

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(86) 244 final

Brussels, 23 June 1986

Proposal for a
COUNCIL REGULATION (EEC)

laying down measures for the marketing of sugar produced in the
French overseas departments and for the equalization of the
price conditions with preferential raw sugar

(submitted to the Council by the Commission)

COM(86) 244 final

EXPLANATORY MEMORANDUM

1. Under Article 9(4) of the basic Regulation (Regulation (EEC) No 1785/81), appropriate measures must be taken in order to permit sugar produced in the French overseas departments to be marketed in the European regions of the Community.

Moreover, in a Joint Declaration annexed to the Treaty of Accession of Spain and Portugal on supplies to the sugar refining industry in Portugal, it was agreed that appropriate measures should be taken with a view to equalizing the prices of raw cane sugar originating in the French overseas departments and intended for refining, so as to enable Portuguese refineries to be supplied with the sugar in question under price conditions similar to those for preferential sugars.

In accordance with Article 5(4) of Protocol 7 on ACP sugar the guaranteed price refers to unpackaged sugar, cif European ports of the Community, and is fixed in respect of standard quality sugar. If the raw sugar's yield differs from that of the standard quality, the scale of price adjustments which is used in international trade and which differs from that applicable under Community rules must be applied.

The Community's compensation system for storage costs (Article 8 of Regulation (EEC) No 1785/81) does not apply in the case of preferential sugar (i.e. there is no reimbursement or levy).

2. Accordingly and in order to achieve the objectives described above, namely to enable the sugar produced in the French overseas departments to be marketed and to equalize the prices of that sugar and preferential raw sugar intended for refining, the Commission feels that the following proposals should be presented to the Council :
 - (a) an intervention measure covering the cost of transporting the sugar from the French overseas departments to European ports of the Community, that is to say the adoption of the same provisions as those laid down to that effect in Article 2 of Regulation (EEC) No 2067/81, establishing among other things that there is no differentiated intervention price for raw sugar for non-deficit areas such as the French overseas departments;
 - (b) a compensation in the form of aid, without altering the status of sugar producers in French overseas departments, for the effect of the storage levy on the price payable by refiners of sugar from the French overseas departments deduction being made for the reimbursement of storage costs in refinery on the basis of an average storage period of three months;

- (c) a specific intervention measure for refiners of sugar from French overseas departments, which would cover the difference between the price increases applicable to sugar produced in those departments and preferential raw sugar.

Finally, having regard to the objectives to be followed and in particular that concerning the equalizing of the prices of raw sugar from the French overseas departments and preferential raw sugar, the Commission proposes to the Council the introduction of a means of supplementing the refining aid by a flat rate amount when the advantage from the advance-fixing of monetary compensatory amounts accrues to the benefit of the refiners of preferential sugar. This proposal is made in accordance with the undertaking given by the Commission at the 24 and 25 March 1986 Council session, on the price of raw sugar applicable to the 1985/86 campaign (1).

(1) See the Council secretariat general note : Doc. 57/86 A(P), Rev. 2 of 26 March 1986, point 3.

Proposal for a
COUNCIL REGULATION (EEC) No /86
of

laying down measures for the marketing of sugar produced in the
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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 (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 (EEC) No 934/86 (2), and in particular Articles 9(5) and 19(6) thereof,

Having regard to the Commission proposal,

Whereas Article 9(4) of Regulation (EEC) No 1785/81 lays down that appropriate measures are to be taken on the subject of the transport and storage costs of sugars produced in the French overseas departments, in order to permit those sugars to be marketed in the European regions of the Community;

Whereas, by a joint declaration annexed to the Act of Accession of Spain and Portugal on supplies to the sugar refining industry in Portugal it was agreed to take appropriate measures with a view to equalizing the prices of raw cane sugar originating in the French overseas departments in order above all to enable Portuguese refineries to be supplied with the sugar in question under price conditions similar to those for preferential sugars;

Whereas under Article 5(4) of Protocol 7 on ACP sugar annexed to the second ACP-EEC Lomé Convention (3) the guaranteed price is to refer to unpacked sugar cif European ports of the Community for sugar of standard quality;

(1) OJ No L 177, 1. 1.1981, p. 4.
(2) OJ No L 87, 2. 4.1986, p. 1.
(3) OJ No L 347, 22.12.1980, p. 144.

Whereas the most appropriate measures for achieving the abovementioned objectives consist of the granting of flat rate Community aids as a form of intervention measure enabling, on the one hand, the marketing in the European regions of the Community of the raw sugar produced by the French overseas departments and, on the other hand, the refining of that sugar in those regions; that having regard to a uniform price for raw sugar for all the regions of the Community and in order to enable such marketing, it is necessary to provide for aid for the transport of this sugar to those regions; that furthermore, the supplying of refineries, particularly Portuguese refineries, with sugar of Community origin requires the equalizing of the price of raw sugar produced in the French overseas departments with that of preferential raw sugar by means of aids for refining with the aim of compensating the effect of the storage levy after taking account however of the reimbursement of storage costs for the part corresponding to the average storage period in refinery;

Whereas the granting of refining aids is justified only for the quantities of raw sugar originating in the French overseas departments which are likely to be refined into white sugar in the various European regions of the Community having regard to the quantities of such sugar available as shown on a balance sheet for the Community itself established on a regular basis; that it is equally necessary to take into account the region from which the sugar originates by reason of differences in growing seasons;

Whereas as regards preferential raw sugar, where its yield differs from that of the standard quality, a scale of adjustments is applied in international trade which differs from that laid down in the Community rules for raw sugar produced in the Community; whereas in order to equalize price conditions between these two types of raw sugar the difference resulting from the application of these two scales should be covered by a specific aid to the refiner of raw sugar produced in the French overseas departments;

Whereas by reason of the objectives of the intervention measures in question it is necessary, when an advantage is granted for the refining of preferential sugar in the form of the option to fix in advance the monetary compensatory amount at the time of importation of that sugar, to provide for a corresponding measure in the form of a supplementary aid for the refining of raw sugar from the French overseas departments; that in order to enable, if applicable, the prompt introduction of such a measure it is necessary to provide for this to be taken in accordance with the procedure referred to in Article 41 of Regulation (EEC) No 1785/81;

Whereas certain provisions should be adopted to assist the transition from the arrangements laid down by Council Regulation (EEC) No 2067/81 of 20 July 1981, laying down measures for the marketing of sugar produced in the French overseas departments (1), to the arrangements laid down by this Regulation,

(1) OJ No L 203, 23. 7.1981, p. 3.

HAS ADOPTED THIS REGULATION :

Article 1

During the period from 1 July 1986 to 31 December 1992, there shall be granted, as an intervention measure under the conditions laid down in Articles 2, 3 and 4, flat-rate Community aids for the marketing in the European regions of the Community of sugars produced in the French overseas departments.

Article 2

Producers of the sugar referred to in Article 1, delivered European ports of the Community, shall be granted aid consisting of :

- (a) a flat-rate amount of 14.56 ECU per tonne of sugar expressed as white sugar, representing the transport costs from the ex-factory stage to the fob stage for the 1986/87 marketing year. For each of the following marketing years, this amount shall be adjusted by a coefficient representing the percentage increase in the intervention price for white sugar by reference to that in force during the preceding marketing year;

and

- (b) a single flat-rate amount to cover the sea transport costs from the fob stage in the French overseas departments to the cif ship's hold stage in European ports of the Community, and the insurance costs covering this transport. This amount shall be equal to the Caribbean-United Kingdom freight element as established by the Freight Committee of the United Terminal Sugar Market Association of London and incorporated in the London Daily Price for sugar and valid on the day on which the bill of lading is completed for the sugar in question.

The aid shall be granted at the request of the producers of the sugar concerned to be submitted to the competent authorities of the French Republic.

Article 3

1. Without prejudice to paragraph 2, for the sugars referred to in Article 1 which have been refined in a refinery in the European regions of the Community, an aid shall be granted to the undertakings concerned, consisting of :

(a) an amount equal to the difference between the storage levy referred to in the second subparagraph of Article 8(2) of Regulation (EEC) No 1785/81 which has actually been collected for the sugar in question and three times the amount of the monthly reimbursement of storage costs referred to in the first subparagraph of Article 8 (2) of that regulation applicable during the refining of the sugar,

and

(b) for each tenth of a percentage point of yield over 92%, an amount equal to 0,0387 % of the intervention price for raw sugar for the marketing year during which refining took place.

2. The provisions of paragraph 1 shall apply within the limits of the quantities to be determined according to the regions of the Community in which the refining is likely to take place and separately according to the originating French overseas department or departments in question.

The quantities referred to in the first subparagraph shall be determined in accordance with the procedure laid down in Article 41 of Regulation (EEC) No 1785/81 on the basis of a Community supply balance sheet for raw sugar and for their refining in the European regions of the Community concerned.

3. The total amount of the aid referred to in paragraph 1 shall be granted following an application by the undertakings which refined the sugar, to be submitted to the competent authorities of the Member State on whose territory the refining took place.

Article 4

1. The aids referred to in Articles 2 and 3 shall be granted only in respect of the sugar specified in Article 1 for which the bill of lading was drawn up on or after 1 July 1986.
2. Where the bill of lading for the sugar in question was drawn up before 1 July 1986 the provisions of Regulation (EEC) No 2067/81 shall remain applicable and the undertaking concerned must produce the said bill of lading or any other form of proof which the Member State concerned regards as equivalent.

Article 5

1. Where the advance fixing of monetary compensatory amounts in trade with third countries is made applicable to the importation of preferential raw sugar and where this application benefits the Community enterprises refining this imported sugar, the aid in Article 3 shall be supplemented by a flat rate amount to be determined, which will re-establish to a corresponding degree the equilibrium in the price conditions for sugar produced in the French overseas departments.
2. The calculation of the flat rate amount referred to in paragraph 1 shall be made in accordance with the procedure laid down in Article 41 of Regulation (EEC) No 1785/81.

Article 6

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

It shall apply from 1 July 1986.

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

Done at Brussels,

For the Council

FINANCIAL STATEMENT

Date :

1. BUDGET HEADING : 1113
1119

APPROBIATIONS : 1986 12mECU
17mECU

2. TITLE : Draft proposal for a Council Regulation laying down measures for the marketing of sugar produced in the French overseas departments and to equalize the price of that sugar and preferential raw sugar.

3. LEGAL BASIS : Article 9(4) of Regulation (EEC) No. 1785/81

4. AIMS OF PROJECT : to permit sugar from the French overseas departments to be marketed in the European regions of the Community and to equalize the prices of that sugar and preferential sugar.

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR (86)	FOLLOWING FINANCIAL YEAR ()
5.0 EXPENDITURE			
- CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS)	+ 7,8 MECU	+ 2,6 MECU	+7,8 MECU
- NATIONAL ADMINISTRATION			
- OTHER			
5.1 RECEIPTS			
- OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)			
- NATIONAL			

5.0.1 ESTIMATED EXPENDITURE
5.1.1 ESTIMATED RECEIPTS

5.2 METHOD OF CALCULATION Quantity concerned : 270.000 tonnes
Unit cost : 73,39

- transport aid (article 2)
 - . component (a) 14.56 ECU/t
 - . component (b) 25.77 ECU/t
- storage levy 24,10 * Ecu/t
- quality component 8.96 Ecu/t

(a) Cost of the proposed measure over 12 months : 19,8 million ECU
(b) Saving represented by abandonment of former measure
and replacement by this one : 12 million ECU
Net cost over 12 months + 7,8 million ECU
Net cost for the 1986 budget + 7,8 x 4/12 = + 2,6 million

6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET ?

YES/NOX

6.1 ~~CAN THE PROJECT BE FINANCED BY TRANSFER OF THE EXPENDITURES OF THE CURRENT BUDGET ?~~

YES/NOX

6.2 IS A SUPPLEMENTARY BUDGET BE NECESSARY ?

YES/NO

6.3 WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY ?

YES/NOX

OBSERVATIONS : The difference between the costs of the old and new measures is due mainly to the adjustment of the provisions relating to the enlargement of the Community to include Spain and Portugal which is taken into account in the Commission's assessment of the effects of enlargement on the 1986 budget (567 million ECU) and in the forecasts for 1987.

In particular, this measure to equalize the price of raw sugar from the French overseas departments represents part of the appropriation for 1986 under heading 1119. Adequate appropriations are therefore available in the 1986 budget, since the figure of +2,6 million ECU only represents the increase in expenditure as compared with the old measure.

* Storage element : 24,10 Ecu/t - 15,90 Ecu/t (3 months storage levy 3x5,30)