COMMISSION OF THE EUROPEAN COMMUNITIES

COM(82) 313 final

Brussels, 7 June 1982

Proposal for a

COUNCIL REGULATION (EEC)

amending Regulation (EEC) No 2067/81 laying down measures for the marketing of sugar produced in the French overseas departments

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Proposal for a

COUNCIL REGULATION (EEC)

revising the maximum amount for the production levy on B sugar and the minimum price for B beet for the 1982/83 marketing year

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(submitted to the Council by the Commission)

COM(82) 313 final

EXPLANATORY MEMORANDUM

1. The French overseas departments (FOD) will probably produce a total of 320 000 t of raw cane sugar during the 1981/82 marketing year (245 000 t in Réunion and 75 000 t in Guadeloupe and Martinique). Of this total only about 29 000 t will be consumed in those overseas departments, the remainder having to find an outlet in the traditional trade flows to the European regions of the Community. This sugar, most of which has in the past been refined at ports in metropolitan France but some also in other Community refineries (e.g. in Italy), is facing increasing competition from raw preferential sugar imported from ACP countries, as a result, among other things, of the reduced capacity of the United Kingdom market to absorb sugar (and the closure of the Liverpool refinery). It is estimated that for 1981/82 less than 2/3 of the raw sugar from the French overseas departments will go to French refineries and to Italy. On the other hand, a significant quantity of raw ACP sugar will also be refined in the same French refineries. Difficulties in finding outlets in the European regions of the Community for a large part of the raw sugar from the French overseas departments cannot therefore be excluded.

The case is therefore likely to arise where sugar producers in the French overseas departments, having moved their sugar to silos at the ports in those departments ready for marketing in the European regions of the Community, have, as a last resort, to offer their sugar to intervention on account of the above-mentioned difficulties. There is thus a real risk of an interruption in the flow of this sugar to the European regions of the Community.

The Commission takes the view that it is reasonable in such a case for the Community to bear the cost of delivery to the f.o.b. stage of sugar offered to intervention and thus to grant to the producer concerned, in the context of the measures provided for in Article 9(4) of the basic Regulation (Regulation (EEC) No 1785/81),

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the part of the marketing aid fixed by Council Regulation (EEC) No 2067/81 corresponding to delivery to the f.o.b. stage, i.e. 12.62 ECU per tonne of sugar expressed as white sugar.

2. This measure in equity referred to in 1 above would not involve any expenditure over and above that taken into account when Council Regulation (EEC) No 2067/81 was adopted because at the time of subsequent disposal it would be offset by a corresponding increase in the intervention agency's selling price.

The Commission also proposes that the costs of loading the sugar onto the means of transport subsequently chosen by the intervention agency at the time of removal should be borne by the producer.

3. Among the measures which the Commission proposed to the Council in June 1981 (1) concerning the disposal of sugar produced in the French overseas departments - which resulted in Council Regulation (EEC) No 2067/81 - was one authorizing the French Republic to grant national aid to "pure" refineries which would process the raw sugar from the French overseas departments into white sugar. It was proposed that the amount of the aid should be equal to the difference (2.44 ECU/100 kg in 1981/82) between the storage levy for sugar of Community origin (3.55 ECU/100 kg in 1981/82) and the storage levy for preferential sugar (1.11 ECU/100 kg in 1981/82) applicable during the month in which the sugar was refined. In the Commission's view the purpose of making up this difference was to align the conditions for refining sugar produced in the French overseas departments with those for refining preferential sugar.

After rejecting the proposal for national aid, the Council decided to grant Community aid, but only for 50 % of the difference, i.e. 1.22 ECU/100 kg, and to make it a flat-rate amount applicable until 1985/86.

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(1) Doc. COM(81)288 final of 5 June 1981.

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Experience gained in the 1981/82 marketing year shaws that the difference between the two levies can vary substantially because of the variations in the levies from one year to another. According to current estimates, the levy for Community sugar in 1982/83 is likely to reach 4.25 ECU per 100 kg and the hypothetical levy for preferential sugar will be 1.13 ECU per 100 kg, i.e. a difference of 3.12 ECU/100 kg.

The Commission takes the view that, because of the annual variations in the amount of the levies on Community sugar, the net result of these two factors (i.e. on the one hand basing the aid on half the difference between the two levies and, on the other, fixing this aid at a flat-rate throughout 5 marketing years) no longer allows the terms of the compromise reached in July 1981 to be maintained.

The Commission therefore proposes that with effect from the 1982/83 marketing year the aid for the refineries concerned should reflect these variations and should be equal to half the annual difference between the two levies. On this basis the aid in 1982/83 would be 1.56 ECU/100 kg, an increase of 0.34 ECU/100 kg over 1981/82.

However, during the period of application of Article 8 (2a) of Regulation (EEC) No 1785/81, i.e. during the period of suspension of the system of compensation of storage costs for preferential sugar (1982/83 to 1984/85), the levy for preferential sugar should be supposed to be equal to the reimbursement of storage costs applicable to Community sugar for the marketing year in question multiplied by the coefficient 1.8 representing the average time (in months) for which preferential sugar is stored.

4. From the financial point of view, the increase of 0.34 ECU/100 kilograms in the amount of the refining aid referred to in 3. will, for the 1982/83 marketing year, be largely counteracted by a reduction in the quantities to be marketed and refined. Thus at a level of expenditure of 2.5 M ECU the maximum variation in expenditure would be 0.2 M ECU. For future marketing years the refining aid will tend to fall towards the original amount of 1.22 ECU/100 kg. This is because the difference between the two storage levies will be unusually large in 1982/83 as a result of the substantial quantities of C sugar carried forward in stock and because of high interest rates.

Proposal for a
COUNCIL REGULATION (EEC) No
of

amending Regulation (EEC) No 2067/81 laying down measures for the marketing of sugar produced in the French overseas departments

THE COUNCIL OF 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 606/82(2), and in particular Article 9 (5) thereof,

Having regard to the proposal from the Commission,

Whereas pursuant to Article 9 (4) of Regulation (EEC) No 1785/81, which lays down that appropriate measures shall be taken in order to permit the sugar produced in the French overseas departments to be marketed in the European regions of the Community, the Council decided by Regulation (EEC) No 2067/81(3) to grant Community aid by way of intervention measures to both producers and refiners of the said sugar;

Whereas Article 2 of Regulation (EEC) No 2067/81 lays down that the Community aid for producers of the sugar in question shall consist of two flat-rate amounts, one of which represents the transport costs from the ex-factory stage to the fob stage;

(1) OJ No L 177, 1.7.1981, p. 4
(2) OJ No L 74, 18.3.1982, p. 1
(3) OJ No L 203, 23.7.1981, p. 3

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Whereas it is possible that a producer of such sugar, having placed it in silos at a port in the French overseas departments with a view to marketing it in the European regions of the Community, may be unable to find an outlet and thus be obliged to offer the sugar to intervention; whereas allowance should be made for such an enforced interruption of disposal in the above-mentioned regions by granting the producer concerned the part of the aid referred to above; whereas the producer in such a case should nevertheless bear the cost of loading the sugar into the means of transport chosen by the intervention agency at the time of removal;

Whereas Article 3 of Regulation (EEC) No 2067/81 lays down that the Community aid for refiners of the sugar in question shall be fixed at a flat rate of 12.20 ECU per tonne of sugar expressed as white sugar for the marketing years 1981/82 to 1985/86;

Whereas experience shows that the system of flat-rate amounts based on part of the difference at a given time between the storage levy applicable to Community sugar and that applicable to preferential sugar leads, on account of the substantial variations in these levies from one marketing year to the next, to a corresponding variation in the conditions for the refining of Community and preferential sugar; whereas therefore the aid should henceforth no longer be a fixed amount but should be equal to half the difference between the two storage levies applicable during the month in which the sugar in question is refined,

HAD ADOPTED THIS REGULATION :

<u>Article 1</u>

Regulation (EEC) No 2067/81 is hereby amended as follows :

1. The following text is added to Article 2:
   "Where the sugar referred to in Article 1, having been placed in a silo in a port in the French overseas departments for marketing in the European regions of the Community, has not found an outlet

for that purpose and for that reason is offered at that stage to intervention, the amount referred to under (a) of the first paragraph shall, subject to the fourth paragraph, be granted at the request of the producer of the sugar concerned made to the competent authorities of the French Republic.

The application shall contain a declaration by the producer in question that he undertakes to load the sugar at his own expense into the means of transport chosen by the intervention agency at the time of removal.".

2. The first paragraph of Article 3 is replaced by the following :

" For sugars referred to in Article 1 which have been refined in the European regions of the Community there shall be granted to the sugar undertakings concerned an amount equal to half the difference between :

a) the amount of the storage levy referred to under (a) of the third subparagraph of Article 8(2) of Regulation (EEC) No 1785/81 and

b) the amount of the storage levy referred to under (c) of the third subparagraph of Article 8(2) of the aforesaid Regulation

applicable during the month in which the sugar is refined.

However, during the marketing years when the storage levy referred to under (b) of the first paragraph does not apply, pursuant to Article 8(2a) of Regulation (EEC) No 1785/81, the said levy shall be replaced by the amount of the reimbursement referred to in the first subparagraph of Article 8(2) of that Regulation applicable during the marketing year in question, multiplied by the coefficient 1.8.".

Article 2

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

Article 1(2) shall apply from 1 July 1982.

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

Done at For the Council

Proposal for

COUNCIL REGULATION (EEC) /82

of

revising the maximum amount for the production levy on B sugar and the minimum price for B beet for the 1982/83 marketing year

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 market in the sugar sector (1), as last amended by Regulation (EEC) No 606/82 (2), and in particular Article 5(5) and Article 28(5) thereof,

Having regard to the proposal from the Commission,

Whereas Article 28(3) and (4) of Regulation (EEC) No 1785/81 provides that the losses resulting from obligations to export surpluses of sugar are to be covered by production levies on the A and B sugar and the A and B isoglucose produced, within certain limits;

Whereas, when the total sum of the levies provided for does not fully cover the overall loss due to these obligations, paragraph 5 of that Article requires that an adjustment be made to the maximum amount fixed for the B levy for the marketing year immediately following that in which the balance of uncovered losses was recorded;

Whereas the sum of the levies to be imposed for the 1981/82 marketing year, is less than the sum resulting from the multiplication of the exportable surplus by the average loss; whereas it is therefore necessary, according to the information available, to increase, for the 1982/83 marketing year the maximum amount of the B levy to 37.5% and also to adjust accordingly the minimum price for B beet fixed for that marketing year by Council Regulation (EEC) No /82 (3),

HAS ADOPTED THIS REGULATION:

Article 1

1. For the 1982/83 marketing year the maximum amount referred to in the first indent of the second subparagraph of Article 28(4) of Regulation (EEC) No 1785/81 shall be increased to 37.5% of the intervention price for white sugar.

2. For the 1982/83 marketing year the minimum price for B beet referred to in the second subparagraph of Article 5(2) of Regulation (EEC) No 1785/81 shall be equal to 60.5% of the basic price for beet.

Article 2

Article 3(2) of Regulation (EEC) No /82 is hereby replaced by the following:

"2. The minimum price for B beet shall be fixed at 23.79 ECU per tonne."

Article 3

This Regulation shall enter into force on the day of 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 Brussels, For the Council

(1) OJ No L 177, 1.7.1981, p.4
(2) OJ No L 74, 18.3.1982, p.1
(3) OJ No L

EXPLANATORY MEMORANDUM

The main characteristic of the system of production quotas in the sugar sector is that it provides that sugar producers, beet producers and to some extent isoglucose producers should bear full financial responsibility for losses due to the cost of disposing of Community sugar surpluses not required for consumption within the Community.

This financial responsibility is provided for by means of four instruments, the basic production levy on A and B sugar and isoglucose of up to 2% of the intervention price for white sugar, a B levy on B sugar and B isoglucose, when the first levy is insufficient of up to 30% of the intervention price and finally the revision if necessary of the latter limit up to a maxium increase of 7.5% to enable the balance from the previous marketing year to be covered in the following marketing year. The fourth instrument consists of carrying over the negative balance to the third marketing year if the B levy of 37.5% also proves insufficient.

According to the information available at present the Commission is obliged in accordance with the first subparagraph of Article 28(5) of Regulation (EEC) No 1785/81 to propose to the Council that it revise the maximum limit for the B levy and in view of this information it considers it necessary to raise this limit from 30% to 37.5% for the 1982/83 marketing year.

According to this information the sum of the basic production levies and the B levy will be 411 million ECU for the 1981/82 marketing year whereas the overall loss for the same marketing year will be 550 million ECU. It is therefore possible that despite everything there will be a negative balance to be carried over to 1983/84.

Therefor this means that the minimum price for B beet will be equal to 60,5% of the basic price for beet in 1982/83 (instead of 68%), i.e. 23.79 ECU per tonne (instead of 26.74 ECU).

FINANCIAL STATEMENT

Date : 13 May 1982

1. BUDGET HEADING : Chap.11 Art. 110 and 112 — APPROPRIATIONS : 1983: 546,12 MECU

2. TITLE : Revision of the maximum amount of the production levy on sugar for 1982/83

3. LEGAL BASIS : Reg. (EEC) No 1785/81 Art.28 (5)

4. AIMS OF PROJECT :
To cover a negative balance in accordance with the principle of the full financial responsibility of producers for sales of surpluses of Community sugar

5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR (82)	FOLLOWING FINANCIAL YEAR (83)
5.0 EXPENDITURE – CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTIONS) – NATIONAL ADMINISTRATION – OTHER			
5.1 RECEIPTS – OWN RESOURCES OF THE EC production levies – sugar; – isoglucose	80 MECU		80 MECU

	1984			
5.0.1 ESTIMATED EXPENDITURE 5.1.1 ESTIMATED RECEIPTS	p.m.			

5.2 METHOD OF CALCULATION

Present levy B == 15,42 ECU/100 kg

Revised levy B == 19,28 ECU/100 kg

Difference == 3,86 ECU/100 kg

38,6 ECU/t x 2,071,000 (estimated 82/83 production B) = 80 MECU

~~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 IS A SUPPLEMENTARY BUDGET BE NECESSARY ? ~~YES~~/NO

6.3 WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY ? YES/~~NO~~

OBSERVATIONS :

This increase has been already taken into account in the estimations for the 1983 preliminary draft budget