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COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 288 final

Brussels, 5 June 1981

Proposal for a

COUNCIL REGULATION (EEC)

laying down general rules for applying the differential levy on raw preferential sugar

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Proposal for a

COUNCIL REGULATION (EEC)

laying down general rules concerning the system of minimum stocks in the sugar sector

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Proposal for a

COUNCIL REGULATION (EEC)

laying down measures for the marketing of sugar produced in the French overseas departments

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(submitted to the Council by the Commission)

COM(81) 288 final

EXPLANATORY MEMORANDUM

1. In the new basic sugar regulation, which will apply from 1 July 1981, provision is made for a degressive differential charge to be made during the marketing years 1981/82 to 1983/84 on raw preferential sugar when it is refined in a production unit other than a refinery.

2. Differential charges were first introduced in November 1975. Since that date the Council has annually agreed that these charges shall not apply to a quantity of raw preferential sugar refined in Ireland up to a maximum quantity of 30 000 tonnes (white value) in each year.

3. In its compromise proposals submitted to the Council during its session on 30/31 March 1981 the Commission said that for 1981/82 and subsequent years it was prepared to propose that a quantity of up to 150 000 tonnes should be exempt from these charges. Accordingly, it is proposed that in the case of Ireland, and for the same reasons as in the past, the exemption should continue during the three marketing years mentioned above up to a maximum quantity in each year of 30 000 tonnes (white value).

4. In the case of Italy, it is reasonable to suppose that in a normal crop year there will be a small sugar deficit in Italy of the order of 40 000 to 50 000 tonnes. It is therefore proposed that exemption from the differential charge should apply to Italy during the same three marketing years up to a maximum quantity in each year of 50 000 tonnes (white value).

Financial implications

These proposals have no financial implications other than those taken into accpunt in the formulation of the proposals for a new sugar regime applicable from 1 July 1981 (doc COM (80) 53 final of 30 September 1980)

Proposal for a
COUNCIL REGULATION (EEC)

laying down general rules for applying the differential levy on raw preferential sugar

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No .../81 of 1981 on the common organization of the market in sugar (1), and in particular Article 37 (1) thereof,

Having regard to the proposal from the Commission,

Whereas Article 36 (1) of Regulation (EEC) No ..../81 provides that in the marketing years 1981/82 to 1983/84 a differential levy shall be imposed on raw preferential sugar when it is put into free circulation in the Community;

Whereas Article 36 (2) (b) of the said Regulation makes provision for the non-application of the whole of the differential levy, or part of the levy, to any raw preferential sugar which is imported into regions of the Community to be determined and which is refined in a unit other than a refinery as defined in Article 36 (3) of that Regulation;

Whereas, having regard to the traditional patterns of supplies of the said sugar to Ireland, a maximum quantity of 30 000 tonnes of that sugar expressed as white sugar and refined in that region in the 1980/81 marketing year was exempted from the differential levy; whereas, for the same reasons, that exemption should be continued in respect of Ireland;

Whereas, having regard to the likely relationship between production and consumption in Italy, it is appropriate to provide a similar exemption from the differential levy in respect of a maximum quantity of 50 000 tonnes expressed as white sugar which will be refined in Italy;

Whereas such exemptions should apply during the marketing years 1981/82 to 1983/84 in which the differential levy applies,

HAS ADOPTED THIS REGULATION:

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(1) OJ No L

Article 1

For the purpose of applying the differential levy referred to in Article 36 (1) of Regulation (EEC) No ..../81 the yield of the raw preferential sugar in question shall be calculated by doubling the degree of polarization of that sugar and deducting 100 therefrom.

Article 2

During the marketing years 1981/82 to 1983/84 the differential levy referred to in Article 1 shall not apply to preferential sugar refined in Ireland up to a maximum annual quantity of 30 000 tonnes of sugar expressed as white sugar or in Italy up to a maximum annual quantity of 50 000 tonnes of sugar expressed as white sugar.

Article 3

This Regulation shall enter into force on 1 July 1981.

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

Done at For the Council

EXPLANATORY MEMORANDUM

1. Article 12 of the new basic sugar Regulation (EEC) No .../81 provides that the Council, acting on a proposal from the Commission, shall adopt general rules governing minimum stocks in this sector and shall fix the percentage to apply to this stock from 1 July 1981.

2. The minimum stock system was first established by Regulation (EEC) No 1488/76. Following the new basic Regulation, the attached proposal recasts Regulation (EEC) No 1488/76 while retaining most of its existing provisions with the following adaptations:

   (a) the percentage for the stocks to be held by manufacturers of beet sugar may fluctuate between 8% and 5% of their production within their A quotas;

   (b) the permanent percentage applicable to refiners of raw cane sugar will be 5% of the quantity of sugar they have refined. The raw cane sugar produced in the FOD will be assimilated with preferential sugar;

   (c) for the raw sugar produced in the FOD the minimum stock obligation will be transferred to the refiners of this sugar.

3. For the manufacturers of beet sugar and for the refiners of raw cane sugar the percentage applicable from 1 July 1981 will be 8 %. This percentage has applied since August 1980.

4. This proposal has no financial implications.

Proposal for a
COUNCIL REGULATION (EEC)
laying down general rules concerning the system of minimum stocks in the sugar sector

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No .../81 of 1981 on the common organisation of the market in sugar (1),

Having regard to the proposal from the Commission,

Whereas in view of the aims of the common agricultural policy, in particular the stabilisation of markets, the maintenance of reasonable prices of supplies to consumers, and the safeguarding of normal supplies for the entire Community and each of its regions, Article 12 of Regulation (EEC) No /81 provides for the establishment of a system of minimum stocks; whereas the said Article lays down that the minimum stock to be held by manufacturers of beet sugar shall be equal to a percentage of their production within the limit of their A quota; whereas as regards cane sugar the said article lays down that the minimum stock shall be equal to a percentage of the quantity of sugar refined over a fixed period; whereas the percentages to be adopted must allow the above-mentioned aims to be achieved whilst taking into account the conditions under which the sugar in question is manufactured or refined;

Whereas these stocks must be held under certain conditions by the manufacturers and refiners of the sugar in question; whereas it is necessary to apply this system in such a way as to take account of the existing structures in the sugar sector; whereas the criteria necessary for the proper utilisation of the minimum stocks should be laid down;

Whereas Council Regulation (EEC) No 1488/76 of 22 June 1976 laying down provisions for the introduction of a system of minimum stocks in the sugar sector(2), as amended by Regulation (EEC) No 2153/80 (3), should be repealed,

HAS ADOPTED THIS REGULATION:

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(1) OJ No L
(2) OJ No L 167, 26.6.1976, p.11
(3) OJ No L 211, 14.8.1980, p.1

Article 1

Without prejudice to the other provisions of this Regulation and in so far as the products concerned are those to which Article 8 of Regulation (EEC) No .../81 applies:

(a) each manufacturer of beet sugar shall, throughout each month of the calendar year, hold in stock a quantity of sugar equal to a fixed percentage of its actual production, within the limit of the A quota of the undertaking, during the 12 months immediately preceding the month in question. This percentage shall be 8 % from 1 February in each marketing year. For the following months it may be reduced with effect from the first of a month insofar as the reduction is not such as to impede the aims of Article 12 of Regulation (EEC) No ..../81. The percentage may not be reduced below 5 %.

(b) each refiner of raw cane sugar produced in the French overseas departments or of preferential sugar shall, throughout each month of the calendar year, hold in stock a quantity of sugar equal to 5 % of the sugar in question refined by its undertaking during the 12 months immediately preceding the month in question.

Article 2

Without prejudice to Article 3 and to such derogations as may be decided upon in the detailed rules, the minimum stock must be the property of the manufacturer or refiner in question and must be unencumbered by any commitments which might impede the aims of Article 12 of Regulation (EEC) No .../81.

Article 3

Raw beet sugar or syrups produced prior to the crystallizing stage which are manufactured by an undertaking having an A quota, which form part of its minimum stock and which are intended for processing into white sugar by another undertaking:

(a) may be sold to the processor on condition that the latter undertakes, with respect to the quantity of the product in question, to meet the obligations referred to under (a) of Article 1 and in Article 2;

or

(b) at the request of the manufacturer who produced them, shall not be subject to the obligation referred to under (a) of Article 1 in return for the reimbursement by the manufacturer of a flat-rate amount representing the pecuniary advantage resulting from the release from the said obligation.

Article 4

Where the supply of sugar to the Community can no longer be ensured under normal conditions provision may be made for the owner of a minimum stock to be released, in whole or in part, from the obligation to hold the sugar in question in stock.

Article 5

Where the market situation so requires or where action to release sugar taken in accordance with Article 4 is ineffective, the Council, acting by a qualified majority on a proposal from the Commission, shall adopt appropriate measures to ensure that the necessary quantities are taken out of stock to supply the Community or one or more Community zones under normal conditions.

Article 6

Where sugar from minimum stocks is marketed under conditions other than those provided for by the rules of the system of minimum stocks a charge shall be levied in respect of the sugar so marketed.

The amount of the charge shall be calculated on the basis of:

(a) a fixed amount representing the pecuniary advantage referred to under (b) of Article 3,

and

(b) the difference between the threshold price and the intervention price fixed for white sugar for the marketing year in question plus a fixed amount of two ECU per 100 kilograms.

Article 7

As a transitional measure during the period 1 July 1981 to 31 January 1982, the percentage referred to under (a) and (b) of Article 1 shall be 8%. This percentage may be reduced at a uniform rate for the sugars referred to in the said Article. The percentage may not be reduced below 5 %.

Article 8

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

   It shall apply with effect from 1 July 1981.

2. Regulation (EEC) No 1488/76 is hereby repealed and the references in Article 7 thereof shall be understood as references to Article 12 (3) of Regulation (EEC) No /81.

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

Done at For the Council

EXPLANATORY MEMORANDUM

1. The new basic sugar regulation applicable from 1 July 1981 provides that derived (i.e. regionalised) prices will henceforth be fixed only for the deficit zones of the Community. Thus, since the French overseas departments (FOD) are non-deficit zones, the intervention price for white sugar and that for raw sugar will apply in the FOD at the ex-factory stage to unpacked sugar loaded on to a means of transport chosen by the purchaser.
The Council has recognised that in these circumstances the traditional marketing of FOD sugar in the European regions of the Community could be rendered impossible. It has therefore provided in the new basic regulation (Article 9 (4)) that appropriate measures must be taken in order to permit this marketing to take place.

2. During discussions on this question in the different bodies of the Council, the Commission indicated its clear intention to propose to the Council measures which would consist partly of Community aids granted in the context of the invervention system (1) and partly of an authorisation to France to grant a national aid under certain conditions.

The Commission considers that this approach responds exactly to the obligations stemming from successive Council declarations on the treatment to be accorded to FOD sugar, in particular the resolution adopted by the Council at its session on 29/30 September 1975, paragraph 4 of which says, inter alia:

" For the period from 1 July 1976 the Council:

- ....
- agrees that the general conditions applicable to the marketing of unrefined cane sugar from the French overseas departments must ensure that this sugar is actually marketed in the Community and complies with the principle of Community preference, without discrimination between the undertakings concerned." (Doc R/3035/75).

Additionally the Council, during its session on 19 December 1974 took note of the following declaration by the Commission:

" Particularly as far as price guarantees are concerned, FOD producers will never receive less favourable treatment than producers in the ACP states. The Commission will submit appropriate proposals should the need arise." (Doc R/3588/74).

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(1) see Doc. 10.611/80 AGRIORG 639, 27.10.1980, p.7

3. Data covering the last three campaigns in the FOD show that the average total production was about 350 000 tonnes (i.e. 100 000 tonnes in the Antilles and 250 000 tonnes in Reunion) with an average total consumption of the order of 33 000 tonnes. This leaves on average a disposable surplus of around 317 000 tonnes.

Now a significant part of the sugar refined in the pure refineries in metropolitan France consists of raw preferential sugar. This means that about 200 000 tonnes of raw FOD sugar can be disposed of through these refineries, with the balance of the FOD surplus being exported tel quel.

4. The proposed Community aid would comprise:

(a) a flat-rate amount of 12.62 ECU per tonne of sugar, expressed as white sugar, for the 1981/82 marketing year. This amount is intended to represent in that year the transport costs between the ex-factory stage and the FOB and stowed stage. It is based on the actual costs in 1980/81 for the three FOD (Réunion, Guadeloupe and Martinique), expressed in white value and adjusted to take account of the increases in prices for the 1981/82 marketing year.
This flat-rate amount would be adjusted in each subsequent marketing year by the increase in the intervention price for white sugar.

(b) a single flat-rate amount equal to 0.8 % of the intervention price for white sugar which is intended to represent the maritime transport insurance costs for the sugar in question. For the 1981/82 marketing year this flat-rate amount would be 4.04 ECU per tonne of sugar expressed as white sugar;

(c) a single flat-rate amount representing the transport costs from the FOB stage to the CIF free out stage, European ports of the Community. This amount would be equal to the Caribbean - UK freight element as established by the Freight Committee of the United Terminal Sugar Market Association of London and incorporated in the London Daily Price for raw sugar. This element would be that valid on the day on which the bill of lading was completed for the sugar cargo in question. On this basis the flat-rate amount would be currently equivalent to 31.90 ECU per tonne of sugar expressed as white sugar.

Thus, taking into account current data, the unitary amount of this Community aid for the 1981/82 marketing year would be 48.56 ECU per tonne of sugar expressed as white sugar.

5. The authorisation of a French national aid is intended above all to allow equality of treatment at the refining stage between raw sugar and raw preferential sugar, and this aid element should therefore represent the difference between the storage levies applicable to these two sugars. For the 1981/82 marketing year this difference will be 24.40 ECU per tonne of sugar expressed as white sugar. It goes without saying that where such aid is granted it must be applied without distinction as to the Community zone in which the refining takes place and to the sugar which has benefitted from the Community aid referred to in point 4 and which will be refined in a refinery (as defined in the basic sugar regulation (Article 36 (3)) situated in the Community.

Proposal for a
COUNCIL REGULATION (EEC)

laying down measures for the marketing of sugar produced in the French overseas departments

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No /81 of 1981 on the common organisation of the market in sugar (1), and in particular Articles 9 (5) and 39 thereof,

Having regard to the proposal from the Commission,

Whereas since the system of prices applicable from 1 July 1981 provides for the fixing of regionalized derived prices only for the deficit zones, the marketing in the European regions of the Community of sugars produced in the French overseas departments, which are non-deficit zones, cannot be accomplished without the adoption of appropriate measures,

Whereas to this end Article 9 (4) of Regulation (EEC) No /81 lays down that appropriate measures shall be taken in order to permit the sugars produced in the French overseas departments to be marketed in the European regions of the Community;

Whereas the most appropriate measure consists in the granting of a flat-rate Community aid within the framework of the intervention system, which would permit the marketing of the sugars in question in the European regions of the Community, that is at the CIF ship's hold stage, European port; whereas, moreover, this first measure should be supplemented by authorizing the French Republic to grant a national aid to these sugars when they are refined in a refinery as defined in Article 36 (3) of Regulation (EEC) No /81, irrespective of its location in the Community, in order to take account for the purpose of securing equality of treatment of the differences between the storage levies on the sugars produced in the French overseas departments and those on the preferential sugars imported for the purpose of refining,

HAS ADOPTED THIS REGULATION:

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(1) OJ No L

Article 1

1. During the marketing years 1981/82 to 1985/86 there shall be granted as an intervention measure a flat-rate Community aid for the marketing in the European regions of the Community of sugars produced in the French overseas departments.
This aid shall be administered by the French Republic.

2. The aid referred to in paragraph 1 per tonne of sugar expressed as white sugar shall consist of:
(a) a flat-rate amount of 12.62 ECU for the 1981/82 marketing year; for each of the following marketing years this amount shall be adjusted by a coefficient representing the percentage increase in the intervention price for white sugar by reference to that in force during the immediately preceding marketing year;
(b) a single flat-rate amount equal to 0.8 % of the intervention price for white sugar to cover the costs of insurance for the sea transport of the sugar in question;
(c) a single flat-rate amount to cover the sea transport costs from the FOB stage in the French overseas departments to the CIF ship's hold stage, European ports of the Community; this amount shall be equal to the Caribbean-United Kingdom freight element as established by the Freight Committee of the United Terminal Sugar Market Association of London and incorporated in the London Daily Price for raw sugar, valid on the day on which the bill of lading is completed for the sugar in question.

3. The total amount of aid calculated in accordance with paragraph 2 shall, on request submitted to the competent authorities of the French Republic, be granted to the producer of the sugars referred to in paragraph 1.

Article 2

1. For the marketing years 1981/82 to 1985/86, and in respect of the sugars referred to in Article 1 which have benefited from the aid referred to in that Article and which have been refined in a refinery as defined in Article 36 (3) of Regulation (EEC) No /81 and situated in the Community, the French Republic shall be authorised to grant a national aid. The amount of this aid shall be equal to the difference between the levy referred to under (a) of the third subparagraph of Article 8 (2) of the said Regulation and those referred to under (b) and (c) of the third subparagraph of the said Article which are applicable at the end of the month during which the sugar in question was refined.

2. When the French Republic utilises the authorisation referred to in paragraph 1 the aid shall not be conditional on the Community zone in which the sugar in question is refined.

Article 3

The French Republic shall inform the Commission each month, within the two months following the month in question, of the amounts of the aid referred to in Article 1 which have been granted and of the corresponding quantities of sugar concerned.

Article 4

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

It shall apply from 1 July 1981.

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

Done at For the Council

FINANCIAL STATEMENT

Date : 22.5.1981

1. BUDGET HEADING : 6.4.14 — APPROPRIATIONS : 10.78 MECU

2. TITLE : Proposed Council Regulation (EEC) No .. laying down measures for the marketing of sugars produced in the French overseas departments (FOD)

3. LEGAL BASIS : Article 9 (4) and (5) of the new basic sugar regulation applicable from 1 July 1981

4. AIMS OF PROJECT : Measures aimed at ensuring the marketing of FOD sugar in the European regions of the Community and the equality of treatment as between Community refineries which refine FOD sugar and imported preferential sugar

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR (81)	FOLLOWING FINANCIAL YEAR (82)
5.0 EXPENDITURE			
– CHARGED TO THE EC BUDGET (~~XXXXXX~~INTERVENTIONS)	9.7 MECU	3.2 MECU	6.5 MECU
– NATIONAL ADMINISTRATION	4.8 MECU		
– OTHER			
5.1 RECEIPTS			
– OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)			
– NATIONAL			

	....	....	....	....
5.0.1 ESTIMATED EXPENDITURE 5.1.1 ESTIMATED RECEIPTS				

5.2 METHOD OF CALCULATION

(a) <u>Community aid:</u> 12.62 ECU + 4.04 + 31.90 = 48.56 ECU/t
48.56 x 200 000 = 9.712 MECU

(b) <u>National aid:</u> This aid covers the difference between the Community storage levy (35.5 ECU/t) and that on preferential sugar (11.1 ECU/t)

6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET ? YES/~~NO~~

~~6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET ?~~ ~~YES/NO~~

~~6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY ?~~ ~~YES/NO~~

6.3 WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY ? YES/~~NO~~

OBSERVATIONS : The system of Community aids applicable up to now to the marketing of FOD sugar is covered in the Community budget for a global amount of 10.78 MECU (differential amount 22.50 ECU/T plus subsidy under Article 9 of the basic regulation of 15 ECU/T for a total quantity of 300 000 tonnes). The new system will apply only to 200 000 t of sugar because of changes in Community refining capacity. The balance of 100 000 t is thus destined to be exported. The financial implications of these exports are neutral since the Community's sugar balance remains unchanged.