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Modification to the

Proposal for a regulation amending Regulation (EEC) No 3330/74 on the common organization of the market in sugar (Doc. COM(77) 100 final, Volume II, p. 35)

Modification to the

Proposal for a regulation on the granting of a consumer subsidy for butter: (Doc. COM(77) 100 final, Volume II, p. 116)

(submitted to the Council by the Commission pursuant to the second paragraph of Article 149 of the EEC Treaty)



## I. EXPLANATORY MEMORANDUM

### 1. Sugar sector

(a) Article 9 of the Commission proposal to the Council laying down common provisions in respect of isoglucose (see Doc. R/360/77 Agri 107/FIN 76 add 1 of 25 February 1977, p. 38) imposes a levy on the production of isoglucose to ensure that producers share the cost of the consequences of such production for the sugar sector. The basic sugar regulation ((EEC) No 3330/74) also provides for a levy on the production of sugar to ensure that sugar and beet producers share the costs of disposing of surpluses in this sector. It therefore appears justified to provide that when the production levy on sugar is calculated the revenue obtained from the levy on the production of isoglucose is taken into account and to amend in consequence Article 27 of Regulation (EEC) No 3330/74.

(b) The basic sugar regulation (Article 38) allows Italy to grant national adjustment aid, mainly because of the unfavourable climatic conditions for beet production. For the 1976/77 sugar year the maximum amount of aid was raised from 5.9 to 9.9 units of account per tonne of beet and was granted in respect of 1 330 000 tonnes of white sugar. For the same reasons as before, this measure should be adopted for the 1977/78 sugar year and made applicable to 1 400 00 tonnes of white sugar, representing a maximum total amount of 106 620 000 units of account.

### 2. Milk sector

In its proposal for a regulation on the granting of a subsidy for butter consumption the Commission authorized the Member States to grant final consumers a butter subsidy. This subsidy would not exceed 50 u.a. per 100 kg and would be partly financed by the EAGGF.

However, this system needs adjustment in the case of the United Kingdom. Butter consumption has fallen considerably in that Member State and this trend could be accentuated by the increase in the price of butter following the price alignment scheduled to take place during the 1977/78 milk year. It therefore appears appropriate to lay down special financing provisions for that Member State to assist it in granting the subsidy and to stipulate at this stage that these special arrangements are to apply until 31 December 1978 so that they may be aligned progressively on the Community arrangements for financing the subsidy.

3. The proposals made pursuant to Article 149 (2) of the Treaty are designed to facilitate agreement in the Council on all matters concerning the annual price proposals at present before it.

II. AMENDMENTS TO THE PROPOSALS

A. Proposal for a regulation amending Regulation (EEC) No 3330/74 on the common organization of the market in sugar (Doc. COM(77) 100 final, Volume II, p. 35).

1. The following recitals are added at the end:

Whereas Article 27 of Council Regulation (EEC) No 3330/74 of 19 December 1974 on the common organization of the market in sugar<sup>2</sup>, as last amended by Regulation (EEC) No 3138/76<sup>3</sup>, provides that the sugar production levy is to be calculated by reference to the total losses incurred in marketing the quantity of sugar produced in the Community in excess of the guaranteed quantity, reduced by the revenue from export levies;

Whereas the production levy on isoglucose provided for in Article 9 of Council Regulation (EEC) No /77 of laying down common provisions in respect of isoglucose<sup>4</sup> is based on the need for isoglucose producers to share the cost of the consequences of their production for the sugar sector inasmuch as the substitution of isoglucose for sugar makes it inevitable, in view of the Community sugar surplus, for corresponding quantities of sugar to be exported to non-member countries; whereas the revenue from the production levy on isoglucose should therefore be set against these marketing losses;

Whereas Article 38(2a) of Regulation (EEC) No 3330/74 raised from 5.9 to 9.9 units of account the amount of the adjustment aid provided for in paragraph 1 of that Article which Italy is authorized to grant during the 1976/77 sugar year; whereas the latter amount applies to a quantity of white sugar corresponding to Italy's basic quantity increased by 100 000 tonnes of white sugar;

Whereas the reasons which led to this measure still apply and it is therefore necessary to adopt it again for the 1977/1978 sugar year, adjusting it to the new production prospects in Italy by providing that the amount of 9.9 units of account is to apply to the basic quantity increased by 170 000 tonnes of white sugar representing, if actual production amounts to 1 400 000 tonnes of white sugar, a total sum of 106 620 000 units of account; whereas if production exceeds 1 400 000 tonnes the Italian Republic should be authorized to grant the said sum by apportioning it evenly to the entire quantity,

2. The following Articles are added to the proposal:

Article 3a

The first indent of the third subparagraph of Article 27(2) of Regulation (EEC) No 3330/74 is amended to read as follows:

"- the total losses mentioned in that subparagraph shall be reduced by the amount of the export levies and by the production levy as provided for in Article 9 of Regulation (EEC) No /77 imposed on isoglucose produced during the sugar year in question;"

Article 4a

Article 38(2a) of Regulation (EEC) No 3330/74 is amended to read as follows:

"2a - Notwithstanding paragraphs 1 and 2, during the 1977/78 sugar year the amount referred to in the first subparagraph of paragraph 1 shall be 9.9 units of account, a portion of which may be granted to the processing industry. This amount shall apply to the quantity of white sugar referred to in the second subparagraph of paragraph 1 increased by 170 000 tonnes of white sugar.

However, if actual production exceeds 1 400 000 tonnes of white sugar the Italian Republic may grant a maximum of 106 620 000 units of account, to be allocated uniformly by unit of weight of the product in question actually produced on its territory during the 1977/78 sugar year".

B. Proposal for a regulation on the granting of a consumer subsidy for butter: (Doc. COM(77)100 final, Volume II, p. 116)

1. The following recital is added at the end:

"Whereas butter consumption in the United Kingdom has fallen appreciably; whereas this trend may be accentuated by the increase in the price of butter following the price alignment due to take place during the 1977/78 milk year; whereas there should therefore be provision for special financing arrangements for that Member State to assist it in granting the subsidy; whereas these special arrangements should apply until 31 December 1978 so that they may be aligned progressively on the Community arrangements for financing the subsidy".

2. The following subparagraph is added to Article 3(1):

"However, as regards the subsidy granted by the United Kingdom until 31 December 1978, Community financing shall amount:

(a) during the period from 1 May to 31 December 1977:

- in respect of that portion of the subsidy not exceeding 30 units of account per 100 kilograms: to 100%,
- in respect of that portion of the subsidy in excess of 30 units of account per 100 kilograms: to 25%;

(b) during the period from 1 January to 31 March 1978:

- in respect of that portion of the subsidy not exceeding 25 units of account per 100 kilograms: to 100%,
- in respect of that portion of the subsidy in excess of 25 units of account per 100 kilograms: to 25%;

(c) during the period from 1 April to 31 December 1978:

at a level determined subsequently in accordance with the procedure laid down in Article 43(2) of the Treaty".

III. In Article 4 the date "1 April 1977" is replaced by "1 May 1977".