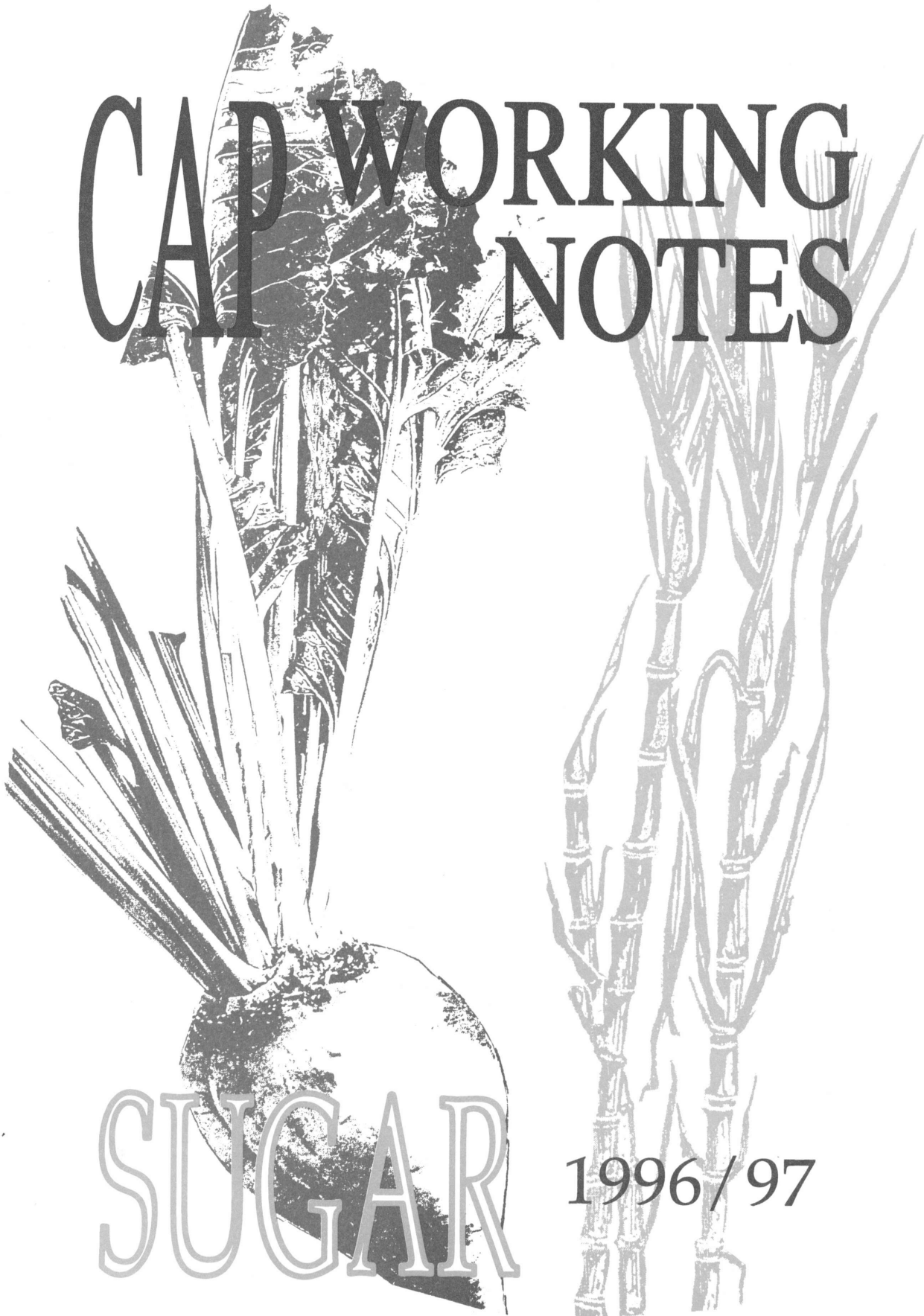




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INTRODUCTION

This text on sugar is one of a series produced by the Directorate-General for Agriculture of the European Commission known as "*CAP Working Notes*" which is published towards the end of each year in French, English and German. These documents contain the most recently available information on the current marketing year, particularly the decisions on prices and related measures and the planned budget expenditure for the market organisation of the product in question.

The document is in two parts with a set of annexes. The first part consists mainly of the contribution made by the Directorate-General for Agriculture's Sugar Unit to the *1996 Report on the Agricultural Situation in the European Union*. The second is taken from the working document "Section III - Commission - Sub-section B1" which accompanies the *Preliminary Draft General Budget of the European Communities for the financial year 1997* which was originally published in May 1996 and has now been updated for inclusion in this text which was completed on 1 October 1996.



THE SITUATION OF THE MARKET

1. The world market

Trends on the world sugar market in 1995/96 ran counter to initial forecasts. Since the start of the marketing year, harvest estimates indicated a production surplus in relation to consumption increasing as the year went on. At present, and despite an appreciable increase in consumption compared with the previous year (+ 3.4 million tonnes), the production surplus remains at 5.3 million tonnes. The final level of stocks in the 1995/96 marketing year will therefore be around 36.8 % of consumption, well above the level previously considered as the point of equilibrium (30 % of consumption).

Table 1
World market trends

(million tonnes of raw sugar)

	Production	Consumption	Surplus or deficit	Stock as % of consumption
	(1)	(2)	(3) = (1) - (2)	(4)
1986/87	104.2	105.9	- 1.7	33.8
1987/88	104.7	107.2	- 2.5	31.2
1988/89	104.6	107.0	-2.4	29.0
1989/90	109.1	109.5	- 0.4	28.0
1990/91	115.7	110.4	+ 5.3	31.8
1991/92	116.9	111.0	+ 5.9	36.0
1992/93	112.7	111.7	+ 1.0	35.8
1993/94	111.4	112.4	- 1.0	33.5
1994/95	116.4	114.3	+ 2.1	34.5
1995/96	123.0	117.7	+ 5.3	36.8

Source: F.O. Licht

Nevertheless, despite an increase of 4 million tonnes in world stocks at the end of the marketing year, the trend in world prices did not exactly reveal the forecast sharp decline. The price of white sugar - not affected by the surplus, since this essentially consists of raw sugar - increased by 2.6 % on 1994/95 prices, while the price of raw sugar fell by 8.4 % compared with 1994/95 (a third of what had been expected). The relationship between stocks and consumption matched the 1991/92 level; however, world market prices fell below 10 cents per pound (\pm ECU 16.4/100 kg) in 1991/92, whereas they were mainly at this level in 1994/95.

The fact that the drop in prices appears to be easing off may be attributed in particular to India's stocking policy and the late harvests in Cuba and Thailand, as well as the late definition and implementation of the Brazilian export programme. With two harvests (1994/95 and 1995/96) producing a significant surplus, India will have 8 million tonnes of sugar in stock at the end of the 1995/96 marketing year, of which around 3 million tonnes of surplus stock represent around 55 % of the world surplus. Structural elements - such as the state monopoly on exports and the poor export capacity of the country's ports - and political elements are behind this stocking policy.

Table 2
Average spot price

Paris Exchange (white sugar)	= ECU 29.91/100 kg in 1994/95	
	= ECU 30.69/100 kg in 1995/96	(+ 2.6 %)
New York Exchange (raw sugar)	= ECU 23.57/100 kg in 1994/95	
	= ECU 21.58/100 kg in 1995/96	(-8.4 %)

The role played by import demand, which appears to be on the upturn after a period of stagnation, cannot be ignored in this case. In effect, with an estimated volume of 35.2 million tonnes for the 1995/96 marketing year (an increase on 1994/95, which was the second consecutive year of growth), even if the ratio to total production (28.6 %) remains weak, the downward trend in place since 1988/89 appears to have reversed. Moreover, there has been a huge increase in world consumption. Increasing by 3 % on 1994/95, the growth in world consumption outstripped world population growth (1.5 % per year) for the first time since the 1980s (Table 3 and Figure 1). This growth mainly took place in Asia, which has seen sharp growth in sweetened beverages and where isoglucose is not available at competitive prices. However, the stabilisation of consumption in the industrialised countries also played a major role due to the saturation of the isoglucose markets in Japan and the United States. The US has practically doubled its preferential import quota during the current marketing year.

In the Russian Federation, demand appears also to have stabilised at the low level of 5 million tonnes attained in 1993/94, with a significant recovery in the volume of sugar imports (+ 1.3 million tonnes) due mainly to the resumption of production in Cuba. Cuba also appears to be getting over its difficulties (3.4 million tonnes in 1994/95). The current harvest is estimated at 4.5 million tonnes, thanks to foreign investments. The 6-7 million tonnes produced in the past may once again be conceivable over the next few years.

Furthermore, initial estimates for the 1996/97 world harvest predict a new surplus of production over consumption. Despite a forecast increase in consumption, at present these prospects indicate a possible rise in stocks of around 1.2 million tonnes. Prices should therefore be subject to downward pressure. Community white sugar could benefit from this on the export markets, due to its improved competitiveness compared with low quality white sugars.

Table 3
World supply balance and international trade in sugar

	1 000 t raw sugar				% change
	1992/93	1993/94	1994/95	1995/96	<u>1995/96</u> <u>1994/95</u>
<i>(I) Supply balance</i> <i>(marketing year Sept./August)</i>					
Initial stock	40 002	40 015	37 640	39 390	4.6
Production ¹	112 655	111 393	116 375	122 960	5.7
Imports	31 671	32 646	34 534	35 179	1.9
Availability	184 328	184 054	188 549	197 529	4.8
Exports	32 602	34 059	34 867	36 475	4.6
Consumption	111 711	112 355	114 292	117 702	3.0
Final stock	40 015	37 640	39 390	43 352	10.1
of which: as % of consumption	35.8	33.5	34.5	36.8	6.7
<i>(II) International trade</i>	1992	1993	1994	1995	<u>1995</u> <u>1994</u>
Imports/world	30 762	29 214	30 071	34 700	15.4
of which: EUR 12	1 786	1 713	1 834	-	-
%	5.8	5.9	6.1	-	-
EUR 15	-	-	2 042	1 787	- 12.5
%	-	-	6.8	5.1	- 25.0
Exports/world	31 801	29 573	30 040	34 706	15.5
of which: EUR 12	4 983	5 832	5 097	-	-
%	15.7	19.7	17.0	-	-
EUR 15	-	-	5 171	5 414	4.7
%	-	-	17.2	15.6	- 9.3

Sources: (I) FO Licht - European Sugar Journal (for the supply balance).

(II) International Sugar Organization (for international trade).

¹ For more detailed information on world production, broken down by main producing countries, see Annex 4.

Sugar

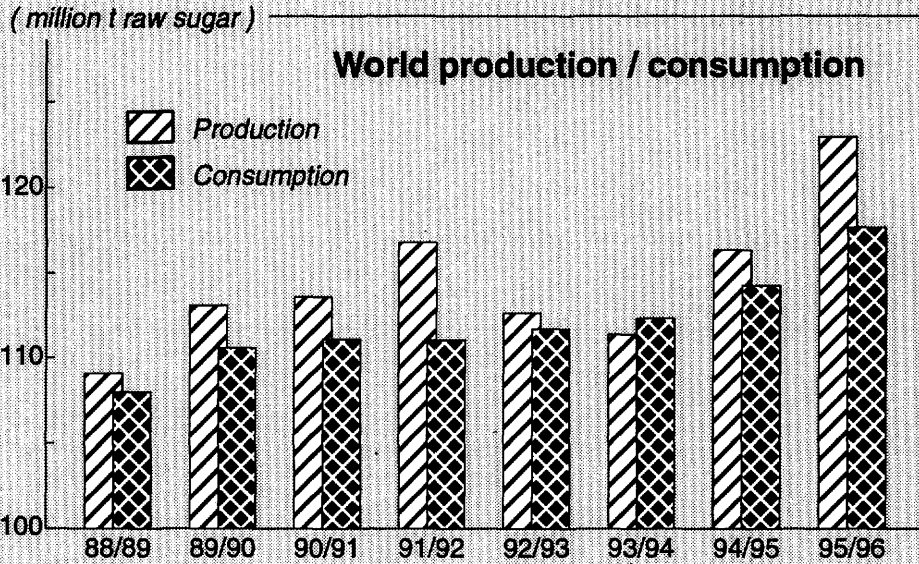


Figure 1

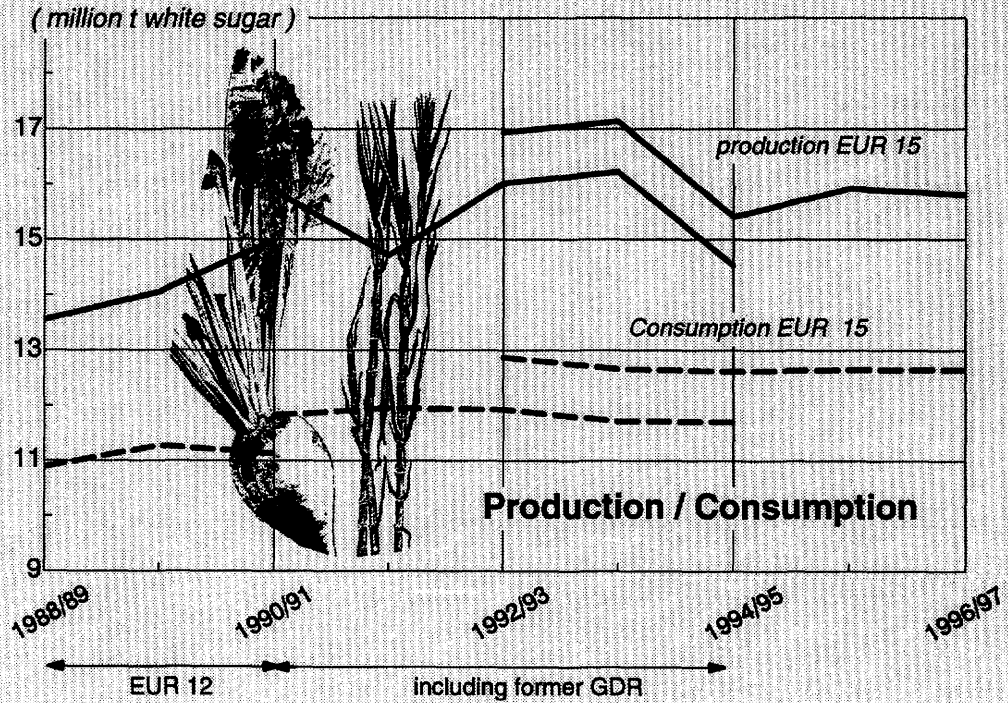


Figure 2

Source: European Commission, DG for Agriculture.

2. The Community market

Areas under beet in the European Union in 1995 (2 086 000 hectares) have increased slightly (+ 2.9 %) compared with the previous marketing year. The average sugar yield reached 7.50 tonnes per hectare, representing a decrease of 0.8 % compared with 1994 due to unfavourable growing conditions. These low yields resulted in total production, in white sugar equivalent, of 15.912 million tonnes, of which 15.636 million tonnes came from beet, 0.257 from cane and 0.019 from molasses.

Overall sugar consumption increased as a result of Austria, Finland and Sweden joining the EU. It ultimately stabilised at around 12.6 million tonnes, of which 245 000 tonnes are destined for industrial uses. However, the trend relating to human consumption is downwards (Figure 2).

The production surplus in relation to overall interior use of sugar is exported. Furthermore, within the context of preferential agreements concluded with the African, Caribbean and Pacific States (ACP) and India, the Union imports around 1.6 million tonnes of preferential sugar each year. It is therefore obliged to export a corresponding quantity of Community-produced white sugar, which is paid for out of the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (EAGGF). In 1995/96, the surplus (3.3 million tonnes) of the overall production of sugar (15.9 million tonnes) was exported (Table 4). Of this total, exports of C sugar (non-quota sugar production), without a refund, equalled around 1.6 million tonnes, while around 2.7 million tonnes of Community sugar was exported with a refund. However, although exports of C sugar have fallen by around 0.35 million tonnes compared with 1994/95, due to low overall production, the carryover in C sugar was up on the previous marketing year at 0.685 million tonnes.

Community production and consumption of isoglucose remain stable at around 304 000 tonnes, in line with quotas. However, following the introduction of inulin syrup into the Community sugar regime, production has undergone a sharp upturn, with an increase, in sugar/isoglucose equivalent, from 81 000 tonnes in 1994/95 to 128 000 tonnes in 1995/96. This might have had an impact on sugar consumption within the European Union.

Table 4
Sugar supply balance
(October - September)

EUR 15

	1 000 t white sugar				% change
	1992/93 4	1993/94 4	1994/95	1995/96	<u>1995/96</u> <u>1994/95</u>
Total production	16 012	16 216	15 403	15 912	3.3
of which: C sugar production for export	2 265	2 918	1 991	1 634	- 17.9
Usable production ¹	13 747	13 298	13 412	14 278	6.5
Change in stocks	223	78	- 728	288	-
Imports ²	1 979	2 077	2 154	2 170	0.7
Exports ^{1 2}	3 564	3 674	3 679	3 560	- 3.2
Intra-EU trade	(1 240)	(1 432)	(1 680)	(1 700)	1.2
Internal use	11 939	11 623	12 615	12 600	- 0.1
of which:					
- animal feed	10	11	10	10	0.0
- industrial use	174	213	180	245	36.1
- human consumption	11 755	11 410	12 425	12 345	- 0.6
Human consumption (kg/head) ³	33.9	32.8	33.5	33.2	- 0.9
Self-sufficiency (%) ¹	115.1	114.4	106.3	113.3	6.6

Source: European Commission, Directorate-General for Agriculture.

¹ Excl. C sugar.

² Excl. sugar traded for processing.

³ Ratio of human consumption to resident population at 1 January.

⁴ EUR 12.

COMMON ORGANIZATION OF THE MARKET

This chapter covers the following products:

- cane sugar and beet sugar and chemically pure sucrose in solid form,
- sugarbeet and sugar cane,
- molasses resulting from the extraction or refining of sugar,
- maple sugar and syrup and other sugars,
- beet pulp, bagasse and other refinery waste,
- isoglucose and isoglucose syrups (since 1977),
- inulin syrup (since 1994).

The common organization of the markets in the sugar sector entered into force on 1 July 1968. In 1977, isoglucose was added to the list of products covered and, in 1994, inulin syrup. The basic Regulation for the organization is Regulation (EEC) No 1785/81. Regulation (EC) No 1101/95 extends the production arrangements to the 2000/01 marketing year. The marketing year runs from 1 July to 30 June.

1. Price arrangements

The purpose of the price arrangements is to give the Union's sugarbeet and cane producers the necessary guarantees regarding their employment and standard of living. To that end, market stabilization measures are applied. Each year, the Council fixes intervention and target prices for sugar and prices for beet. Intervention is opened for limited quantities under a quota for which the price guarantee is almost full (A quota) and a quota for which the price guarantee is partial (B quota).

1.1. Sugar prices

- (a) *The intervention price for white sugar* of a standard quality specified by the Council is fixed each year for the non-deficit areas, unpacked, ex-factory, loaded onto a means of transport chosen by the purchaser. A derived intervention price is fixed for deficit areas (currently Spain, Finland, Italy, Portugal and the United Kingdom and Ireland). An *intervention price for raw sugar* is fixed on the basis of the intervention price for white sugar, taking account of standard amounts for processing and yield.
- (b) *The target price* is fixed each year for white sugar of the standard quality to which the intervention price applies. It is about 5% higher than the intervention price.

1.2. Beet prices

- (a) *The basic price* is fixed annually for a delivery stage and a standard quality determined by the Council. It is fixed in the light of the intervention price for white sugar and standard amounts representing the processing margin, the yield, the receipts of refineries from sales of molasses and, where appropriate, the cost incurred in delivering beet to refineries.
- (b) *The minimum price* is fixed each year for beet processed into sugar, for a delivery stage and a standard quality. This is the minimum price that sugar manufacturers are obliged to pay for the purchase of beet for processing into sugar. The purchase price may be increased or reduced to allow for deviations from the standard quality.

The minimum price differs according to whether the beet is processed into A sugar or B sugar (see point 2). The minimum price for A beet is equal to the basic price for beet less the 2% producer levy. The price for B beet is in principle equal to the basic price less 32%, i.e. 68% of the basic price, subject to the need to set a levy for B beet of up to 37.5%, bringing the price to 60.5% of the basic price (see point 8.1).

For areas for which a derived intervention price for white sugar is fixed minimum prices for A beet and B beet are increased by an amount equal to the difference between the derived intervention price for the area in question and the intervention price, the amount being multiplied by the coefficient 1.30.

Where agreements within the trade have been approved by the Member State concerned, the two-tier minimum price system may be replaced by a single price (the "mixed price"), which represents a weighted average of the two minimum prices. This option is at present seldom used in the Community, except in Belgium and the Netherlands.

The price decisions for the 1996/97 marketing year are the same as those for the previous marketing year: ECU 631.9 per tonne as the intervention price for white sugar and ECU 47.67 per tonne as the basic price for beet.

2. Production quotas

The guarantees on price and disposal are only offered for limited quantities of sugar, isoglucose and inulin syrup production, known as the A and B quotas.

The *A quota* determines the quantities of sugar for which price support (less the 2% levy on producers) is given. The *B quota* represents the quantities bought at a price of 68% of the intervention price for sugar. That price may be reduced to 60.5% of the intervention price where levies are insufficient to cover the expenditure incurred in disposing of Community production.

Member States allocate to each sugar refinery established in their territory for a stipulated time an A and a B quota under which they may manufacture and sell directly on the Community market and/or the world market and collect any refunds available. Refineries conclude individual contracts with beet growers in accordance with Community rules (minimum standards) and the inter-trade agreements.

Production during a marketing year above the sum of the A and B quotas, known as C sugar, may not be marketed in the Community and must therefore be exported without a refund onto the world market before 31 December following the end of the marketing year in question. However, in order to smooth out annual variations in production, producers may carry over a quantity of C sugar to the following marketing year equal to a maximum of 20% of their A quota. The quantity carried over must be stored for twelve months and is considered as forming part of the A quota for the following marketing year.

There are quotas for sugar and isoglucose and, since 1994, for inulin syrup. Quotas were allocated to each of the new Member States in 1995. The production quotas for Austria, Finland and Sweden of 907 186 tonnes for sugar and 11 930 tonnes for isoglucose must be compared with their annual consumption of around 906 000 tonnes of sugar and 12 000 tonnes of isoglucose.

Council Regulation (EC) No 1101/95 maintains the production quotas at the same level for six marketing years, i.e. until 2000/01. Annex 5 gives the allocation of quotas to each Member State.

The Regulation also makes provision for possible reductions in the guarantees accorded under quotas to permit compliance with the commitments made under the Agricultural Agreement concluded during the Uruguay Round multilateral trade negotiations (hereafter referred to as the GATT Agreement) through the application of coefficients determined for the A and B quotas for each product and for each Member State.

3. Import and export arrangements

In order that fluctuations in sugar and isoglucose prices on the world market do not affect prices within the Community, the basic Regulation, Regulation (EEC) No 1785/81, lays down trade arrangements based on import duties and export refunds. Application of the GATT Agreement¹ required the adjustment of the import and export arrangements [Regulation (EC) No 1422/95]. Import levies on products in the sugar sector were abolished and a system of import duties and additional duties increasing in line with the difference between the world import price and the trigger price was introduced. The representative price on the world market for the standard quality is the cif import price and the trigger price is set by the Council. This system has been applied since 1 July 1995.

¹ For a detailed description of the GATT Agreement see the *CAP working Notes* special issue "GATT and European agriculture".

In order to permit exports onto the world market, the difference between prices in the Community and world prices may be covered by an export refund. The refund is either set on a regular basis or by means of an invitation to tender and is granted at the request of the exporter. The GATT Agreement increased the quantitative and budgetary restrictions on exports with a refund.

The refund for the 1996/97 marketing year is ECU 470 per tonne, as for the previous marketing year, and the quantities involved are expected to reach 1.3 million tonnes excluding the ACP equivalent and 1.6 million tonnes ACP equivalent. The overall quantities exported for which refunds should be paid are down by 4.5% compared with last year. Expenditure on refunds provided for in 1997 under article 1-110 should therefore be 4.6% less than the expenditure provided for in 1996 (see Table 5).

Where the Community price is lower than the world price, as was the case between April 1980 and May 1981, an export levy may be imposed.

Regulation (EEC) No 1101/95 lays down preferential arrangements to ensure the security of supply to all the Community's port refineries by means of Agreements to be concluded with the ACP States and India and/or other suppliers of raw cane sugar known as "special preferential sugar" for six marketing years. The Agreements with the ACP States and India were negotiated by the Commission and approved by a Council Decision of 17 July 1995.

4. Public storage and private storage aid

In theory, intervention gives rise to public storage costs (item 1-1111). Intervention agencies are required to buy in all sugar offered at the intervention price. However, intervention is hardly used in the sugar sector as surpluses are exported. Appropriations for this item are therefore set as a lump sum; ECU 1 million in 1996 and zero in 1997. As regards expenditure to cover depreciation of public stocks, requested appropriations in 1997 were zero as they were in 1996 (item 1-1115).

In order to guarantee regular supplies of sugar to consumers at stable prices, the costs of keeping sugar (storage, financing, etc.) are reimbursed to manufacturers and specialised traders (item 1-1110). This advance on the cost of private storage is financed through a levy paid by producers at the time the sugar in question is disposed of (see point 8.2). The increase in appropriations requested under item 1-1110 from ECU 338 million in 1996 to ECU 352 million in 1997 is the result of two factors:

1. The monthly reimbursement fixed annually by the Council was ECU 0.45 per 100 kg for the 1996 financial year. For the 1997 financial year it has been reduced to ECU 0.42 per 100 kg in order to take account of the reduction in interest rates since it was last set.

2. On the other hand, the quantities concerned are to increase from 74.1 tonnes in 1996 to 84.1 million tonnes in 1997 as a result, in particular, of the enlargement to 15 Member States.

Table 5
Appropriations approved for 1996 and appropriations requested for 1997¹

(in ecus)

Article Item	Heading	Appropriations approved for 1996 (1)	Appropriations requested for 1997 (2)	Change % (2/1)
1-110	Refunds on sugar and isoglucose	1 467 000 000	1 400 000 000	- 4.6
111	Intervention for sugar	475 000 000	478 000 000	+0.6
1-1110	Reimbursement of storage costs	338 000 000	352 000 000	+4.1
1-1111	Public storage	1 000 000	0	-
1-1112	Refunds on sugar used in the chemical industry	82 000 000	82 000 000	0.0
1-1113	Measures to aid the disposal of raw sugar	17 000 000	17 000 000	0.0
1-1115	Depreciation of stocks	0	0	
1-1119	Other intervention for sugar	37 000 000	27 000 000	-27.0
1-119	Other	pm	pm	-
TOTAL		1 942 000 000	1 878 000 000	-3.3

¹ See Annex 2: key factors for determining appropriation requirements in 1997.

5. Refunds on sugar used in the chemical industry

This aid (item 1-1112) for the manufacture of certain chemical products is designed to put the manufacturers concerned on an equal footing with their counterparts using sugar from the world market. The refund is the export refund less ECU 85.4. According to expenditure forecasts, the refund should be paid on a total of 210 000 tonnes. Expenditure for the 1997 financial year should be the same as in 1996.

6. Aid for the disposal of raw sugar

These are subsidies towards the shipping and refining costs incurred in respect of sugar from the French overseas departments refined in "pure" refineries in the Community. They may also be granted for raw beet sugar in order to ensure that those refineries obtain sufficient supplies.

The aid is paid per tonne. It is made up of several components which, for 1997, will be as follows:

- the FOB standard amount (ECU 17.0 per tonne),
- the shipping cost (ECU 32.2 per tonne),
- an amount for storage (ECU 23.9 per tonne),
- an amount for product quality (ECU 8.1 per tonne),

making a total of ECU 81,2 per tonne. Total aid of ECU 17 million (item 1-1113) should be paid for 200 000 tonnes of cane sugar. The expenditure of ECU 17 million provided for in 1996 was based on proposed aid of ECU 67 per tonne for the disposal of 250 000 tonnes of cane sugar.

7. Other interventions

Item 1-1119 includes several measures for the sugar sector: adaptation aid for refining and aid for the sugar industry in Spain. Adaptation aid is available for the refining of preferential sugar, accompanied by additional refining aid for raw sugar from the French overseas departments and some raw beet sugar harvested in the Community, with a view to restoring balance between prices for this sugar and preferential sugar. This aid will be granted for an estimated 1.45 million tonnes. The proposed rate of aid is ECU 13 per tonne in 1997, down from ECU 21.38 per tonne in 1996, the expenditure provided for under item 1-1119 therefore falling.

Around ECU 8 million of the aid to the Spanish sugar industry remains to be paid.

8. Producers' financial responsibility

8.1. Production levies

The zero net impact on the budget of Community production is an original aspect of the rules on sugar, isoglucose and inulin syrup. Since the 1986/87 marketing year, producers have been fully responsible for the costs of disposing of surpluses of production over internal consumption on an annual basis.

In each marketing year, producers pay a basic production levy of 2% of the intervention price on their A and B quotas and a B levy of up to 37.5% of the intervention price on their B quota. Levies are payable in two instalments, in May and in December. If they are insufficient to cover the cost of disposing of the marketing year's surplus, producers pay an additional levy in December which is set by the Commission and applied in the form of a uniform coefficient to the levies. Sugar manufacturers and sugarbeet growers pay the levies in accordance with the income they obtain from sugar, i.e. 40% and 60% respectively.

3.8.2. Storage levy and equalisation scheme

To guarantee that the system is neutral as far as the budget is concerned, a storage levy is charged at the time of marketing by the manufacturer to cover the monthly reimbursements. The storage levy is set by the Commission on the basis of the quantity of sugar covered by the scheme and the average number of months for which the sugar is stored before release to the retail sector. Manufacturers pass on the storage levy to their customers in such a way that the actual market support price in the Community represents the intervention price plus the storage levy.

ANNEX 1

Monetary assumptions made when drawing up the 1997 preliminary draft budget

1 ECU = ... national currency

Member State	Agricultural conversion rate	Assumed market rate ¹	Average dual rate coefficient ²
B/L	Direct aid for arable crops, beef and sheepmeat premiums and accompanying measures	40,8337	1,050
	Other	39,5239	1,016
DK	Direct aid for arable crops, beef and sheepmeat premiums and accompanying measures	7,74166	1,059
	Other	7,49997	1,026
D	Direct aid for arable crops, beef and sheepmeat premiums and accompanying measures	1,94962	1,030
	Other	1,90616	1,007
EL	All products	311,761	1,008
E	All products	165,198	1,039
F	All products	6,61023	1,020
IRL	All products	0,829498	1,016
I	Beef premiums	2 164,34	1,081
	Other	2 096,38	1,047
NL	Direct aid for arable crops, beef and sheepmeat premiums and accompanying measures	2,19672	1,037
	Other	2,14021	1,010
A	Direct aid for arable crops, beef and sheepmeat premiums and accompanying measures	13,7190	1,031
	Other	13,4084	1,007
P	All products	198,202	1,014
FIN	All products	5,88000	0,997
S	Direct aid for arable crops, beef and sheepmeat premiums and accompanying measures	9,24240	1,088
	Other	8,93762	1,052
UK	All products	0,856563	1,018

¹ Assumed market rates for the financial year equal to market rates on 25 March 1996.

² The average dual rate coefficient is obtained by dividing the agricultural conversion rate by the market rate. For further explanations on monetary questions, see the special edition of *CAP Working Notes* entitled *The Agrimonetary System in the Single Market*.

ANNEX 2

Key factors for determining appropriation requirements in 1997

Expenditure in the sugar sector varies from year to year on the basis, principally, of world sugar prices, which fluctuate significantly. Most of the expenditure in the sector is on export refunds. Expenditure in 1995 accounted for 4.8% of total EAGGF Guarantee Section expenditure, a considerable part being covered by manufacturers, and is estimated at 4.7% in 1996 and 4.4% in 1997.

Technico-economic factors for forecasting 1997 expenditure	Appropriations requested in 1997 (ecus) ¹
1-110 Refunds on sugar and isoglucose <i>Refund:</i> ECU 470 /tonne <i>Quantity to be exported:</i> - excluding ACP equivalent: 1 331 000 tonnes - ACP equivalent: 1 600 000 tonnes	1 400 000 000
1-111 Intervention for sugar 1-1110 Reimbursement of storage costs <i>Aid:</i> ECU 4.1/tonne <i>Quantity:</i> 84 100 000 tonnes	478 000 000 352 000 000
1-1111 Public storage	pm
1-1112 Refunds on sugar used in the chemical industry <i>Aid:</i> ECU 470.0 /tonne - ECU 85.4/tonne <i>Quantity:</i> 210 000 tonnes	82 000 000
1-1113 Measures to aid the disposal of raw sugar <i>Total aid:</i> ECU 81/tonne <i>Quantity:</i> 200 000 tonnes	17 000 000
1-1115 Depreciation of stocks <i>Initial stock, purchases, sales, final stock and depreciation rate:</i> zero	pm
1-1119 Other interventions for sugar Adaptation aid for refining: <i>Quantity:</i> (1.45 million tonnes) x <i>Rate of aid</i> (ECU 13/tonne) Aid to the Spanish sugar industry: ECU 8 million remaining to be paid	27 000 000
1-119 Other	pm
TOTAL	1 878 000 000

¹ The appropriation requirements are contained in the Preliminary Draft Budget for 1997. As part of the price decisions for 1996/97, the Council has decided to keep the reimbursement of storage costs (item 1-1110) at ECU 4.2/tonne (instead of ECU 4.1) which created additional appropriation requirements of ECU 9 million. The Community authorities appear to be moving towards a reduction of about 2-3 % for each budget item.

ANNEX 3

Area under sugarbeet ¹, yield ² and production ² of sugar

	Area					Yield					Production				
	1 000 ha				% change	t/ha				% change	1 000 t				%change
	1993/94	1994/95	1995/96	1996/97	1996/97 1995/96	1993/94	1994/95	1995/96	1996/97	1996/97 1995/96	1993/94	1994/95	1995/96	1996/97	1996/97 1995/96
Belgium	104	101	104	103	-1,0	10,00	8,61	8,53	8,74	2,5	1 043	870	887	900	1,5
Denmark	67	67	67	67	0,0	7,77	6,69	6,45	6,90	7,0	521	448	432	462	6,9
Germany ³	530	506	519	514	-1,0	8,18	7,22	7,32	7,59	3,7	4 357	3 672	3 817	3 919	2,7
Greece	46	40	43	40	-7,0	6,65	6,25	6,67	6,50	-2,5	306	250	287	260	-9,4
Spain ⁵	180	179	173	154	-11,0	6,81	6,19	6,42	6,97	8,6	1 234	1 116	1 120	1 083	-3,3
France ⁴	410	410	429	422	-1,6	10,60	9,79	9,87	9,85	-0,2	4 589	4 227	4 480	4 428	-1,2
Ireland	32	36	35	34	-2,9	5,52	5,92	6,34	6,21	-2,1	177	213	222	211	-5,0
Italy	255	263	285	248	-13,0	5,56	5,67	5,23	6,10	16,6	1 419	1 492	1 491	1 510	1,3
Netherlands	116	115	116	116	0,0	9,76	8,41	8,52	8,41	-1,3	1 133	967	908	975	7,4
Austria	53	52	52	52	0,0	8,30	7,52	8,52	8,92	4,7	440	388	443	438	-1,1
Portugal ⁵	0	1	1	2	100,0	-	6,00	5,00	5,00	0,0	4	6	5	10	100,0
Finland	33	34	35	34	-2,9	4,36	4,53	4,66	4,59	-1,5	144	154	163	156	-4,3
Sweden	51	53	57	57	0,0	6,53	6,40	6,25	7,12	13,9	333	339	356	406	14,0
United Kingdom	169	170	170	170	0,0	8,50	7,42	7,18	7,35	2,4	1 433	1 261	1 221	1 250	2,4
EUR 12	1 910	1 888	1 942	1 870	-3,7	8,49	7,56	7,56	7,87	4,1	16 216	14 522	14 950	15 008	0,4
EUR 15	2 047	2 027	2 086	2 013	-3,5	8,37	7,48	7,50	7,80	4,0	17 133	15 403	15 912	16 008	0,6

Source: European Commission, Directorate-General for Agriculture.

- ¹ Area planted with sugarbeet exclusive of area planted for distillery supply.
- ² In terms of white-sugar value.
- ³ Including production of molasses.
- ⁴ Area and yield, metropolitan France only; production, including the French overseas departments.
- ⁵ Including production of sugar from sugar cane.

ANNEX 4

World production of sugar and production of the main producing and/or exporting countries

	Raw sugar								
	%				1 000 t				% change
	1992	1993	1994	1995	1992	1993	1994	1995	<u>1995</u> <u>1994</u>
<i>World</i>	100,0	100,0	100,0	100,0	117 565	112 378	110 289	123 017	11,5
<i>of which:</i>									
<i>Europe</i>									
EUR 12	14,5	15,5	14,3	13	17 102	17 384	15 718	16 235	3,3
EUR 15	-	-	15,1	14	-	-	16 702	17 276	3,4
<i>America</i>									
United States	5,8	6,3	6,3	6	6 805	7 045	6 921	6 800	-1,7
Cuba	6,1	3,8	3,6	4	7 219	4 246	4 017	4 400	9,5
Dominican Republic	0,5	0,6	0,5	0	593	621	579	520	-10,2
Mexico	3,2	3,9	3,6	4	3 745	4 360	4 025	4 800	19,3
Argentina	1,2	1,0	1,1	1	1 379	1 093	1 202	1 300	8,2
Brazil	8,4	9,0	11,1	11	9 925	10 097	12 270	14 000	14,1
<i>Asia</i>									
India	11,8	10,5	10,8	13	13 873	11 750	11 900	16 350	37,4
People's Rep. China	7,5	7,2	5,7	5	8 864	8 093	6 325	6 700	5,9
Pakistan	2,2	2,5	2,8	2	2 630	2 770	3 044	2 900	-4,7
Philippines	1,6	1,9	1,9	1	1 919	2 091	2 098	1 700	-19,0
Thailand	4,3	3,4	3,8	5	5 078	3 825	4 168	6 350	52,4
<i>Africa</i>									
South Africa	1,5	1,1	1,6	2	1 715	1 282	1 777	2 295	29,2
<i>Oceania</i>									
Australia	3,7	4,0	4,7	4	4 363	4 488	5 217	5 075	-2,7

Source: Statistical Bulletin of the International Sugar Organization (ISO).

ANNEX 5

Production quotas in the sugar sector

Member State or region	Sugar ¹		Isoglucose ²		Inuline syrup ²	
	A quotas	B quotas	A quotas	B quotas	A quotas	B quotas
Belgium/Luxembourg	680 000,0	146 000,0	56 667,0	15 583,0	175 577,0	41 348,0
Denmark	328 000,0	96 629,3	-	-	-	-
Germany (ex-FRG)	1 990 000,0	612 312,9	28 882,0	6 802,0	-	-
Germany (ex-GDR)	647 703,0	199 297,0	-	-	-	-
Greece	290 000,0	29 000,0	10 522,0	2 478,0	-	-
Spain	960 000,0	40 000,0	75 000,0	8 000,0	-	-
France (metropolitan)	2 560 000,0	759 232,8	15 887,0	4 135,0	19 991,0	4 708,0
France (OD)	436 000,0	46 600,0	-	-	-	-
Ireland	182 000,0	18 200,0	-	-	-	-
Italy	1 320 000,0	248 250,0	16 569,0	3 902,0	-	-
Netherlands	690 000,0	182 000,0	7 426,0	1 749,0	65 994,0	15 542,0
Austria	316 529,0	73 881,0	-	-	-	-
Portugal (continental)	63 636,4	6 363,6	8 093,9	1 906,1	-	-
Portugal (Azores)	9 090,9	909,1	-	-	-	-
Finland	133 433,0	13 343,0	10 845,0	1 085,0	-	-
Sweden	336 364,0	33 636,0	-	-	-	-
United Kingdom	1 040 000,0	104 000,0	21 696,0	5 787,0	-	-
TOTAL	11 982 756,3	2 609 654,7	251 587,9	51 427,1	261 562,0	61 598,0

¹ Tonnes white sugar.

² Tonnes dry matter.

European Commission

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