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Reaction to EC Suspension of Support to Fruit and Veggies Producers.

Report Categories:

Trade Policy Monitoring

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Report Highlights:

Polish Minister of Agriculture strongly criticized the decision of the European Commission suspending support to the EU producers of fruit and vegetables affected by the Russian ban on imports of agricultural products. Polish fruit and vegetable producers are among the most affected by the Russian ban on imports of agricultural products within the European Union which creates strong economic and political pressure on the Polish Minister of Agriculture.

General Information:

On September 10, 2014 the European Commission (EC) suspended the emergency market measures for perishable fruit and vegetable markets (worth Euro 125 million, US\$ 160 million) announced on August 18 as a result of the Russian ban on imports of certain EU agricultural products. According to the press release of the EC the scheme has to be closed due to a disproportionate surge in claims.

According to the press release of the European Commission dated September 10, 2014, on August 18 the Commission announced emergency market measures worth up to Euro 125million to fund withdrawals (for free distribution or other destinations), green harvesting and non-harvesting of perishable fruit and vegetable most immediately impacted by the Russian measures, with a ceiling of Euro 82 million for apples and pears and Euro 43 million for the other fruit and vegetables. The regulation covered tomatoes, carrots, cabbages, sweet peppers, cauliflower and headed broccoli, cucumbers and gherkins, mushrooms, apples, pears, plums, soft fruit, fresh table grapes and kiwifruit at the withdrawal prices set in the regulation, open to all producers, but with a higher level of EU support for those who are members of producer organizations. The regulation required Member States to notify the Commission every Monday and Thursday of the volumes so far claimed. The volumes notified by Member States to the Commission on September 8, relating to amounts covered in claims from August 18 to September 3, indicated that the financial ceilings in the Regulation have been reached for apples and pears and for the other products, and so the measure had to be suspended.

Dacian Ciolos, Agricultural Commissioner, stated that the EC will shortly announce new, more targeted and efficient measures to support the fruit and vegetable producers affected by the Russian ban.

The suspension of support to the fruit and vegetable producers by the EC has been strongly criticized by the Polish Minister of Agriculture Marek Sawicki who stated that support to fruit and vegetable producers proposed by the EC is insufficient. He emphasized that he already pointed this fact out during the September 5th meeting of the Council of EU Ministers of Agriculture. He also noted that Poland submitted 85 percent of total EU applications for compensation of losses resulted from the Russian ban. According to the Minister's estimation support for Poland to cover losses stemming from the Russian embargo should amount to Euro 165 million, while entire value of support declared by the EC was established for all EU member states by the EC only at Euro 125 million.

On September 12, 2014 Minister of Agriculture sent a letter to Jean-Claude Juncker, President of the EC, stating that the EC decision to suspend the emergency market measures for fruits and vegetables is further evidence of clerical lack of understanding of production processes in agriculture and principles of market functioning. The Minister also states in the letter that the EC decision to suspend payments may delay support arriving to the farmers by another six weeks and it is an evident way of delaying the process and not an attempt to help farmers and resolve the problem. The Minister also mentioned in the letter that referencing the farmer's claims for support to the last year's statistical data on exports to the Russian Federation is contrary to EU Regulation No 932/2014. Finally, he stated in the letter that if the EC decides not to use a larger amount of funds (over Euro 125 million) to stabilize the market, the adverse financial and social effects of the lack of this decision will be much more significant.

Please note that as a result of the resignation of Polish Prime Minister Donald Tusk on September 11, 2014 due to his appointment to the position of President of the European Council, the entire Polish cabinet, including the Minister of agriculture, had to resign. Although according to the agreement between the Civic Platform (major party in the government coalition) and Peoples Party (minor party in the coalition) that all ministers (including minister of agriculture) from the Peoples Party who had positions in the "old" government will keep their positions in the "new" government, there is growing criticism of the Minister of Agriculture for his insufficient activity to receive adequate support for Polish producers suffering from the Russian embargo on imports of

agricultural products.