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REPORT

drawn up on behalf of the Committee
on Agriculture

on the/sugar quota for the French overseas
departments

Rapporteur: Mr CURRY

1.2.81

On 13 March 1980, the Bureau of the European Parliament referred a motion for a resolution tabled by Mr Vergès and others with request for urgent debate pursuant to Rule 14 of the Rules of Procedure and a motion for a resolution tabled by Mr Debré and others pursuant to Rule 25 of the Rules of Procedure on the proposal to reduce the sugar quota for the French overseas departments, to the Committee on Agriculture as the committee responsible and to the Committee on Development and Cooperation for its opinion.

The Committee on Agriculture appointed Mr Curry rapporteur on 4 June 1980.

At its meeting of 26-28 November 1980 the committee considered the draft report and adopted the motion for a resolution and the explanatory statement unanimously.

Present: Sir Henry Plumb, chairman; Mr Curry, rapporteur; Mr Battersby, Mr Blaney (deputizing for Mr Skovmand), Mr Clinton, Mr Helms, Mr Maher, Mrs Martin (deputizing for Mr Delatte), Ms Quin and Mr Vernimmen.

The opinion of the Committee on Development and Cooperation is attached.

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The Committee on Agriculture hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on the sugar quota for the French overseas departments

The European Parliament,

- having regard to two motions for resolutions tabled by Mr VERGES and others and Mr DEBRE and others (Docs. 1-514/79 and 1-529/79),
 - having regard to the report of the Committee on Agriculture and the opinion of the Committee on Development and Cooperation (Doc.1-748/80),
1. Notes that the Council of Ministers has decided to postpone until the 1981/82 marketing year any decisions on modifications to sugar quota levels for Community sugar producers;
 2. Believes, at the same time, that the two resolutions raise questions of long term significance;
 3. Considers that any decision along the lines proposed in the motions for resolutions by Mr VERGES and Mr DEBRE would result in an increase in the sugar quota to France as a whole;
 4. Notes that in view of the fact that the cane sugar producers of the French overseas departments have never fulfilled their past quotas, there exists a risk that the beet sugar producers of metropolitan France would seek to supply part of these quotas thus upsetting the distribution of production in the EEC;
 5. Believes, at the same time, that it would be acceptable for France to seek a distribution more favourable to the French overseas departments on condition that the global French sugar quota were not increased;
 6. Points out that the ACP-EEC Joint Committee, meeting in Arusha in February 1980, recognized the special nature of the French overseas departments by agreeing to make a distinction between the cane sugar quotas and the beet sugar quotas;
 7. Requests that future sugar quotas for the French overseas departments should take account of the production targets set for the years to come under the development plans now in operation in these departments;
 8. Approves the idea of a temporary transfer of the unused part of one overseas department's quota to another overseas department, but is opposed to the transfer of any cane sugar quota to the quota for beet sugar;

9. None of this shall, however, have the effect of increasing the global French quota;
10. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities.

EXPLANATORY STATEMENTIntroduction

1. The Committee on Agriculture has been requested by the Bureau of the European Parliament to draw up a report on two motions for resolutions tabled by Mr VERGES and Mr DEBRE respectively which seek to exempt the French overseas departments, granted the advantages of the CAP, from possible reductions in sugar quotas applied to all other areas covered by the Community.

The sugar production of the French overseas departments and the EAGGF

2. The Commission in drawing up its price proposals for 1980/81 was confronted by the fact that it had been necessary in 1979 to export 4 million tonnes of sugar in order to balance the Community market. As a result of increases in the Community's sugar production EAGGF guarantee expenditure on sugar had increased from 229 mEUA in 1976 to 777 mEUA in 1980.

3. The Commission proposed therefore that the A and B sugar quotas of Community sugar producers be reduced in the order of 10.7%, with adjustments according to the extent that producers in each country had fulfilled quotas allocated in previous years.

4. The French overseas departments benefit from the guarantees and financial support offered by the Community's agricultural policy. These departments receive the same prices and guarantees for sugar as Community producers. In addition, the Community has participated financially in plans to develop sugar production in these areas, for example for Réunion alone, 61 mEUA for replanting, with 89 mEUA from the EDF for irrigation, together with a loan of 10 mEUA from the European Investment Bank.

5. Since these departments are considered as part of the Community for the EAGGF, proposals and decisions relating to the Common Agricultural Policy apply equally whether they relate to price increases or quota reductions.

Observations on the two motions for resolutions

6. The two motions for resolutions presented by Mr VERGES and others and Mr DEBRE and others have the same objective; to request that the sugar quota of the French overseas departments should not be reduced, thus receiving exceptional treatment compared to other regions covered by the CAP.

7. In the case of the French overseas departments of the Caribbean and Réunion, it was proposed originally on 5 December 1979 that the global quota (A + B) be reduced from 466,000 tonnes to 419,000 tonnes (out of a total Community quota of 10.3 million tonnes).

8. It should be pointed out that the average annual production of these departments was in the region of 300,000 tonnes and that of the best of the last five years 369,000 tonnes.

9. Given the high level of world sugar prices and the subsequent reduction of the cost of the sugar sector to the Community budget, the Council of Ministers has decided to postpone to the 1981/82 marketing year decisions on the future sugar regime and possible modifications in quota levels.

The observations to be made by the Committee on Agriculture must take into account the provisions concerning the French overseas departments contained in the latest Commission proposals (Doc. 1-471/80).

These proposals modify the arrangements for the French overseas departments as to quota levels and the conditions regulating aid to sugar producers.

The A quota is to remain constant at 466,000 tonnes but the B quota is to be reduced from 128,000 tonnes to 23,000 tonnes. It should be pointed out that the average A and B production in the three best years was 468,000 tonnes.

In relation to aid, Article 46(3) fixes a maximum quantity of 466,000 tonnes of white sugar for which aid may be granted.

Conclusions

10. The immediate situation leading to the two motions for resolutions being drafted no longer exists, since the Council of Ministers has decided to postpone until the 1981/82 marketing year any decision on modifications to the sugar quotas of Community producers.

11. The resolutions raise questions of long term importance which merit further consideration.

12. At the same time, any exception made for French overseas departments in the event of a reduction in sugar quotas for all other regions covered by the Common Agricultural Policy could result in an overall increase in the sugar quota granted to France. This would not be acceptable to other producers.

13. At the same time, if France were prepared to seek a distribution of its sugar quota between its metropolitan and overseas departments, more favourable to the latter, the Committee on Agriculture would have no objections.

OPINION OF THE COMMITTEE ON DEVELOPMENT AND COOPERATION

Draftsman: Mr P. VERGÈS

At its sittings of 15 and 16 November 1979 respectively the European Parliament referred to the Committee on Development and Cooperation the motion for a resolution (Doc. 1-514/79) tabled by Mr Vergès, Mr Chamberlain, Mr Lamette, Mr Denis, Mrs De March, Mr Fernandez, Mr Frischmann, Mr Martin, Mr Piquet and Mrs Poirier with request for urgent debate pursuant to Rule 14 of the Rules of Procedure, and the motion for a resolution (Doc. 1-529/79) tabled by Mr Debré on behalf of the Group of European Progressive Democrats pursuant to Rule 25 of the Rules of Procedure on the proposal to reduce the sugar quota for the overseas departments.

At the sitting of 11 March 1980 the President of the European Parliament informed the House that, following a request by the Committee on Development and Cooperation, the Committee on Agriculture had been asked for its opinion on these motions.

At its meeting of 13 March 1980 the Bureau of the European Parliament decided that the motions should be referred to the Committee on Agriculture as the committee responsible and to the Committee on Development and Cooperation for its opinion.

At its meeting of 19 December 1979 the Committee on Development and Cooperation had appointed Mr Vergès rapporteur. Subsequently, on the basis of the decision of the Bureau of the European Parliament of 13 March 1980, he was appointed draftsman instead.

At its meetings of 21 April 1980 and 4 June 1980, the Committee on Development and Cooperation considered the draft opinion drawn up by Mr Vergès and adopted it unanimously at the latter meeting.

Present: Mr Poniatowski, chairman; Mr Vergès, draftsman of opinion; Mr Cohen, Mr Enright, Mr Michel, Mr Narducci, Mr Simmons, Mr J.D. Taylor (deputizing for Mr Pearce), Sir Frederick Warner and Mr Wawrzik.

1. At its meeting of 7 November the Commission of the European Communities proposed that:

- (a) Community sugar production should be stabilized at 10.3 million tonnes,
- (b) producers should be guaranteed a fair income.

2. The Commission of the European Communities is therefore now proposing:

- (a) to take an average of the two best harvests of the last five years in each country and fix new quotas representing between 80% and 90% of the reference production and the present quotas,
- (b) to reduce by this means the overall quota (A + B) for the cane sugar production of the overseas departments, the Antilles and Reunion, to 419,000 tonnes.

The facts:

1. Taking into account the two best harvests over the past five years in the overseas departments, the Commission of the European Communities proposes an overall quota (A + B) of 419,000 tonnes, i.e., a reduction of 30% on previous quotas.

2. The new quota of 419,000 tonnes is admittedly 50,000 tonnes (13%) higher than the highest production figure for the past five years.

3. However, in agreement with the Commission of the European Communities and the Council of Ministers, the French Government has introduced plans to boost sugar production as part of so-called regional development programmes. A plan of this type has been in operation in Reunion for four years and is to continue for some years to come. The same is happening in Martinique and Guadeloupe.

Under these recovery plans Reunion has been set a production target of 300,000 tonnes, Guadeloupe a target of 120,000 tonnes and Martinique 30,000 tonnes: this would account for 450,000 tonnes of the 466,000 tonnes currently guaranteed under the A quota.

4. In the overseas department of Reunion alone a little over 40% of the total area now allocated to sugar cane cultivation was cleared of stones and replanted as part of the recovery plan. The Community contributed about \$1 million EUA to this improvement work.

The EDF has provided 72% (almost 89 million EUA) of the finance for the work of irrigating the area of Bras de la Plaine, and loans of over 10 million EUA have also been granted by the European Investment Bank for this purpose (30 years at 1%).

The EDP has also contributed over 1.7 million EUA for a similar project in Martinique, involving the irrigation of 4,000 hectares of agricultural land.

5. Putting it another way, while sugar production accounts for under 2% of usable agricultural land in the countries of the European Economic Community, in Reunion alone sugar cane cultivation takes up 80% of the usable agricultural land and accounts for more than 85% of the country's exports by value.

6. Furthermore, cane sugar is not part of a crop rotation system and in more than 50% of cases accounts for almost the entire income of the producers. Unlike sugar beet, sugar cane does not provide an immediate yield: the root once planted has to stay in the ground for a minimum of five years and four harvests (in fact it stays there much longer).

7. From the social point of view it has to be realized that 88.4% of the Reunion planters who cultivate 40% of the usable agricultural land and run plantations of less than 5 hectares would, if the quotas were reduced drastically, be likely to go out of business at a time when unemployment is at an extremely critical level in the island.

8. Finally, the three overseas departments of the Antilles and Reunion are located in the geographical area of the ACP countries which, as associated countries, have just had renewed, at the old level, their sugar production quotas for sale at a guaranteed price in the Community, the declared aim being to assist their development. The last meeting of the Joint Committee of the ACP-EEC Consultative Assembly in Arusha addressed this important aspect in a special resolution.

While it is true that the three overseas departments are an integral part of the Community, they still have development problems. The decision to maintain their quotas must be considered, therefore, from this angle, as a development policy measure of a regional character.

Conclusion

The Committee on Development and Cooperation considers that the following paragraphs will have to be included in the motion for a resolution:

The European Parliament

- asks the Commission in view of the importance attaching to the production of cane sugar in the developing countries in general and in certain overseas departments in particular:
 - . when fixing the Community sugar production quotas for the next 5 years, to maintain the cane sugar quotas at the present level; however, it should not be obligatory for any particular Member State to reduce its quota if there is a reduction in the sugar quota fixed for the Community as a whole, as has already been recommended by the Committee on Development and Cooperation;
 - . to allow part of one overseas department's unused quota to be transferred to another overseas department within the overall quota of 466,000 tonnes, but to forbid the transfer of any cane sugar quota to beet sugar production;
 - . to decide, in the context of establishing a uniform Community price, that the price paid to producers in the overseas departments will be the ex-factory bulk sugar price as in Europe.

ANNEX I

MOTION FOR A RESOLUTION (Doc. 1-514/79)

tabled by Mr VERGES, Mr CHAMBEIRON, Mr DAMETTE, Mr DENIS,
Mrs DE MARCH, Mr FERNADEZ, Mr FRISCHMANN,
Mr MARTIN, Mr PIQUET and Mrs POIRIER

with request for urgent debate
pursuant to Rule 14 of the Rules of Procedure

on the proposal to reduce the sugar quota of the French
overseas departments

The European Parliament,

- having regard to the Commission's proposals for the sugar regulation for 1980/1985, which involve a reduction of at least 10% in the A quota sugar production sold at guaranteed prices during the 1979/80 marketing year,
- whereas these proposals are contrary to the policy fixed by the Community itself concerning the imperative need to increase sugar production in the island of Réunion, since the preamble to the sugar regulation of 13 February 1978 concerning the 1977 and 1978 production of A quota sugar stated that the increase of sugar production in Réunion was conditional upon purchase of that production at A quota prices; the A quota for 1979/80 was 291,300 tonnes for Réunion.
- whereas the plans for increased sugar production which have been in operation for several years in Reunion, and which are just being introduced in the Antilles, aim for an A quota white sugar production figure of 300,000 tonnes for Réunion, 120,000 tonnes for Guadeloupe and 30,000 tonnes for Martinique, that is a total of 450,000 tonnes, which is compatible with the A quota of 466,000 tonnes currently guaranteed by the Community. Réunion's sugar production this year will be approximately 285,000 tonnes, and the areas that have been cleared of stones and planted should raise production to 300,000 tonnes in 1980 or 1981,

- whereas unlike sugar beet which is an 'annual' plant, sugar cane is planted for a minimum of five to eight years. The new plantations in Reunion have thus been planted for a period of five to eight years, and it is on the basis that planters have contracted loans and calculated their return on investment. No other form of culture can therefore be envisaged in the immediate future.
 - whereas on the one hand sugar-cane production in Reunion constitutes the livelihood of the overwhelming majority of farmers, and sugar production more than 85% of the island's exports, and whereas on the other hand sugar production in Martinique and Guadeloupe must be maintained at a substantial level. If the extremely serious economic and social situation in the Antilles is not to worsen.
 - whereas in this connection two figures are sufficient to illustrate the present crisis in Reunion: more than 20% of its active population is entirely without work and 60% is dependent on social security, while more than 92% of sugar-cane planters who are paid the guaranteed A quota price have an official income that is lower than the SMIC (index-linked minimum statutory wage), which is itself 30% lower than the French SMIC, in spite of the fact that the cost of living in Reunion is 40% higher than in France,
 - whereas 10% reduction in the A quota of the 1979/1980 harvest, coupled with the abolition of the B quota, will reduce the proportion of sugar production that can be sold at guaranteed prices, and hence the income of planters and local industries, to such an extent as to ruin the former and seriously jeopardize the latter and, in the case of the Antilles, remove all possibility of increasing, or even maintaining, their current sugar production level,
 - whereas, since the ACP/EEC Consultative Assembly agreed, out of consideration for their under-development, to maintain at 1,300,000 tonnes the sugar production of the associated ACP States sold at guaranteed prices in the Community, it would be anachronistic for the European Parliament which owes its existence in part to the votes of the French overseas departments, to allow the Commission to penalize these departments which form part of the Community, since they too are essentially agricultural and suffer from under-development. In these circumstances, applying to sugar-cane production the same treatment as sugar-beet production will mean penalizing underdeveloped countries which form part of the Community.
1. Asks the Commission to cancel its proposals for reducing the A quota sugar production of the French overseas departments sold in the Community;

2. Asks the Commission to fix the quotas in the 1980/1985 sugar in accordance with the production figure of 300,000 tonnes for Reunion 120,000 tonnes for Guadeloupe and 30,000 tonnes for Martinique;
3. Instructs its President to forward this resolution to the Council and Commission.

JUSTIFICATION

Quite apart from the Commission's proposal, it is the whole future of the economy of the French overseas departments and territories and their population which is at stake.

MOTION FOR A RESOLUTION (Doc. 1-529/79)

tabled by Mr DEBRE
on behalf of the Group of European Progressive Democrats

pursuant to Rule 25 of the Rules of Procedure

on the proposal to reduce the sugar quota for the overseas
departments

The European Parliament,

- whereas the Commission of the European Communities is about to put forward proposals for the organization of the common market in sugar for the period 1980-1985,
 - whereas such reorganization may create difficulties in the overseas departments (Reunion, Guadeloupe and Martinique),
1. Oppose any attempt to undermine the marketing guarantees for sugar from the overseas departments covered by the 'A' quota given that this crop is vital to the economy of the Community;
 2. Requests that the proposed reorganization should not jeopardize plans to increase production which are already being implemented and which have required substantial investment;
 3. Instructs its President to forward this resolution to the Council and Commission.