



USDA Foreign Agricultural Service

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## EU-27

### Agricultural Situation

#### Council of the European Union adopts compromise to end corn (maize) intervention

**2007**

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**Report Highlights:**

On June 11 - 12, 2007, the EU Agriculture Council adopted a proposal to end intervention for corn (maize). A ceiling of 1.5 million MT will be applied for the 2007/08 marketing year, and a subsequent ceiling of 700,000 MT will be applied in 2008/09. Intervention for corn will be phased out from 2009/10 onwards, although it may be reactivated in the event of sustained market disturbances.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Annual Report  
Brussels USEU [BE2]  
[E4]

**Council of the European Union adopts compromise to end corn (maize) intervention**

Today's Agriculture Council adopted its compromise developed from the Commission's proposal to end intervention for corn (maize) as reported in [GAIN E40005](#). A ceiling of 1.5 million MT will be applied for the 2007/08 marketing year, with one of 700,000 MT being applied in 2008/09. Intervention for corn will be phased out from 2009/10 onwards, although it may be reactivated in the event of sustained market disturbances.

The accompanying measure aimed at easing Hungary's financial burden in intervention costs was also adopted.

**Background**

On 15 December 2006, the Commission initially proposed to abolish the system of public intervention purchases for corn with effect from the 2007/08 marketing year.

The proposal was based on data from the 2004/05 and 2005/06 marketing years. During this period, corn intervention stocks in EU-25 amounted to 5.6 million MT, accounting for 40 percent of total intervention. Around 93 percent of corn intervention stocks are located in Hungary. The Commission expects corn intervention stocks to continue to increase because:

- the accession of Romania and Bulgaria on 1 January 2007 implies two major corn producers with a less developed infrastructure and lower internal prices than the intervention price have joined the EU;
- internal outlets are limited due to high transport costs between the surplus and deficit area of the EU;
- trade liberalization increases international competition.

In the face of opposition to the proposal from several Member States at the Council, the German Presidency suggested a compromise at the Special Committee of Agriculture (SCA) of 13 March. That compromise implied the phasing out of intervention by 2009/10, the imposition of ceilings of 700,000 MT and 500,000 MT on intervention purchases for 2007/08 and 2008/09 respectively, and the introduction of national quotas based on volumes purchased in recent years. Most delegations opposed the individual quota proposals for each Member State, and many expressed the view that the decision on abolishing intervention for corn should be made during the Health Check process in 2008.

The SCA of 15 May agreed revised ceiling levels of 1.5 million MT for 2007/08 and 700,000 MT for 2008/09. Additionally, the Commission agreed to reactivate corn intervention in the event of sustained market disturbances, and to examine the overall cereals market within the context of next year's Health check.

During its Plenary Session of 24 May, the European Parliament adopted its report on the Commission's proposal, formally allowing the Council to adopt its compromise.

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E47030	EU Weekly Roundup and Policy Update (Issue 12/2007)	4/20/2007
E47024	EU Weekly Roundup and Policy Update (Issue 9/2007)	3/22/2007
E40005	European Commission proposal to end intervention for corn	2/2/2007
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