20.12.2013, p. 671.

² Commission Delegated Regulation (EU) No 950/2014 of 4 September 2014 opening a temporary exceptional private storage aid scheme for certain cheeses and fixing in advance the amount of aid (OJ L 265, 05.09.2014, p. 22)

- (5) In order to reduce the risk of an inefficient use of the Union budget, this measure needs to apply immediately.
- (6) In order to ensure that the expectations of operators having applied for the aid for private storage of cheeses under Article 4 of Regulation (EU) No 950/2014 are protected, applications lodged before the entry into force of this Regulation should be taken into account for the payment of the aid provided for by Regulation (EU) No 950/2014.

HAS ADOPTED THIS REGULATION:

Article 1
Repeal of Regulation (EU) No 950/2014

Delegated Regulation (EU) No 950/2014 is hereby repealed.

However, it shall continue to apply in respect of applications lodged in accordance with its Article 4 before the entry into force of this Regulation.

Where acceptance of the full quantity of products for which applications for aid have been notified to the Commission in accordance with the previous subparagraph in relation to a given week would lead to the maximum quantity referred to in Article 1 of Regulation (EU) No 950/2014 being exceeded, the Commission shall, by means of an implementing act adopted without applying the procedure referred to in Article 229(2) and (3) of Regulation (EU) No 1308/2013, set an allocation coefficient applicable to the quantities corresponding to the applications notified to the Commission in relation to that week. That allocation coefficient shall limit the total quantity of products eligible for the temporary exceptional private storage aid to the maximum quantity referred to in Article 1 of Regulation (EU) No 950/2014.

Article 2
Entry into force and application

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 22.9.2014

For the Commission
The President
José Manuel BARROSO