COMMISSION OF THE EUROPEAN COMMUNITIES

COM(90) 97 final

Brussels, 13 August 1990

Proposal for a

COUNCIL REGULATION (EEC)

laying down general rules on the marketing of preferential sugar in the Community for the 1989/1990, 1990/91 and 1991/92 marketing years

(presented by the Commission)

EXPLANATORY MEMORANDUM

Article 1 of the Protocol on ACP sugar[(1)] provides that:

a) the Community will commit itself to purchasing and importing, at guaranteed prices, specified quantities of sugar originating in the ACP States which those States undertake to supply to it;

b) the Protocol will be implemented within the framework of the common organization of the markets in sugar.

The guaranteed prices are therefore an essential factor in this reciprocal obligation to deliver and import. In the past they were normally negotiated and fixed so as not to exceed the corresponding intervention price in the Community.

In its proposal to the Council on the agricultural prices for the 1989/90 marketing year, the Commission recognized that the contemplated 5% reduction for sugar will raise problems for the States supplying the preferential sugar. In the meantime the Council has finally decided on a 2% reduction and has given the Commission responsibility for negotiating guaranteed prices for sugar for that marketing year at the same reduced level. The reduction in the guaranteed prices, which follows a period of four marketing years when prices were frozen, is likely to be a heavy burden on the sugar industry in the countries concerned, which is less competitive than the Community industry. This could jeopardize the undertakings entered into and accordingly the sound operation of the common organization of the markets in sugar.

A major portion of the Community sugar market comprises imports of raw preferential sugar intended for the Community refining industry. However, the Community still has an overall shortfall in such raw sugar intended for refining. Deliveries of preferential sugar mainly involve such raw sugar but also to a lesser extent white sugar and other sugars directly intended for consumption. The latter portion of deliveries, which is more remunerative, will no doubt increase further (with some impact on the budget) following the restrictive prices policy in the sugar sector if accompanying measures do not stabilize at the same time the trading relations between the Community refiners and the suppliers of raw sugar.

The proposal to introduce a marketing premium (reassigned by the importer to the supplier of the preferential sugar), which will be limited to an overall appropriation of ECU 30 million for a period of three years, therefore aims to ensure the supply of raw sugar to Community refiners and to enable the supplying States to adapt their industries to this new situation through preferential trade relations.

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(1) The same provisions appear in the agreement on cane sugar concluded with India.

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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 1785/81 of 30 June 1981 on the common organization of the markets in the sugar sector[(1)], as last amended by Regulation (EEC) No 1069/89[(2)], and in particular Article 37(1)(a) thereof,

Whereas, pursuant to Article 1(1) of Protocol 7 on ACP/EEC sugar annexed to the Lomé Convention, hereinafter referred to as "the Protocol", the Community has undertaken to purchase and import at guaranteed prices quantities of cane sugar originating in the ACP States which those States undertake to supply; whereas, pursuant to Article 1(1) of the Agreement between the European Economic Community and the Republic of India on cane sugar, hereinafter referred to as "the Agreement", the same reciprocal commitments were entered into as regards sugar originating in India; whereas, pursuant to Article 1(2) of the Protocol and Article 1(2) of the Agreement, those texts are to be implemented for the sugar in question, hereinafter referred to as "preferential sugar", within the framework of the common organization of the markets in sugar;

(1) OJ No L 177, 1.7.1981, p. 4.
(2) OJ No L 114, 27.4.1989, p. 1.

Whereas the measures to be adopted by the Community to ensure this implementation of the Protocol and the Agreement must be such as to permit the observance of the relevant commitments entered into under those instruments, namely the supply of preferential sugar and the purchase of that sugar and therefore the supply of the Community market and more particularly that of port refineries in the Community;

Whereas, owing to the freeze on guaranteed prices for sugar during several delivery periods, the fall in such prices for the 1989/90 delivery period and the prejudicial effects which those measures will have on the sugar industry of the countries concerned unless accompanying measures are taken, there appears to be a short-term risk that the reciprocal commitments to deliver and import sugar provided for in the Protocol and the Agreement may no longer be fully observed under these circumstances; whereas almost all those deliveries comprise raw sugar intended for refining; whereas supplies to Community refineries are therefore seriously threatened;

Whereas to that end a special accompanying measure for a limited period involving the granting of a marketing premium for raw preferential sugar intended for refining in the Community would enable the sugar industry in the producing countries to adjust to this new situation during that period,

HAS ADOPTED THIS REGULATION:

Article 1

1. During the 1989/90, 1990/91 and 1991/92 marketing years, a marketing premium for the import of raw preferential cane sugar refined into white sugar during that period in the refineries referred to in the third subparagraph of Article 9(4) of Regulation (EEC) No 1785/81 shall be granted as an intervention measure.

2. The premium referred to in paragraph 1 may be granted only in respect of the quantities laid down in the Protocol and the Agreement that have been imported and only if the premium is reassigned by the importer to the producer of the preferential sugar in question.

3. The marketing premium provided for in paragraph 1 shall be determined per 100 kilograms of white sugar for each marketing year taking account of a total appropriation of ECU 30 million for the three marketing years referred to in paragraph 1.

Article 2

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

It shall apply from 1 July 1989.

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

Done at Brussels, For the Council

F I N A N C I A L   S T A T E M E N T

DATE:

1. BUDGET HEADING: Chapter 11 — APPROPRIATIONS: ECU 2.125 million

2. TITLE: General rules in respect of the marketing of preferential sugar in the Community during the 1989/90 to 1991/92 marketing years

3. LEGAL BASIS: EEC Treaty

4. AIMS OF PROJECT:
Adoption of a marketing premium for a period of 3 years in order to enable the ACP states to adapt their industries to the lowering of the guaranteed prices by the EEC

5. FINANCIAL IMPLICATIONS	Period of 12 months 19	Current Financial Year 1990	Following Financial Year 1991
5.0 EXPENDITURE - CHARGED TO THE EC BUDGET - (REFUNDS/INTERVENTION)	ECU 10 million	ECU 11 million	ECU 10 million
5.1 REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL			

	1992	1993	1994	1995
5.0.1 ESTIMATED EXPENDITURE	ECU 9 million			
5.1.1 ESTIMATED REVENUE				

5.2 METHOD OF CALCULATION:
Marketing premium restricted to an amount of ECU 30 million to be divided between the three marketing years commencing on 1 July 1989 (1989/90 marketing year). Amount for each year: ECU 10 million
1990 marketing year: period concerned: 1 July 1989-15 August 1990, namely ECU 11.25 million, rounded to ECU 11 million
1991 marketing year: period concerned 16 August 1990-15 August 1991, namely ECU 10 million
1992 marketing year: period concerned 16 August 1991-30 June 1992, namely ECU 8.75 million, rounded to ECU 9 million

6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET? YES

6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET? XXXXXX

6.2 IS A SUPPLEMENTARY BUDGET NECESSARY? NO

6.3 WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY? YES

OBSERVATIONS:
The measure will be applicable until the 1991/92 marketing year inclusive.

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FICHE D'IMPACT SUR LA COMPETITIVITE ET L'EMPLOI

I. Quelle est la justification principale de la mesure ?
Mesure d'accompagnement destinée à compenser la diminution des prix garantis aux pays ACP et à l'Inde pour le sucre et à permettre aux industries des pays ACP de supporter cette diminution de recettes. Cette mesure concerne indirectement les raffineurs communautaires qui ne sont pas des PME.

II. Caractéristiques des entreprises concernées. En particulier:

(a) Y a-t-il un grand nombre de PME ?
/

(b) Note-t-on des concentrations dans des régions
i. éligibles aux aides régionales des Etats membres ?
/

ii. éligibles au Feder ?
/

III. Quelles sont les obligations imposées directement aux entreprises ?
/

IV. Quelles sont les obligations susceptibles d'être imposées indirectement aux entreprises via les autorités locales ?
/

V. Y a-t-il des mesures spéciales pour les MPE ? Lesquelles ?
/ /

VI. Quel est l'effet prévisible
a) sur la compétitivité des entreprises?
/

b) sur l'emploi ?
/

VII. Les partenaires sociaux ont-ils été consultés ?
Quels sont leurs avis ?
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DOCUMENTS

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