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**THIRD REPORT FROM THE COMMISSION
TO THE COUNCIL AND THE EUROPEAN PARLIAMENT**

**on the implementation of Council Regulation (EC) No 797/2004 on measures improving
general conditions for the production and marketing of apiculture products**

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The report is accompanied by a Commission staff working paper (in French), which contains the tables and figures mentioned in this report.

1. INTRODUCTION

Article 7 of Council Regulation (EC) No 797/2004 on measures improving general conditions for the production and marketing of apiculture products¹ provides for a report on the implementation of this Regulation to be submitted to the European Parliament and the Council every three years. This report fulfils that obligation.

In January 2004, the Commission's second report on the implementation of Council Regulation (EC) No 1221/97² was accompanied by a proposal for a Council Regulation aimed at making it more effective. It was noted that there is a strong similarity between the apiculture programmes from one year to the next, and in view of this, it was thought appropriate to set up national programmes for periods of three years.

Consequently, Regulation (EC) No 1221/97 was repealed and replaced by Regulation (EC) No 797/2004. Commission Regulation (EC) No 917/2004³ laying down detailed implementation rules stipulates, among other things, the contents of the honey programmes, the date on which programmes are to be notified, the allocation of Community part-financing and details of studies on the structure of the sector.

In accordance with the Regulation, Member States submitted notification of their studies on the structure of the sector (including hive censuses).

It is important to note that all Member States set up an apiculture programme, which shows their interest in this area and the needs of the European beekeeping sector.

2. WORLD SITUATION

The world's major producer region is Asia, followed by Europe and North America (Table 1). Argentina has become the world's largest exporter, ahead of China, while the European Union (EU) is the largest importer.

2.1. Production

World honey production reached 1 381 000 t in 2005 (Table 1). It increased by 9.2% in the period 2001–05, and has risen by 25% since 1996 (Figure 1).

Since 2004, as a result of its enlargement to include 10 new Member States, the EU has become the world's second largest producer. In 2005, the EU produced 174 000 t of honey (Table 2) (13% of world production), while China consolidated its position as the world's largest producer with 305 000 t of honey, an increase of 20% on 2001. The other main producers are the United States of America and Argentina, with honey production in the region of 85 000 t each.

The two new EU Member States are also major honey producers (in the region of 19 000 t for Romania and 8 000 t for Bulgaria).

¹ OJ L 125, 28.4.2004, p. 1.

² COM(2004) 30 final.

³ OJ L 163, 30.4.2004, p. 83.

2.2. Trade

World trade accounts for about a quarter of total honey production.

2.2.1. Exports

Global exports of honey were approximately 325 000 t in 2005 (Table 3). Argentina exported 108 000 t in 2005 and became the single largest exporter (over 30% of world trade), with exports up by more than 40% on previous years. China, which has traditionally been the largest exporter, has seen its exports fall quite sharply since 2001 (88 000 t in 2005 compared with 107 000 t in 2001).

Of the remaining exporting countries, new countries such as India have developed foreign trade (from 3 000 t in 2001 to 17 000 t in 2005). Conversely, Brazil has considerably reduced its exports, mainly for health reasons (from 21 000 t in 2004 to 6 000 t in 2005). Since 2006, Brazil is no longer an authorised exporter to the EU. Turkey has also cut its exports dramatically.

2.2.2. Imports

The main import market is still the EU, which, with 155 000 t (Table 4), absorbed about 45% of global honey imports in 2005. North America is the other major importing region (114 000 t). Germany and the United Kingdom accounted for almost 70% of total imports into the EU in 2005 (Table 6).

Global imports have been rising steadily since the end of the 1970s as a result of increased consumption of natural and dietary products, efforts on the part of certain traders to introduce speciality honeys or low-price honey, usually in the form of blends, and increased industrial use of honey.

3. SITUATION IN THE EUROPEAN UNION

3.1. Supply balance

The EU has a honey deficit and usually has to import about half of the honey consumed, self-sufficiency in 2004/05 being 54.2% (Table 5). Nevertheless, self-sufficiency has improved since EU enlargement to 25 Member States, as before this it was about 45%.

The Union's three major honey producers are Spain, Germany and Hungary, with 32 000 t, 26 000 t and 19 500 t respectively in 2004/05. Honey production in the 10 Member States that joined in 2004 is approximately 43 000 t, i.e. 25% of total EU production. Of these Member States, Hungary and Poland are the largest producers.

The EU imports approximately 150 000 t of honey each year. Argentina remains the European Union's main supplier, with 71 000 t (almost 50% of total Community imports in 2005), followed by Mexico and Brazil (Figure 5, Table 6). However, imports from Mexico have been falling since 2000, in spite of a tariff quota of 30 000 t at reduced duties.

Imports from Romania and Bulgaria account for a little over 10 000 t.

Community exports to third countries account for only a little over 6 000 t, i.e. 3.5% of total production in 2005 (Table 7). The main destination of these exports is Switzerland (approximately 1 500 t in 2005).

Import prices

The average price of imports into the EU has dropped considerably since 2003, falling from EUR 2.31/kg to EUR 1.29/kg (Table 8a). This price is low, but is in line with price levels at the beginning of the 2000s (before the ban on imports of Chinese honey). In 2003, prices were exceptionally high, particularly because Chinese honey, which cost less than EUR 1/kg, was no longer available on the Community market, the world's largest import market.

The figures available for 2006 show that import prices are once again rising slightly (EUR 1.34/kg).

Export prices

The average export price of Community honey has also been falling since 2004, but remains relatively high. At EUR 3.63/kg (Table 8b), the average price is well above that of imported honey. This is because European honey is often high-quality honey with specific desirable organoleptic qualities (monofloral honeys).

3.2. Census (Table 9)

In accordance with Article 3 of Regulation (EC) No 797/2004, Member States submitted notification of a study on the structure of the sector at the same time as their programmes. As these programmes have been triennial since 2004, census figures are only communicated to the Commission every third year.

According to the data passed on by Member States, the total number of beekeepers in the Community is 593 000, 17 986 of whom are considered to be professional beekeepers (at least 150 hives).

The total number of hives is 11 631 300, with 4 321 901 belonging to professional beekeepers. In other words, 3% of the beekeepers own nearly 40% of the hives. The number of hives has increased by 2 754 091 since 2003. This increase is exclusively due to EU enlargement, as the number of hives recorded in the 10 new Member States is 2 870 872. The increase in the number of hives is broadly in line with the increase in production (up by approximately 26%).

The Member States with the most hives are Spain, Greece, France and Italy. Of the Member States that joined the EU in 2004, Poland and Hungary recorded the most hives.

In terms of the ratio of professionally owned hives to the total number of hives, the highest rate of professional beekeeping is found in Spain, with 76%, followed by Greece.

In absolute terms, most professional beekeepers are concentrated in the following five Member States: Greece, Spain, France, Italy and Hungary.

3.3. Consumption and promotion of apiculture products

Annual per capita honey consumption was 0.7 kg in 2005. There has been no significant increase in the last few years.

The Member State in which the most honey is consumed is Greece (1.7 kg/year per capita), followed by Austria, Germany and Spain.

To enable Community honey to compete against global competition, apiculture products have, under Commission Regulation (EC) No 422/2005,⁴ for the first time, become eligible for measures to provide information on, and to promote, agricultural products on the internal market.

The main objectives are to inform consumers of the diversity, the organoleptic qualities and the production conditions of Community apiculture products, and to help them to understand the labelling.

4. IMPLEMENTATION OF HONEY PROGRAMMES

4.1. Expenditure forecasts

Expenditure by Member State

As provided for in Article 2 of Regulation (EC) No 917/2004, the Member States notify their programmes to the Commission once every three years. The programmes notified must state estimated costs and provide a financing plan.

The available Community funds are allocated on the basis of these official notifications, in accordance with the total number of hives in the Community, as set out in Annex I to Regulation (EC) No 917/2004. The hives belonging to each Member State, calculated as a percentage of the total number of hives, therefore determine the theoretical maximum percentage of the budget to which each Member State is entitled, before any allocation of amounts not requested in the expenditure forecasts.

For the 2004–2006 period (Table 9), the Member State theoretically entitled to the largest share was Spain (21.2%), followed by Greece (11.9%), France (9.9%), Italy (9.5%) and Poland (8.2%), etc. Unrequested funds enabled two Member States in particular to benefit from an increase in their budgetary allowance over and above their theoretical share. The two Member States in question were Italy (13.7% of the budget for 9.4% of the hives) and Hungary (8.2% of the budget for 7.5% of the hives).

For programmes running in 2005, three Member States (Spain, Greece and Italy) were allocated almost 47% of the available Community funds. Add to this France and Hungary, and these five Member States accounted for 64% of funds for 60% of the hives. Therefore, the Member States with the most hives are indeed the ones that submit the most requests for part-financed programmes.

There has been no substantial change in the way the budget is used, either as a result of the amendment to the Council Regulation in 2004 or as a result of enlargement. However, some Member States have seen their theoretical share decrease. This has been the case for Spain, whose share fell from 27% in 2003 to 21% for programmes for 2005–07. As the overall budget has increased (from EUR 16.5 million to EUR 23 million) to take enlargement into account, this has had no effect on Spain's budgetary allocation in real terms. On the contrary, despite the drop in theoretical percentage share, expenditure forecasts have increased (from EUR 4 377 000 in 2003 to EUR 4 890 000 in 2005).

⁴ OJ L 68, 15.3.2005, p. 5.

Expenditure by type of measure

Tables 11, 12 and 13 show the expenditure forecasts by type of measure for each Member State for 2005–07.

It should be borne in mind that when the Council Regulation was amended in 2004, a new type of measure was introduced: namely, aid to support the restocking of hives.

In 2005 and 2006, the most widely used measure remained varroasis control (between 33% and 35%, amounting to over EUR 8 million), followed by technical assistance (26% or almost EUR 6 million), rationalisation of transhumance (19% or almost EUR 4.5 million) honey analyses (8% or approximately EUR 1.8 million), restocking of hives (between 6% and 7%, or EUR 1.5 million) and finally applied research (5% or approximately EUR 1 million).

Compared to previous years, there has been quite a considerable decrease in the funds allocated to varroasis control, although it still remained the most widely used measure, accounting for more than 42% of the budget for 2001-02. This is mainly because of the introduction of measures for restocking of hives and a slightly higher uptake for honey analyses.

- Varroasis control was applied for in all programmes without exception.
- Technical assistance measures were applied for by almost all Member States. The Member State with the largest forecast expenditure in this area was Italy (more than EUR 1 million), while Spain planned to spend just a little over 10% of its budget on this.
- Rationalisation of transhumance was applied for by 15 Member States, including all the southern European countries (where the rate of professional beekeeping is highest and there is also a rich diversity of melliferous plants with different flowering periods).
Spain spent more than 40% of its budget on rationalisation of transhumance, which was almost 50% of total Community expenditure on this.
- Honey analyses were included in the programmes of 20 Member States. Austria, Poland and Spain made most use of these.
- Even though restocking of hives was a recent addition, 15 Member States showed interest in this. With more than EUR 500 000, France was the main applicant. This stems from a particular awareness of the decline in the bee population.
- Finally, measures to promote applied research formed part of 15 national programmes. Italian and French applications accounted for 50% of the total amount applied for.

4.2. Implementation of expenditure (Tables 16-18, Figure 12)

The honey programmes must be implemented before 31 August each year, and the relevant payments made by 15 October at the latest.

In 2006, provisional expenditure under the Member States' programmes came to 82.5% of the total planned expenditure; that is to say, approximately EUR 19 million were spent out of a total of EUR 23 million. As Member States can pay some expenses later, the definitive percentage use of funds for programmes in 2006 should be higher. For programmes in 2004, which preceded EU enlargement, the percentage used was 84%. For programmes in 2005,

which were the first ones to be implemented under the triennial system, the percentage was slightly lower (78%). This can be explained by the fact that the new Member States had no experience with these programmes, and national legislative and administrative procedures sometimes took a long time to set up. Furthermore, most of these Member States saw their percentage use of funds improve appreciably in 2006, which was the case for Hungary and Poland in particular. This shows how easy these programmes are to operate. We can expect the percentage used to be even higher for programmes in 2007.

During 2005, 14 Member States used more than 80% of their available budget as opposed to 13 Member States in 2006 (this figure should increase).

Of the biggest beneficiaries, Spain used 95% of its budget in 2005 and is already close to 80% for 2006, while Greece used more than 80% (despite a reduction in the national budget) and Italy and France used more than 90%. As far as the 10 new Member States are concerned, in general the percentage used is significantly better for programmes in 2006 than for 2005, when these programmes were first established. For example, the percentage used by Hungary increased from 29% to 88%, and for Poland the increase was from 51% to more than 72%, which is very encouraging as regards the possibility of optimum use by programmes in the EU-27.

Only one Member State, Slovakia, did not use any of the budget it had been allocated.

4.3. Objective

All of the measures put forward by Member States as part of their national programmes are eligible, provided that they are undertaken solely to achieve the objectives of one of the eligible measures.

4.3.1. Specific objectives

Technical assistance is designed to enhance the efficiency of production and marketing by introducing better techniques. Courses and other training measures for beekeepers and those responsible for groupings or cooperatives relate in particular to such areas as breeding and disease prevention, collection and packaging, transport and marketing.

The aim of **varroasis control** is to reduce the expenditure incurred in treating hives or to ensure that part of the cost is met. This parasitic disease results in a reduction in yield and the loss of entire bee colonies if not treated. Weakening of colonies by varroasis is one of the reasons for the incidence of related diseases. Varroasis cannot be completely eradicated, and the only way to avoid its consequences is to treat hives with approved products.

Rationalisation of transhumance is intended to assist with managing the movement of hives in the Community and with providing locations where high concentrations of beekeepers can gather during the flowering season. Transhumance management can be facilitated by such measures as a transhumance register, investment in equipment and maps of honey varieties.

Support measures for carrying out **analyses of honey** are intended to improve the marketing of honey. Financing of analyses of the physico-chemical properties of honey according to its botanical origin provides beekeepers with precise knowledge of the quality of the honey, and enables them to get a higher price for their product.

The **restocking of hives** makes it possible to compensate for losses of bees, and therefore of production, by funding activities to promote queen production or purchasing of bee colonies.

Applied research to improve honey quality, and the dissemination of the results of this research, can help increase producer incomes.

4.3.2. *Suggestions made by the Member States*

The majority of Member States responded to the Commission's request for comments on the implementation of programmes.

Overall, Member States are satisfied with the way in which these programmes are run and there have been no persistent requests to amend Regulation (EC) No 797/2004. The fact that programmes are scheduled to run for a period of three years is seen as an improvement which makes it possible to anticipate and plan certain measures. The request that Member States made most often was for greater flexibility in adjusting programmes.

Implementing Regulation (EC) No 917/2004 provides for changes to be made to the content of programmes during the course of the year, as Article 6 states that the budget allocated to each of the six eligible measures may be increased or reduced by a maximum of 20% without seeking the opinion of the Management Committee. If a change exceeds this limit, it is possible to make adjustments to the programme by seeking the opinion of the Management Committee (Article 7).

The other main suggestions were as follows:

- addition of measures to increase honey consumption, as well as a detailed description of the eligible measures.

As honey has been added to the list of products eligible for measures to provide information on, and to promote, agricultural products on the internal market, the Commission takes the view that it would not be advisable to accede to this request. A detailed description of what each eligible measure might consist of would reduce the flexibility of these programmes, whereas Member States are asking for greater flexibility. Each programme, and therefore each measure put forward, is analysed by the Commission, the main eligibility criterion being to ensure that all approved measures are undertaken solely to achieve one of the objectives of the measures provided for in the Regulation. An exhaustive list of "acceptable" initiatives for each measure is therefore not desirable;

- some Member States are asking for measures to support laboratories carrying out analyses of the physico-chemical properties of honey to be extended to other apiculture products (royal jelly, pollen, etc.).

In view of the limited budget, this does not appear to be a priority, particularly considering the volumes sold. The cost of these analyses can be borne more easily by high added-value products than by honey;

- control of bee diseases other than varroasis. It must be clear that it is not the goal of this scheme to create a health policy in the sector. It was precisely to avoid any confusion with veterinary policy that the 2004 amendment made diseases related to varroasis ineligible for apiculture programmes;
- expenditure not implemented by 31 August of the year in question to be carried over to the following year. Any such carry-over is neither desirable nor possible in view of the principle of the annual nature of the budget. It would be likely that as a result less optimum use would be made of programmes in the first and second years.;

- purchasing hives. If it can be shown that such a measure can help achieve the aim of restocking hives, it could be assessed by the Commission when the programmes are submitted;
- improvement of the statistical instrument. Member States already have to submit notification of a study on the structure of the sector. It would be cumbersome to carry out an annual review of the statistics, and this would not be desirable. The Commission regularly notifies traders of trade statistics;
- making it possible for projects of a European nature to be carried out across several Member States. The Commission recognises the benefit of such projects and points out that they may indeed be approved, as there is nothing to prevent several Member States collaborating on a single project. As regards funding, Member States participating in the project should each contribute from the budget they have been allocated individually. Reallocating unrequested funds specifically to these projects would run counter to administrative simplification.

Finally, some other more specific measures were mentioned, but do not justify amending the Regulation. The eligibility of any specific measures would be assessed when the programmes are analysed and before they are accepted.

5. SUGGESTIONS MADE BY THOSE WORKING IN THE SECTOR

Both the industry (FEEDM) and the producers (COPA-COGECA) recognise the benefit that the apiculture programmes bring in terms of real support for the sector. They emphasise the fact that this is the only instrument available to the sector.

The following suggestions have been made by the sector:

- ensure greater cooperation between Member States and the sector when drawing up programmes;
- maintain a good statistical tool;
- develop research programmes and coordinate the results better;
- provide for greater flexibility in changing the budget allocated to different measures during the course of the programme;
- make it possible for projects of a European nature to be carried out across several Member States.

6. CONCLUSION

Regulation (EC) No 797/2004 seems to be yielding positive results in the beekeeping sector, both for Member States and for beekeepers. This sector is characterised by a wide diversity of production conditions, and by the dispersion and variety of players both at the production and at the marketing stage.

The priority measures in the Regulation, although limited from the budget point of view, have been valuable in terms of quality. The triennial nature of the programmes since 2004 seems to have brought greater flexibility when it comes to preparation and implementation.

In view of the contents of this report, the Commission considers it inadvisable to amend Regulation (EC) No 797/2004. However, the flexibility to be able to make changes to programmes during the course of the year without affecting the total budget allocated to each Member State, as requested both by the majority of Member States and by the traders, could form the subject of a draft amendment to Commission Regulation (EC) No 917/2004.