

# COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 1 October 1974

Proposal for a

REGULATION (EEC) OF THE COUNCIL

on the introduction of a subsidy on  
imports of white and raw sugar

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Proposal for a

REGULATION (EEC) OF THE COUNCIL

on the financing of the subsidy on sugar  
imports and the granting of a subsidy on  
sugar produced in excess of the maximum quota.

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(submitted to the Council by the Commission)

Explanatory Memorandum

1. The two Regulations proposed to the Council concerning the introduction of an import subsidy and its financing have a single aim, which is to enable a decision to be taken on the granting of subsidies on sugar imports. Since the legal basis is different in each case, it was necessary to have two Regulations. The explanatory memorandum relates to them both.
2. The situation as regards sugar supplies to the Community has deteriorated since the autumn of 1973 because of an abnormal growth in sugar consumption and because of shortfalls in deliveries from the Commonwealth countries. The situation is aggravated by the increasingly bad prospects for the 1974 harvest. In these circumstances, there is likely to be a sugar deficit in the Community in the order of 300 000 to 500 000 metric tons for the 1974/75 marketing year. Current market prices in those Community countries which traditionally have a deficit, in particular the United Kingdom and Italy, are appreciably higher than the prices fixed for the Community.
3. Moreover, there is an increased shortage on the world sugar market. World prices for white sugar are in the region of 72 u.a./100 kg as against the target price of 26.55 u.a. applicable on 1 July 1974.
4. Community legislation provides for the granting of a subsidy on imports of sugar in specific circumstances (see the preamble to the draft Regulation on the introduction of a subsidy on imports of white and raw sugar). If the criteria laid down are satisfied, the Council must decide on the granting of the subsidy in question.
5. In order to reduce the costs of such imports as much as possible, importers of the sugar in question should be authorized to export equivalent quantities of Community sugar produced from the 1975 beet harvest. Provision must be made for such transactions to be exempt from the export levy. Such re-exports may take advantage of the high prices quoted on forward markets (after the autumn of 1975) and are therefore likely to reduce the overall costs of the proposed operation.

This system presupposes that, taking into account preferential imports from the ACP States and foreseeable consumption, there will be sugar available for export from the 1975 harvest at the Community price.

6. The proposed transactions should include Community sugar produced in excess of the maximum quota, 20% of which may, under Community provisions, be exported freely to the world market in 1974/75. This would enable traders to achieve certain economies (transport costs and handling, for example). Since the amount of the subsidy is to be determined by means of an invitation to tender, such economies may be reflected in the tenders.

7. Financial consequences

From the financial point of view, this proposal provides for the granting in respect of the sugar in question of:

- (a) a subsidy on imports of sugar from third countries and a subsidy on Community sugar produced in excess of the maximum quota,
- (b) exemption from the levy on exports of equivalent quantities after the start of the 1975 beet year.

On point (a) For quantities in the order of 300 000 to 500 000 metric tons of sugar, in respect of which the subsidy is estimated at 200 u.a./metric ton, foreseeable expenditure amounts to between 60 and 100 million u.a.

In view of the time when the measure is put into operation and the time required for transporting the goods, the first subsidies will probably not be paid until the beginning of 1975. It should be noted that when the preliminary draft budget and the amending letter were drawn up the expenditure resulting from this proposal was not taken into account. Following the Council decision it will therefore be necessary to make provision for a corresponding increase in the appropriations for the Guarantee Section of the EAGGF.

On point (b) It is hard to calculate the financial consequences of exemption from the levy on exports of equivalent quantities. This depends on the quantities actually exported and the amount of the export levy. It depends on the evolution of prices on the world market whether or not there is an export levy in 1975 and 1976.

Budget of the European Communities, Article 641 - Intervention in favour of sugar

1973 - Appropriations 84 530 000 u.a., Expenditure 75 500 000 u.a.  
1974 - Appropriations 97 700 000 u.a., Expenditure .....

1975 - Appropriations 114 100 000 u.a. (preliminary draft Budget)

Proposal for a  
REGULATION (EEC) OF THE COUNCIL

on the introduction of a subsidy on imports of  
white and raw sugar

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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 No 1009/67/EEC<sup>1)</sup> of 18 December 1967 on the common organization of the market in sugar, as last amended by Regulation (EEC) No ,..../74<sup>2)</sup>, and in particular Article 16 (3) thereof;

Having regard to Council Regulation (EEC) No 608/72<sup>3)</sup> of 23 March 1972 laying down rules to be applied in cases of considerable price rises on the world sugar market, and in particular Article 2 thereof;

Having regard to the proposal from the Commission;

Whereas Article 16 (2) of Regulation No 1009/67/EEC makes provision for a subsidy to be granted on imports of sugar if the c.i.f. price for sugar is higher than the threshold price; whereas, under Article 2 of Regulation (EEC) no 608/72, the Council must decide on the granting of the subsidy on imports of sugar where it is found that supplies to the Community or to a high-consumption region of the Community can no longer be maintained;

Whereas the c.i.f. price has been higher than the threshold price since December 1973; whereas, given the latest estimate of foreseeable production, imports and consumption, sugar supplies to the Community as a whole can no longer be maintained; whereas, in view of the seriousness of the situation, an import subsidy must be decided on;

Whereas the prices for sugar on the Community market, particularly in the deficit regions, are appreciably higher than Community prices; whereas it is necessary to provide for sugar to be imported in sufficient quantities to enable the general objective of maintaining sugar supplies at the Community price to be attained;

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1) JO No 308, 18.12.1967, p.1

2) JO No

3) JO No L 75, 28.3.1972, p.5

Whereas, having regard to the forward market in sugar, the costs of the import subsidies will be reduced if the importers concerned are authorized to export an equivalent quantity of sugar produced during the 1975/76 sugar year;

Whereas, in view of the complexity of the proposed measure and in order to ensure equal opportunities for all importers, the amount of the subsidy should be determined by means of an invitation to tender;

HAS ADOPTED THIS REGULATION:

5

Article 1

A subsidy shall be granted on white sugar and raw sugar imported into the Community from third countries.

Article 2

The import subsidy shall relate only to the quantity of sugar required to guarantee supplies of sugar to the Community until the beginning of the 1975 beet year on the basis of the Community price.

Article 3

1. Tenders shall be invited for the purpose of determining the subsidy per unit of weight of sugar.
2. The tendering conditions must guarantee equality of access for all persons established in the Community.
3. The successful tenderer shall be required to abide by a maximum price level, fixed by reference to the threshold price, for sales of the sugar to consumers in the Community.
4. The tenderer may export during a specified period a quantity of sugar equal to that to which his tender relates without the provisions of Article 16 (1) of Regulation no 1009/67/EEC being applied.

Article 4

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

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

Done at Brussel,

For the Council  
The President

6

Proposal for a  
REGULATION (EEC) OF THE COUNCIL

on the financing of the subsidy on sugar imports and the granting  
of a subsidy on sugar produced in excess of the maximum quota

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,  
and in particular Article 43 thereof;

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament;

Whereas, under Article 16 of Council Regulation No 1009/67/EEC<sup>1</sup> of  
18 December 1967 on the common organization of the market in sugar,  
as last amended by Regulation (EEC) No /74<sup>2</sup>, a subsidy on sugar  
imports was decided on by Council Regulation (EEC) No /74<sup>3</sup> of  
1974 on the introduction of a subsidy on imports of white  
and raw sugar;

Whereas, in order to limit as far as possible the financial consequences  
of such imports and to uphold Community preference, the field of action  
of traders should be enlarged to include Community sugar produced in excess  
of the maximum quota which, under Article 25 of Regulation No 1009/67/EEC,  
should be exported to third countries;

Whereas, the financing of subsidies on sugar imports, whether under  
Regulation (EEC) No /74 or under this Regulation, is a task for the  
Community as a whole within the framework of the regularization of  
agricultural markets; whereas the necessary measures should therefore  
be taken;

HAS ADOPTED THIS REGULATION :

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<sup>1</sup> OJ No 308, 18 December 1967, p.1

<sup>2</sup> OJ

<sup>3</sup> OJ



Article 1

1. A decision may be taken to grant a subsidy in respect of sugar produced in excess of the maximum quota in the Community during the 1973/74 and 1974/75 sugar years and which, under Article 25 of Regulation No 1009/67/EEC, should be exported to third countries.
2. The introduction of the subsidy and detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 40 of Regulation No 1009/67/EEC.

Article 2

As regards the financing of the common agricultural policy, the subsidy  
- granted on imports of sugar pursuant to Article 16 of Regulation  
No 1009/67/EEC or  
- granted in respect of sugar produced in excess of the maximum quota  
pursuant to Article 1  
shall be regarded as intervention measures intended to regularize agricultural markets.

Article 3

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

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

Done at Brussel,

For the Council

The President

8