



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 21.11.1995
COM(95) 561 final

95/0278 (CNS)

Proposal for a

COUNCIL REGULATION (EC)

**amending Regulation (EEC) No 1785/81 on the common
organization of the markets in the sugar sector**

(presented by the Commission)

Explanatory memorandum

The sugar sector is characterized by a system of production quotas which limit the quantities of Community production which may benefit from the guarantees provided by the common market organization arrangements. For this purpose, basic A and B quantities have been established for each product concerned and for each production region. These constitute the quantitative ceilings for the allocation by Member States of A and B production quotas to the producing undertakings located in those regions. Always fixed for specific periods of time, the basic A and B quantities applicable on 30 June 1995 have been rolled-over unchanged by Council Regulation (EC) No 1101/95 of 24 April 1995 (1) for a further 6 marketing years covering the period 1 July 1995 to 30 June 2001.

During the discussions leading up to the adoption of the abovementioned Council Regulation, it became clear that the small size of the basic A and B quantities established for sugar in respect of the mainland region of Portugal (equal to 0,4% of the overall A and B basic quantities for sugar) was an important factor contributing to the failure of a sugar producing factory being constructed there. Whilst no solution was agreed at that time, this question was raised again during the discussions leading up to the fixing of the prices in the sugar sector for the 1995/96 marketing year by Council Regulations (EC) No 1533/95 and No 1534/95 (2), when the Commission undertook to re-examine the question of the levels of the sugar quotas for Portugal.

In this respect it is important to bear in mind that the basic A and B quantities for sugar for the mainland region of Portugal were established in the Act of Accession of Portugal (3) in spite of the fact that no reference production had taken place on which to determine such quantities. Their objective was to permit the development of sugar beet cultivation and sugar production in a region where alternative agricultural production was extremely limited. Since 1986, sugar beet cultivation has indeed been launched on a small scale with the help of a special measure under which Portuguese sugar beet could be manufactured into sugar in a factory in Spain and returned to Portugal on the account of the Portuguese mainland production quota. No sugar factory has however yet been constructed although planning has reached an advanced stage and a suitable site has been chosen. The small size of the basic quantities has been cited as a crucial factor in preventing commencement of construction of a sugar factory.

(1) OJ No L 110 of 17.5.1995, page 1.

(2) OJ No L 148 of 30.6.1995, pages 9 and 11.

(3) OJ No L 302 of 15.11.1990, page 1.

With this in view and in the light of the understanding in the Council for the specific problems of the region in question, the Commission is of the opinion that a small increase in the level of the basic quantities for sugar for the mainland region of Portugal would provide the impetus for the construction of a sugar factory there as envisaged by the Act of Accession.

Owing to the need to proceed with caution on all matters dealing with such a sensitive question as production quota levels, the Commission is of the opinion that an increase limited to 10.000 tonnes as already discussed in the Council, broken down between A and B quantities in the same proportion as the original A and B quantities established in the Act of Accession of Portugal, would be sufficient for the purpose without calling into question the levels of the basic quantities for sugar established for the other regions of the Community.

The Commission is accordingly proposing an increase in the basic A and B quantities established for sugar for Portugal (mainland), as follows :

	<u>existing level</u>	<u>proposed level</u>
Basic Quantity A	54 545,5 tonnes	63 636,4 tonnes
Basic Quantity B	5 454,5 tonnes	6 363,6 tonnes
	<hr/>	<hr/>
TOTAL	60 000,0 tonnes	70 000,0 tonnes

Proposal for a
COUNCIL REGULATION (EC) No
of
amending Regulation (EEC) No 1785/81 on the common
organization of the markets in the sugar sector

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 42 and 43 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas Article 24 of 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 (EC) No 1101/95⁽²⁾, lays down the basic quantities for the allocation of A and B quotas to producing undertakings during the marketing years 1995/1996 to 2000/2001;

Whereas the basic quantities for sugar for the mainland region of Portugal are those fixed in the Act of Accession of Portugal for the purpose of enabling sugar production to start up there; whereas the size of those basic quantities has proved to be insufficient to provide the impetus for the envisaged start up of sugar production, to the detriment of the producers in the region concerned; whereas the basic quantities for sugar for the mainland region of Portugal should be increased to the levels needed to permit sugar production to start up,

⁽¹⁾ OJ No L 177, 1.7.1981, p. 4.

⁽²⁾ OJ No L 110, 17.5.1995, p. 1.

HAS ADOPTED THIS REGULATION :

Article 1

Article 24(2) of Regulation (EEC) No 1785/81 is hereby amended as follows :

1. In Table I under the column entitled "(a) Basic quantity A for sugar", "54.545,5" on the line "Portugal (mainland)" is replaced by "63.636,4".
2. In Table II under the column entitled "(a) Basic quantity B for sugar", "5.454,5" on the line "Portugal (mainland)", is replaced by "6.363,6".

Article 2

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

It shall apply from 1 July 1995.

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

Done at

For the Council

FINANCIAL STATEMENT

Date: 12 October 1995

1. BUDGET HEADING:
Revenue 110
Expenditure B1-110
- APPROPRIATIONS:
ECU 725 million
ECU 1 225 million

2. TITLE:
Proposal for a Council Regulation amending Regulation (EEC) No 1785/81 on the common organization of the markets in the sugar sector.

3. LEGAL BASIS:
Articles 42 and 43 of the Treaty

4. AIMS:
Increase by 10 000 tonnes the production quotas for sugar for Portugal.

5. FINANCIAL IMPLICATIONS:	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR	FOLLOWING FINANCIAL YEAR	
	(ECU million)	(95) (ECU million)	(96) (ECU million)	
5.0. EXPENDITURE - CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION) - NATIONAL AUTHORITIES - OTHER	4.7	0	0	
5.1. REVENUE - OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES) - NATIONAL	4.2	0	0	
	1997 (ECU million)	1998 (ECU million)	1999 (ECU million)	2000 (ECU million)
5.0.1. ESTIMATED EXPENDITURE	0	0	4.7	4.7
5.1.1. ESTIMATED REVENUE	0	0	4.2	4.2

- 5.2. METHOD OF CALCULATION:
On basis of current refund level cost is estimated in future at: 10 000 t x ECU 470/t = ECU 4.7 million
The net amount of Community own resources, resulting from production levies, corresponds to 90% of this expenditure after deducting the 10% reimbursed to Member States.

- 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? YES
- 6.2. WILL A SUPPLEMENTARY BUDGET BE NECESSARY? NO
- 6.3. WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY? NO

OBSERVATIONS The absence of a sugar producing factory in Portugal at the present time means that less than 1 000 tonnes of the current Portuguese quota are manufactured in Spain. The additional 10 000 tonnes will not be fully produced before the 1998/99 marketing year (1999 budget).

ISSN 0254-1475

COM(95) 561 final

DOCUMENTS

EN

02 03

Catalogue number : CB-CO-95-599-EN-C

ISBN 92-77-95983-5

Office for Official Publications of the European Communities

L-2985 Luxembourg

7