



European Communities

EUROPEAN PARLIAMENT

SESSION DOCUMENTS

English Edition

29 November 1990

A3-0334/90

*

R E P O R T

of the Committee on Agriculture, Fisheries and Rural Development,

on the Commission proposal for a Council regulation amending Regulation EEC No. 1785/81 on the common organization of the markets in the sugar sector

COM(90) 0323 final

Rapporteur: Mr Jan SONNEVELD

DOC EN\RR\100267

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PE 145.201/fin.

Or. EN

* = Consultation procedure requiring a single reading

**II = Cooperation procedure (second reading) which requires the votes of a majority of the current Members of Parliament for rejection or amendment

**I = Cooperation procedure (first reading)

*** = Parliamentary assent which requires the votes of a majority of the current Members of Parliament

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By letter of 11 October 1990 the Council consulted the European Parliament, pursuant to Article 43 of the EEC Treaty, on the Commission proposal for a Council regulation amending Regulation (EEC) No 1785/81 on the common organization of the markets in the sugar sector.

At the sitting of 22 October 1990, the President of Parliament announced that he had referred this proposal to the Committee on Agriculture, Fisheries and Rural Development as the Committee responsible and to the Committee on Budgets and the Committee on Development and Cooperation for their opinions.

At its meeting of 15 and 16 October 1990 the Committee on Agriculture, Fisheries and Rural Development had appointed Mr Jan Sonneveld rapporteur.

By letter of 30 October 1990 the Council requested application of the urgent procedure pursuant to Rule 75 of the Rules of Procedure. This request was rejected by Parliament at the sitting of 20 November 1990.

At its meetings of 7 and 8 November, and 28 and 29 November 1990, the Committee on Agriculture, Fisheries and Rural Development considered the Commission proposal and draft report.

At the latter meeting it adopted the draft legislative resolution by 17 votes to 11, with 1 abstention.

The following took part in the vote: Colino Salamanca, chairman; Borgo, Graefe zu Baringdorf and Killilea, vice-chairmen; Sonneveld, rapporteur; Bocklet; Dalsass; Funk; Garcia; Görlach; Happart; Hory (for McCubbin); Lane; McCartin; Maher (for Vohrer); Marck; Mottola; Navarro; Ortiz Climent; Partsch (for Falqui); Rothe; Santos López; Scott-Hopkins (for Howell); Sierra Bardaji; Simmonds; Stevenson; Thareau; Vázquez Fouz and Verbeek.

The opinions of the Committee on Budgets and the Committee on Development and Cooperation are attached.

The report was tabled on 29 November 1990.

The deadline for tabling amendments is noon on 6 December 1990.

A

Commission proposal for a Council regulation amending
Regulation (EEC) No. 1785/81 on the common organization of the markets
in the sugar sector

Commission text¹

Amendments

(Amendment No. 1)

Before the first recital, new recital

Whereas it is important to provide greater dynamism for the sugar sector by the development of schemes which do not merely maintain the status quo but tend towards a more satisfactory resolution of the problems caused by the imbalance between production and consumption;

(Amendment No. 2)

Recital 3 to read as follows

Whereas the common organization of the markets in the sugar sector has been based since the 1986/87 marketing year, on the one hand, on the principle of financial responsibility of producers for each marketing year for losses incurred from the disposal of surpluses of Community production under the system of quotas related to internal consumption and, on the other hand, on a system of price and disposal guarantees differentiated according to production quotas allocated to each undertaking ; whereas the above-mentioned principle and system should be renewed for a further period of two marketing years from 1991/92 and 1992/93 in order to curb the production of the Community, with its great technical production capacity, at a time when the world sugar market continues to be characterized, despite some improvement, by great volatility of prices and by cyclical trends ;

Whereas the common organization of the markets in the sugar sector has been based since the 1986/87 marketing year, on the one hand, on the principle of financial responsibility of producers for each marketing year for losses incurred from the disposal of surpluses of Community production under the system of quotas related to internal consumption and, on the other hand, on a system of price and disposal guarantees differentiated according to production quotas allocated to each undertaking ; whereas the above-mentioned principle and system should be renewed for a further period of five marketing years from 1991/92 till 1995/96 in order to curb the production of the Community, with its great technical production capacity, while the world sugar market continues to be characterized by great volatility of prices and by cyclical trends;

¹ For full text see COM(90) 0323 final - OJ No. C 258, 13.10.1990, p. 9

Commission text

Amendments

(Amendment No. 2, continued)

whereas a period less than five years allows insufficient scope and incentive for the development of innovative programmes in this sector; whereas a longer period of this kind does not discourage the contracting of new international obligations but may on the contrary simplify it in view of the availability of the relevant instruments;

(Amendment No. 3)

Recital 4 add the following after 2nd phrase

whereas, furthermore, in the current situation, any reduction of guarantees in this sector entails the risk of a substantial decrease in areas under sugar beet within the quota system to the advantage of other agricultural enterprises for which the sector is not or is only partly financed by the producers themselves;

whereas, furthermore, in the current situation, any reduction of guarantees in this sector entails the risk of a substantial decrease in areas under sugar beet within the quota system to the advantage of other agricultural enterprises for which the sector is not or is only partly financed by the producers themselves; whereas therefore new programmes should be designed to encourage the development of new uses of sugar and its by-products as well as extensification with reduced use of chemicals.

(Amendment No. 4)

Recital 4, add the following after last phrase

whereas, under these circumstances, the basic quantities of sugar and isoglucose should be kept unchanged for the two marketing years referred to above but appropriate provisions should be laid down to enable international commitments entered into by the Community concerning sugar, in particular within the framework of GATT, to be implemented rapidly;

whereas, under these circumstances, the basic quantities of sugar and isoglucose should be kept unchanged for the five marketing years referred to above but appropriate provisions should be laid down to enable international commitments entered into by the Community concerning sugar, in particular within the framework of GATT, to be implemented rapidly;

Commission text

Amendments

(Amendment No. 5)
Recital 4a (new)

Whereas a reduction of the sugar production in the European Community as proposed by the European Parliament on earlier occasions, will contribute to improving the market situation for sugar in the European Community as well as the situation on the world market; whereas proposals for such a reduction in the European Community's sugar production will be presented by the Commission by 1 October 1992;

(Amendment No. 6)
Recital 4 b) new

Whereas consideration should be given to the encouragement of research into the use of sugar in the non-food sector;

(Amendment No. 7)
Recital 4 c) new

Whereas without prejudice to the principle of budgetary neutrality, any money saved from economies made by reducing production and thus export refunds during the next five years should lead to consideration of the concept of investment in schemes aimed at increasing consumption or the industrial use of sugar;

Commission text

Amendments

(Amendment No. 8)

Recital 5 to read as follows

Whereas, by reason of the binding system of production quotas it has introduced, the common organization of the market in sugar has provided for the possibility for undertakings to decide in agreement with beet and cane producers to carry forward part of their production from one marketing year to the next as production of the latter year with obligatory storage for 12 months; whereas this possibility of carrying forward was basically intended to enable those concerned to cope with unforeseen developments in production arising from one marketing year to the next, without, in the case of C sugar produced, necessarily having to export it to third countries whatever the world sugar market situation; whereas from the 1981/82 marketing year it was laid down that C sugar carried forward could henceforth qualify for the reimbursement provided for by the Community compensation system for storage costs during the obligatory storage period; whereas after application of this reimbursement for nine marketing years, experience shows a very substantial increase in the volumes of C sugar carried forward and hence of use of the facility for carrying forward which no longer bears any resemblance to the idea of carrying forward referred to above;

Whereas, by reason of the binding system of production quotas it has introduced, the common organization of the market in sugar has provided for the possibility for undertakings to decide in agreement with beet and cane producers to carry forward part of their production from one marketing year to the next as production of the latter year with obligatory storage for 12 months; whereas this possibility of carrying forward was basically intended to enable those concerned to cope with unforeseen developments in production arising from on marketing year to the next, without, in the case of C sugar produced, necessarily having to export it to third countries whatever the world sugar market situation; whereas from the 1981/82 marketing year it was laid down that C sugar carried forward could henceforth qualify for the reimbursement provided for by the Community compensation system for storage costs during the obligatory storage period; whereas after application of this reimbursement for nine marketing years, experience shows a very substantial increase in the volumes of C sugar carried forward and hence of use of the facility for carrying forward which no longer bears any resemblance to the idea of carrying forward does but entirely bear resemblance to the idea of carrying forward referred to above; on the other hand an adequate use of this facility should be maintained;

Commission text

Amendments

(Amendment No. 9)
Recital 6

Whereas, furthermore, the systematic practice of carrying forward large volumes may constitute an incentive to produce C sugar and a misuse of the quotas; whereas under these circumstances there should be a return as far as C sugar carried forward is concerned, to the situation which existed from 1968/69 to 1980/81, i.e. where during the obligatory storage period, C sugar carried forward can no longer qualify for reimbursement of storage costs under the Community system of compensation to those costs ; whereas the impact of this rule should be alleviated as a transitional measure by making provision in respect of the 1991/92 and 1992/93 marketing years that the reimbursement of storage costs should be granted for the first six months of the compulsory storage period;

Delete

(Amendment No. 10)
Recital 6a (new)

Whereas the level of price difference in the framework of the regionalized intervention price system may be set only on the basis of maintaining the desired flow of trade in sugar produced in the Community;

Commission text

Amendments

(Amendment No. 11)
Recital 7 to read as follows

Whereas production of sugar beet in Italy because of its special situation and given the size of agricultural holdings is still encountering difficulties, even in the northern regions, in particular as regards application of modern production methods, and for structural reasons in the central and southern regions where sugar beet growing is essential for regeneration of the particularly clayey soils and thus preventing a return to monoculture; whereas the Italian Republic should therefore be authorized to grant for a specified period corresponding to that of the quota system a national adjustment aid confined to cultivation of sugar beet, on a degressive basis, having regard to the reduction already attained for the 1990/91 marketing year under the authorization to grant such an aid provided for in Article 4(1) and (2) of Council Regulation (EEC) No. 1254/89; (3) whereas, furthermore, the Italian Republic intends to continue restructuring the sugar-beet sector and sugar production under restructuring plans pursuant to Articles 92 and 94 of the EEC Treaty; whereas, therefore, it is justifiable to authorize Italy to continue, for the marketing years 1991/92 and 1992/93, adjusting the said aid, notwithstanding the said articles, where the aid is linked to a restructuring plan; whereas account should also be taken of the situation as regards interest rates in Italy;

Whereas production of sugar beet in Italy because of its special situation and given the size of agricultural holdings is still encountering difficulties, even in the northern regions, in particular as regards application of modern production methods, and for structural reasons in the central and southern regions where sugar beet growing is essential for regeneration of the particularly clayey soils and thus preventing a return to monoculture; whereas the Italian Republic should therefore be authorized to grant for a specified period corresponding to that of the quota system a national adjustment aid confined to cultivation of sugar beet, on a degressive basis, having regard to the reduction already attained for the 1990/91 marketing year under the authorization to grant such an aid provided for in Article 4(1) and (2) of Council Regulation (EEC) No. 1254/89; (3) whereas, furthermore, the Italian Republic intends to continue restructuring the sugar-beet sector and sugar production under restructuring plans pursuant to Articles 92 and 94 of the EEC Treaty; whereas, therefore, it is justifiable to authorize Italy to continue, for the marketing years 1991/92 to 1995/96, adjusting the said aid, notwithstanding the said articles, where the aid is linked to a restructuring plan; whereas account should also be taken of the situation as regards interest rates in Italy;

Commission text

Amendments

(Amendment No. 12)

After last recital, add the following recital 7a (new)

Whereas it is important to ensure that the principles of free competition and the avoidance of abuse of monopoly power are observed, in accordance with the Treaty of Rome;

(Amendment No. 13)

After last recital, add the following recital 7b (new)

Whereas, particularly in view of the single market, the Commission should produce a report to Parliament on the problems of the quota system in border areas;

(Amendment No. 14)

ARTICLE 1, before paragraph 1, insert a new paragraph -1
Recital 16 of Regulation No. 1785/81

In order to enable the outlets for sugar and isoglucose on the internal market of the Community to be enlarged, it is further appropriate to afford the possibility of putting out of production, within the meaning of the quota system and under conditions to be laid down, all sugar or isoglucose intended for manufacture, in the Community, or products not competing on the market with sugar or isoglucose. In that event, account shall principally be taken of environmental considerations.

Commission text

Amendments

(Amendment No. 15)

Article 1, paragraphs 1 and 2

Regulation (EEC) No. 1785/81 is hereby amended as follows :

In Article 9(4b) "1987/88 until 1990/91" is replaced by "1991/92 until 1992/93";

In Article 9(4b) "1987/88 until 1991/92" is replaced by "1991/92 until 1995/96";

In Article 9(4c) "1988//89 until 1990/91" is replaced by "1991/92 until 1992/93";

In Article 9(4c) "1988//89 until 1991/92" is replaced by "1991/92 until 1995/96";

(Amendment No. 16)

ARTICLE 1, PARAGRAPH 3

Article 23

Paragraphs 1 and 4 (Regulation 1785/81)

Articles 24 to 32 shall apply in respect of the marketing years 1991/92 and 1992/93.

Articles 24 to 32 shall apply in respect of the marketing years 1991/92 to 1995/96.

The Council, acting in accordance with the procedure laid down in Article 43(2) of the Treaty, shall determine, before 1 January 1992, the system to be applied from 1 July 1993.

The Council, acting in accordance with the procedure laid down in Article 43(2) of the Treaty, shall determine, before 1 January 1995, the system to be applied from 1 July 1996.

(Amendment No. 17)

ARTICLE 1, PARAGRAPH 3

Article 23

Paragraph 7 (Regulation 1785/81)

However, for the 1991/92 and 1992/93 marketing years the storage costs shall be reimbursed as a transitional measure in respect of the first six months of the compulsory storage period for the C sugar that is carried forward.

Delete

Commission text

Amendments

(Amendment No. 18)

ARTICLE 1, PARAGRAPH 10

Article 46, paragraph 2 (b) (Regulation No. 1785/81)

may not exceed, for

- the 1991/92 marketing year, 70 %
- the 1992/93 marketing year, 60 %

may not exceed, for

- the 1991/92 marketing year, 70 %
- the 1992/93 marketing year, 60 %
- the 1993/94 marketing year, 50 %
- the 1994/95 marketing year, 40 %
- the 1995/96 marketing year, 30 %

(Amendment No. 19)

ARTICLE 1, PARAGRAPH 4

Article 46, paragraph 4 (Regulation No. 1785/81)

In addition, during the marketing years 1991/92 and 1992/93, the Italian Republic shall be authorized, when the interest rate granted in Italy to the most solvent applicant is higher, by 3 % or more, than the interest rate used to calculate the reimbursement referred to in Article 8 of Regulation (EEC) No. 1785/81, to cover the effect of this difference on the storage costs by a national aid."

In addition, during the marketing years 1991/92 - 1995/96, the Italian Republic shall be authorized, when the interest rate granted in Italy to the most solvent applicant is higher, by 3 % or more, than the interest rate used to calculate the reimbursement referred to in Article 8 of Regulation (EEC) No. 1785/81, to cover the effect of this difference on the storage costs by a national aid."

(Amendment No. 20)

Article 1, paragraph 11

Article 47 (Regulation 1785/81)

Should special measures be necessary for the implementation within the framework of this Regulation of international commitments entered into by the Community vis-à-vis GATT concerning sugar or of the International Sugar Agreement, the Council, acting by a qualified majority on a proposal from the Commission, shall adopt such measures, which may derogate from the provisions of this Regulation.

Should special measures be necessary for the implementation within the framework of this Regulation of international commitments entered into by the Community vis-à-vis GATT concerning sugar or of the International Sugar Agreement, the Council shall, according to Article 43 of the Treaty, adopt such measures, which may derogate from the provisions of this Regulation.

(Amendment No. 21)

ARTICLE 1, PARAGRAPH 12

Article 48 (Regulation No. 1785/81)

In Article 48 "until 30 June 1987" is replaced by "until 30 June 1992".

In Article 48 "until 30 June 1987" is replaced by "until 30 June 1995".

DRAFT LEGISLATIVE RESOLUTION

Embodying the opinion of the European Parliament on the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No. 1785/81 on the common organization of the markets in the sugar sector

The European Parliament

- having regard to the proposal from the Commission to the Council (COM(90) 0323 final)¹,
 - having been consulted by the Council pursuant to Article 43 of the EEC Treaty (C3-0328/90),
 - having regard to the report of the Committee on Agriculture, Fisheries and Rural Development and the opinions of the Committee on Budgets and the Committee on Development and Cooperation (A3-0334/90),
1. Approves the Commission proposal subject to Parliament's amendments and in accordance with the vote thereon;
 2. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
 3. Asks to be consulted again should the Council intend to make substantial modifications to the Commission proposal;
 4. Instructs its President to forward this opinion to the Council and Commission.

¹ OJ No. C 258, 13.10.1990, p. 9

EXPLANATORY STATEMENTThe Commission's proposals

The Commission proposes essentially a roll-over of the present sugar regime for another two years. Stocks of sugar remain high, prices continue to be subject to great fluctuations, competition is curbed while production capacity remains high, so the Commission proposes to

- a) continue with system of production quotas
- b) maintain the present level of quotas
- c) continue the present self-financing system for 1991/92 and 1992/93

The one change which the Commission proposes is to C sugar, where the present practice of providing reimbursement by the Community for storage costs is considered to have contributed to a large increase in production of C sugar. It is proposed to terminate this arrangement after a transitional period, i.e. producers will receive compensation for half these costs in 1991/92 and 1992/93, after which they will receive no compensation.

Procedural problems

The Council consulted the Parliament on 11 October 1990 on this proposal, but on the Council requested urgency. The rapporteur would point out that it has been known for four years that a decision is necessary before 1 January 1991 on the system to be applied in the sugar sector, and believes that the Commission must be blamed for making a late proposal, and the Council must share this blame for consulting Parliament and immediately afterwards asking for urgency. This type of behaviour is not consistent with the proper functioning of the Institutions, and shows too little regard for the opinion of the Parliament¹.

Nevertheless, the rapporteur believes that the Parliament should give an opinion as soon as possible, and wishes to sketch out some ideas in this necessarily brief report.

Context of the proposals

As everybody will be aware, the proposals are being put forward at a time when the GATT negotiations have not been terminated, and are at a critical stage. This seems to be the principal reason why the Commission is proposing a roll-over of the existing regime, with a provision for a derogation in the new Article 47.

The rapporteur agrees that any major reform of the sugar regime should await international trade agreement in the framework of GATT. This is not the proper time to make unilateral changes to the export regime in the sugar sector. Greater discipline on the world sugar market, particularly as regards the amount of exports, can only be achieved if obligations are contracted by

¹ It should be recalled that a similar protest was made in 1986 by Mr Woltjer in his report on this subject (Doc. A2-209/85).

all major exporting and importing countries. Only then will the poorer developing countries be able to secure their position to some extent. Unilateral concessions by the EC would benefit only the stronger exporting countries.

However, it seems wrong to leave the present system of rules practically untouched for two years, as the Commission proposes, and then, for the period after that, to create total uncertainty about Community policy in this important agricultural sector. On the one hand we should already be working to achieve greater dynamism in this sector which is in any case already characterized by its own financial discipline. On the other hand it is wrong to give our trading partners the impression that the Community does not attach particular importance to the Community sugar policy pursued so far, since quite the contrary is true. In connection with the creation of the internal market, too, adjustments will have to be made in the sugar sector, and this is a further reason why a firm and clear policy is needed. Your rapporteur therefore proposes that the quota system currently in force be extended for a period of five years, the national support systems be further reduced or abolished and that encouragement be given to schemes likely to create a better balance between production, consumption, industrial use and exports.

1. Further reduction of national support

Adjustment support in Italy has now had the desired effect for sugar producers, and the Commission too considers that it can be further reduced. Support to sugar-beet producers there fell by 10% per year over the last two years, and this trend should be continued for the next five.

The regionalization of intervention prices should be based solely on the need to allow sugar produced in the Community to flow into regions with a shortage of sugar. The system should not contain any further support elements.

2. Retaining the possibility of carrying forward C-sugar to the following trading year; phasing out reimbursement of storage costs

The possibility of carrying forward a certain quantity of C-sugar has undoubtedly contributed to a greater stability in market supplies, which has benefitted both the producers and the consumers. Therefore, this facility should be maintained.

However, the Commission feels that the current system of carrying forward C-sugar to the following year has been too much of an incentive to produce and place on the market more C-sugar than was originally intended. The complete reimbursement of storage costs acted as too great a stimulant in this respect. Your rapporteur also considers that this marketing scheme must be maintained but must remain within the desired limits, and is thus able to agree to the elimination of reimbursement of storage costs after 2 years. Incentive premiums should be granted in order to stimulate developments which would not otherwise have been viable or only with difficulty. The marketing of C-sugar now seems to be financially self-sufficient. Reimbursement of storage costs at present amounts to 62 m ECU per year; a system whereby only half of the storage costs would be reimbursed in 1991/92 would save 31 m ECU, and if in the following year this compensation was paid for one quarter of the storage costs, this would save nearly 47 m ECU. The rapporteur advocates this slightly more stringent scheme.

3. Control of production

The essential problem with trying to restrain production is that in doing so we are freeing land for other production. We are in effect just passing the problem to other sectors, such as wheat or colza. The increase in production in these areas triggers stabilizers which mean price cuts.

Buying up of quotas: One scheme which has been put forward is the buying-up and de-activation of quotas. A fund would be established to compensate those producers who wish to give up production. Such a fund might be organized on a private basis by participating sugar producers. It may well be that the fund could be augmented by a "top-up" from Community sources, which might be financed from the coresponsibility levy paid by sugar producers.

An important principle which should be observed is that the funds raised within the sugar sector should be used within that sector. This applies just as much to the control of production as to the development of consumption and of additional other uses.

Set-aside: Another scheme is the use of set-aside in the sugar sector. The reason that set-aside has not been particularly successful is that not enough money has been made available for it, but, again, if the funds used within sugar are kept within that sector, an effective set-aside policy could be envisaged.

Extensification: Sugar production is becoming ever more intensive, in common with all agricultural production. Consideration should be given to active encouragement towards extensification.

4. Consumption

The Commission should also look at ways of increasing the use of sugar, again using finance provided by economies effected in reducing production, notably in export restitutions. The non-food use of sugar should be encouraged by further research regarding alternative uses of sugar. For example, preference should be given to the use of sugar instead of molasses in the yeast production.

5. Competition

The quota system gives a crucial role to sugar producers. There has been a considerable amount of amalgamation of firms over the past few years. This has undoubtedly led to greater efficiency and competitive power for the EC sugar sector, but may also have a negative side. The unrestrained development of economic power is undesirable. The interests of individual sugar beet growers should be safeguarded in cooperatives of growers' associations. The sugar produced should also be available at a competitive price within the Community to industry and other consumers.

OPINION

of the Committee on Budgets

Letter from the Chairman of the Committee to Mr Juan Luis COLINO SALAMANCA,
Chairman of the Committee on Agriculture, Fisheries and Rural Development

Luxembourg, 29 November 1990

Subject: Proposal for a Council regulation (EEC) amending Regulation
(EEC) No. 1785/81 on the common organization of the markets
in the sugar sector (COM(90) 323 final/2 - C3-0328/90)

Dear Mr Colino Salamanca,

At its meeting of 27 November 1990 the Committee on Budgets considered the
above proposal (COM(90) 323 final/2) on which Parliament has been consulted.

After assessing the nature and financial consequences of the proposal, the
members of the committee decided to deliver a favourable opinion.

Yours sincerely,

(sgd) Thomas von der VRING

The following were present for the vote: von der Vring, chairman;
Arias Canete, Boge, Desama, Holzfuss, Hory, Kellelt-Bowman, Lo Giudice,
Marques Mendes, Napoletano, Onur, and Pasty.

OPINION

of the Committee on Development and Cooperation

Letter from the Chairman of the Committee to Mr Colino Salamanca, Chairman of the Committee on Agriculture, Fisheries and Rural Development.

Brussels, 28 November 1990

Subject: Proposal for a Council Regulation (EEC) amending Regulation (EEC) No. 1785/81 on the common organization of the markets in the sugar sector (COM(90) 323 final/2)

Dear Mr Colino Salamanca,

At its meeting of 27 November 1990, the Committee on Development and Cooperation considered the above subject and it adopted the following conclusions.¹

The impact on developing countries of this proposal for a Council Regulation on Sugar will be extremely limited in so far as the objective set by the Council is merely to extend the existing provisions beyond their current deadline to 1993. This, it is argued, will allow them adequate time to discuss with Community sugar producers, and with developing countries concerned, a review of the EEC's sugar regime.

The current regime, while being not entirely satisfactory for developing countries, does contain a number of specific advantages for sugar producers from the ACP States and India. As far the ACP are concerned arrangements are governed by Protocol 8 to the Fourth ACP-EEC Convention (ex Protocol 3 of previous conventions since 1975). In this Protocol the Community undertakes for an indefinite period to purchase and import at guaranteed prices specific quantities of can sugar originating in the ACP States. This Protocol will not be affected by this proposed Council Regulation.

It is pertinent, however, to recall that the implementation of the Protocol has been criticised in recent years by the ACP States as a result of a 3-year freeze on ACP guaranteed prices, by rising transport costs and by the unwillingness of the Community to agree to an increase in the quantities above the 1.294 million tonnes current level. Portuguese entry into the Community did not help to increase quotas and four ACP States in fact lost market shares as a result of enlargement. The unification of Germany has not been taken into consideration yet. The latter factor should nevertheless lead to a marked increase in Community sugar consumption.

¹ The following took part in the vote: Mr Saby, chairman; Mrs Aulas, vice-chairman; Mrs Belo, vice-chairman; Mr Alvarez, Mr Arbeloa Muru, Mrs Buchan, Mr Cassidy (for Mr Ch. Jackson), Mrs Daly, Mr de Donnea, Mrs Herman, Mr Lagakos, Mr Melandri, Mr Perschau, Mr Pons Grau, Mrs van Putten, Mrs Ruiz-Gimenez, Mrs Sandbaek, Mrs Schmidbauer, Mrs Valent and Mr Verhagen

The Community should consider favourably requests from other ACP States (Papua New Guinea and Zambia) to accede to the Sugar Protocol. Many of these issues are being considered in joint ACP-EEC Council Working Group meetings.

Meeting in Luxembourg in September 1990, the ACP-EEC Joint Assembly adopted a resolution on sugar which emphasized the opposition of the Joint Assembly to any freeze or decrease in guaranteed prices for sugar. The Development Committee clearly endorses this resolution.

Yours sincerely,

(sgd) Henri Saby

