



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 25.07.1997  
COM(97)412 final

97/0222 (CNS)

Proposal for a

COUNCIL REGULATION (EC)

**authorising Portugal to grant aid to sugar beet producers and abolishing all such aid  
from the 2001/02 marketing year**

(presented by the Commission)



## EXPLANATORY MEMORANDUM

During the adoption of the institutional prices in the sugar sector for the 1997/98 marketing year and as a result of the Council of Agriculture Ministers held in Luxembourg from 23 to 25 June 1997, the following compromise was approved for the sugar sector:

*“13. Given the special nature of the sugar industry in Portugal this year, a diminishing state aid can be granted to sugar beet producers for the four marketing years 1997/98 to 2000/01. No state aid is authorised in the sugar sector from the 2001/02 marketing year on.”*

The purpose of this proposal for a Regulation is to implement, in accordance with the above compromise, the following two measures:

1. To authorise Portugal to grant a (state) aid to sugar beet producers located in its continental territory during the 1997/98 to 2000/01 marketing years.

The special nature of the sugar industry in Portugal this year lies in the fact that the production quota for A and B sugar of 60 000 tonnes allocated to continental Portugal on its accession to the Community in 1986 and increased to 70 000 tonnes on 1 July 1995 has not been fully utilised because of the absence of a sugar refining establishment in Portugal, which has also not encouraged the production of sugar beet.

An establishment became operational at the start of the 1997/98 marketing year, but the production of sugar beet on much of the land suitable for it is still an innovative operation for Portuguese producers.

The unit amounts of aid proposed by the Commission, reducing over the four marketing years, are those suggested by Portugal. The aid is intended to favour the expansion of sugar beet production in continental Portugal.

Parliament, when debating the 1997/98 agricultural prices package in its plenary session on 12 June 1997, adopted an amendment intended to grant a diminishing aid to sugar beet producers in Portugal.

2. To revoke all state aids in the sugar sector with effect from the 2001/02 marketing year.

In April 1995 the Council adopted the current arrangements in the sugar sector for a further six years, up to and including the 2000/01 marketing year, and included in them the provisions required to implement the Uruguay Round Agriculture Agreement.

The Council also expressed its intention to end the state aid arrangements existing in various Member States by stipulating the 1999/2000 marketing year as the last year of application of those arrangements in most cases, and the 2000/01 marketing year in certain others.

Therefore, whereas, pursuant to the current Regulations, the fate of the state aids ending in 1999/2000 is very clear - they will be de facto equal to zero in 2000/01, the last marketing year of the current production arrangements - that of the state aids ending in 2000/01 is less so, since they will still be in existence in the last marketing year of the current arrangements.

For that reason it is necessary (a) to create clarity with regard to the state aids ending in 2000/01, and (b) to announce as soon as possible, with a view to proper management, the situation regarding them which will prevail in 2001/02.

This proposal therefore provides for the unit amount of the aids in question to be abolished with effect from the 2001/02 marketing year. This concerns the following three aid schemes: aid for sugar beet and sugar in southern Italy; aid for cane sugar produced in Spain; and aid for the refining of preferential raw cane sugar in the United Kingdom.

Proposal for a  
**COUNCIL REGULATION (EC) No .....**  
of .....

**authorising Portugal to grant aid to sugar beet producers and abolishing all such aid  
from the 2001/02 marketing year**

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<sup>1</sup>,

Having regard to the opinion of the European Parliament<sup>2</sup>,

Whereas the production of sugar beet, a new industry to Portugal, will be disadvantaged by natural problems, at least in its start-up phase; whereas, in order to protect it, sugar beet growers should be encouraged to increase production by means of a provision authorising Portugal to grant temporary and diminishing adjustment aid over a period of four marketing years from 1997/98 to 2000/01;

Whereas Portugal has been allocated a national basic quantity for its continental territory of 70 000 tonnes of sugar for the refining of sugar from sugar beet; whereas a sugar beet refining establishment was recently constructed with Community financial assistance;

Whereas, in addition, it should be stipulated that, with effect from the 2001/02 marketing year, all state aids authorised by virtue of Article 46 of Council Regulation (EEC) No 1785/81 of 30 June 1981 on the common organisation of the market in sugar<sup>3</sup>, as last amended by Regulation (EC) No 1599/96<sup>4</sup>, are abolished,

HAS ADOPTED THIS REGULATION:

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<sup>1</sup> OJ No

<sup>2</sup> OJ No

<sup>3</sup> OJ No L 177, 1.7.1981, p. 4.

<sup>4</sup> OJ No L 206, 16.8.1996, p. 43.

## Article 1

1. During the 1997/98 to 2000/01 marketing years Portugal shall be authorised, under the conditions set out in paragraph 2, to grant adjustment aid to sugar beet producers located in its continental territory.
2. The aid referred to in paragraph 1 may be granted only in respect of the corresponding quantity of sugar produced within the limit of the A and B quotas of the sugar-producing undertaking established in the region referred to in paragraph 1.

For the production referred to in the first subparagraph, the unit amount of aid may not exceed:

- in the 1997/98 marketing year: ECU 6.21 per 100 kilograms of white sugar,
  - in the 1998/99 marketing year: ECU 4.66 per 100 kilograms of white sugar,
  - in the 1999/2000 marketing year: ECU 3.11 per 100 kilograms of white sugar,
  - in the 2000/01 marketing year: ECU 1.55 per 100 kilograms of white sugar.
3. Portugal shall notify the Commission, in respect of each marketing year, of the measures taken to apply paragraphs 1 and 2.

## Article 2

With effect from the 2001/02 marketing year, the aid referred to in Article 1 and the aids referred to in Article 46 of Council Regulation (EEC) No 1785/81 are hereby abolished.

## Article 3

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

Article 1 shall apply from 1 July 1997.

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

Done at ..... ,

For the Council

# FINANCIAL STATEMENT

1.	BUDGET HEADING:	APPROPRIATIONS: ECU		
2.	TITLE:	Proposal for a Council Regulation authorizing Portugal to grant aid to sugar beet producers and abolishing all such aid from the 2001/2002 marketing year.		
3.	LEGAL BASIS:	Articles 42 and 43 of Treaty.		
4.	AIMS:	<p>There is foreseen, firstly an authorization for Portugal to grant a degressive national aid over the 4 marketing years from 1997/98 to 2000/2001 for the cultivation of Portuguese sugar beet.</p> <p>Secondly, there is the proposal to bring to an end, from the 2001/2002 marketing year onwards, all of the authorizations for national aids in the sugar sector contained in Article 46 of the basic sectoral Regulation (EEC) No 1785/81.</p>		
5.	FINANCIAL IMPLICATIONS:	PERIOD OF 12 MONTHS (ECU million)	CURRENT FINANCIAL YEAR (97) (ECU million)	FOLLOWING FINANCIAL YEAR (98) (ECU million)
5.0.	EXPENDITURE - CHARGED TO THE EC BUDGET  (REFUNDS/INTERVENTION) - NATIONAL AUTHORITIES	-	-	-
5.1.				
		1999	2000	2001
		-	-	
5.2.	METHOD OF CALCULATION:			
6.0.	CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET ?	YES/NO		
6.1.	CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?	YES/NO		
6.2.	WILL A SUPPLEMENTARY BUDGET BE NECESSARY?	YES/NO		
6.3.	WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY?	YES/NO		
OBSERVATIONS	The proposal consists of national aid for Portugal without financial implications for the budget.			

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# DOCUMENTS

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