

Procedure file

Basic information		
CNS - Consultation procedure Regulation	1994/0248(CNS)	Procedure completed
Sugar: common organisation of the market COM (amend. regul. 1785/81/EEC)		
Subject 3.10.06.07 Sugar		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	AGRI Agriculture and Rural Development		02/12/1994
		PSE COLINO SALAMANCA Juan Luis	
	Committee for opinion	Rapporteur for opinion	Appointed
	BUDG Budgets		20/02/1995
		PSE SAMLAND Detlev	
	DEVE Development and Cooperation		25/01/1995
		RDE ALDO Blaise	
Council of the European Union	CONT Budgetary Control		22/02/1995
		RDE PASTY Jean-Claude	
	Council configuration	Meeting	Date
	Agriculture and Fisheries	1837	10/04/1995
	Agriculture and Fisheries	1829	22/02/1995
	Agriculture and Fisheries	1826	23/01/1995
	Agriculture and Fisheries	1816	15/12/1994

Key events			
14/11/1994	Additional information		Summary
16/11/1994	Legislative proposal published	COM(1994)0439	Summary
15/12/1994	Debate in Council	1816	
23/01/1995	Debate in Council	1826	Summary
13/02/1995	Committee referral announced in Parliament		
22/02/1995	Debate in Council	1829	

22/03/1995	Vote in committee		Summary
22/03/1995	Committee report tabled for plenary, 1st reading/single reading	A4-0058/1995	
05/04/1995	Debate in Parliament		Summary
06/04/1995	Decision by Parliament	T4-0171/1995	Summary
24/04/1995	Act adopted by Council after consultation of Parliament		
24/04/1995	End of procedure in Parliament		
17/05/1995	Final act published in Official Journal		

Technical information

Procedure reference	1994/0248(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	EC before Amsterdam E 042; Rules of Procedure EP 163; EC before Amsterdam E 043
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/4/06383

Documentation gateway

Legislative proposal		COM(1994)0439 OJ C 377 31.12.1994, p. 0018	16/11/1994	EC	Summary
Economic and Social Committee: opinion, report		CES0192/1995 OJ C 110 02.05.1995, p. 0035	22/02/1995	ESC	Summary
Committee report tabled for plenary, 1st reading/single reading		A4-0058/1995 OJ C 109 01.05.1995, p. 0004	22/03/1995	EP	
Text adopted by Parliament, 1st reading/single reading		T4-0171/1995 OJ C 109 01.05.1995, p. 0105-0172	06/04/1995	EP	Summary

Additional information

European Commission	EUR-Lex
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Final act

Regulation 1995/1101 OJ L 110 17.05.1995, p. 0001	Summary
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Sugar: common organisation of the market COM (amend. regul. 1785/81/EEC)

1. Category of referral: Proposal for a Council Regulation (EEC) amending Regulations (EEC) Nos 1785/81 on the common organization of the markets in the sugar sector and 1010/86 laying down general rules for the production refund on certain sugar products used in the chemical industry (COM(94) 439 final). 2. Date of referral: 16 November 1994 (date of COM(94) 439 final); Council request for urgent procedure expected. 3. Committee responsible: Committee on Agriculture and Rural Development 4. Previous Community legislation: Basic regulation: Regulation (EEC) No. 1785 of 30 June 1981 on the common organization of the markets in the sugar sector (OJ L 177, 1.7.1981, p. 4), most recently amended by Council Regulation (OJ L 22, 27.1.1994, (EEC) No. 133/94 of 24 January 1994 p. 7). The common organization of the

markets in the sugar (and sugar substitutes) sector was created on 1 July 1968 (Regulation (EEC) 1009/67/EEC, OJ English Special Edition, Series I 67, p. 304). It is governed by basic Council Regulation (EEC) 1785/81 (OJ L 177, 1.7.1981, p. 4). Processed sugar products are governed by basic Regulation (EEC) 3033/80 laying down the trade arrangements applicable to certain goods resulting from the processing of agricultural products (products apart from Annex II) (OJ L 323, 29.11.1980, p. 1). The common organization of the market in sugar includes a production quota system, levies (production levies and storage levies), prices (for sugar beet: basic price and minimum price; for sugar: target price, intervention price and threshold price), aid covering production refunds, aid towards the disposal of raw sugar and national adjustment and trade aid, and the expenditure of the European Agricultural Guidance and Guarantee Fund (EAGGF). This expenditure is entirely borne by the producers (apart from the part resulting from the effects of imports of preferential sugar) and represented 6.3% of the total EAGGF Guarantee budget - ECU 2095 m in 1993.

5. Position of EP: The European Parliament thought that the Commission had taken the right line on the latest modification of the basic regulation (January 1994) and thus proposed only a few recitals.

6. Situation at world and Community level

A. World market World production in 1993/94 came to 109.6 m tonnes and world consumption to 113 m tonnes (20 kg per capita a year). Stocks represented 34.9 tonnes (30.9% of consumption). Trade concerned about 28 m tonnes, about a quarter of world production. The European Union was responsible for 6% of world imports and 17% of world exports. The world market price (the New York spot price) was 10.58 cts/lb in 1993/94 (average).

B. Community market Community production was forecast to reach about 16 m tonnes in 1993/94. The European Union imports about 2 m tonnes and exports about 5 m tonnes a year (including sugar in processed products). Stocks amount to about one million tonnes. Institutional prices for sugar in 1993/94, expressed in ECU, have been maintained in 1994/95. Consumption in the European Union is around 11.9 m tonnes, about 36 kg per capita a year.

7. Content of the planned legislation The current system expires at the end of June 1995. The proposal to reform the common organization of the sugar, isoglucose and inulin syrup sectors was adopted by the Commission on 16 November 1994 (COM(94) 439 final). The Commission's proposals for the new sugar system after 1 July 1995 include:

- continuation of the production quota system and the self-financing arrangements for six marketing years until 2000/01 (period corresponding to the transition period laid down in the GATT agreement);
- maintenance of A and B quotas for sugar, isoglucose and inulin syrup at the levels for the 1994/95 marketing year;
- a reduction in the price and disposal guarantees resulting from the quotas for one or several marketing years in view of the need to cut export subsidies (quantities and credits) under the GATT agreements;
- ending the reimbursement of storage costs of carried-over C sugar, as from the 1996/97 marketing year;
- new Community arrangements for the shortfall in supplying sugar for the refining industry (not met by available Community stocks or preferential sugar referred to in Protocol No. 8 annexed to the Fourth Lomé Convention and the agreement with India);
- the reduction and then abolition of national aid in Italy;
- the adjustment of rules governing sugar used to manufacture chemicals and abolition of the exemption from production levy of a quantity of 60 000 tonnes.

8. Legal basis envisaged by the European Commission: Articles 42 and 43 of the EEC Treaty.

9. Documentation and sources:

- Documents from the European institutions - Commission: Recueil des Actes Agricoles, Tome XIII 'Sucre' - Commission: The agricultural situation in the Community: 1993 report, Brussels and Luxembourg, 1994 - Commission: COM(94) 439 final of 16 November 1994 'Proposal for a Council Regulation (EEC) amending Regulations (EEC) Nos 1785/81 on the common organization of the markets in the sugar sector and 1010/86 laying down general rules for the production refund on certain sugar products used in the chemical industry' - Other documentary sources - FAO: Production 1992, Vol. 46; Commerce 1992 - Confédération professionnelle du sucre et de ses dérivés: rapport annuel 1993 - Dictionnaire de la politique agricole commune: le guide de la nouvelle Europe Verte, Agra-Europe; édition 1994
- 10. Background information: A detailed working document will be available from the Directorate-General for Research in due course. ?

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The proposal for a regulation seeks to modify the common organization of the market in sugar with effect from 1.7.1995. As the current system of production quotas and self-financing was operating quite successfully, the Commission has opted for a cautious reform, based on the following measures:

- Maintenance of the level of current production quotas and self-financing agreements for six marketing years until 2000-2001 (that is, until the end of the GATT transition period). However, in order to fulfil the commitments made under the GATT agreement, measures are proposed which will allow a possible reduction in the guarantees resulting from the quotas for one or several marketing years, so as to maintain the current balance between the two types of subsidized production (A and B), as well as between regions;
- Reimbursement of the storage costs of carried-over C sugar. It is proposed to put an end to this arrangement as from the 1996/97 marketing year. By way of transition, a refund which is reduced to six months (instead of 12) shall be maintained in 1995/96 as regards C sugar which is carried over to 1996/97. Storage costs could be refunded in respect of quantities of C sugar resulting from any reduction in quota A or quota B applied under the GATT agreement;
- Bringing the system for supplying unrefined sugar for the refining industry within the Community regime, following the example of the transitional arrangements for preferential imports which apply in Portugal, and by providing arrangements which guarantee access for unrefined sugar originating from the ACP countries and/or other States, in accordance with the commitments agreed under the Uruguay Round. To this effect the Commission proposed:
 - . to set the maximum projected needs of the refineries of each of the Member States concerned, namely Finland, France, Portugal and the UK, at six marketing years;
 - . to set up a priori the Community mechanisms required for the application of an agreement, to be negotiated for six marketing years with the ACP States and/or other countries, in order to determine the level of preference and the minimum purchase price which should be respected by the refineries;
 - Progressive elimination of national aid in Italy: for the northern and central regions aid will be eliminated in three stages from the present date until 1998/99, whereas for the southern regions (Objective 1 regions) the aid will be progressively reduced by 50% over two marketing years, and then maintained at the level reached in 1997/98, up until 2000/2001;
 - Finally, the Commission introduced modifications to the rules governing the use of products from the sugar sector in the chemical industry, in order to remove the obstacles which could in future impede the possible development of this market, while at the same time incorporating in the self-financing system all the quantities concerned. ?

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Pending the opinion of the European Parliament, the Council held an initial discussion on the new sugar arrangements to apply from 1 July 1995 and confirmed that it might be possible to reach an agreement by February given the broad consensus in favour of the Commission's approach. However, the British and Swedish delegations did not support the majority view, recommending instead price reductions through a radical reform, which they considered to be more appropriate than a minimalist revision to improve the competitiveness of the sector. There were also some concerns with regard to specific problems such as:

- the mechanism for reducing the relevant support to take account of the Marrakesh commitments (objections from France and Germany to the allocation model);
- the postponement of the ending of the reimbursement of storage costs for C sugar (opposed by eight delegations);
- the harmonisation of conditions of access of four refining countries (United Kingdom, France, Portugal, Finland);
- the adjustment of national aid in Italy.

In conclusion, the Council instructed the Special Committee on Agriculture to continue examining the proposal and to submit a comprehensive report for its meeting in February.

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The ESC approved the Commission proposal with some observations. It could accept the quota adjustment mechanism proposed by the Commission. It did, however, ask the Council to apply it with the proviso that the Commission firstly started to manage stocks and internal marketing vigorously. It supported the new rules for refining proposed by the Commission, which gave the refining industry supply guarantees that it had not previously enjoyed and offered the ACP countries new scope for preferential access. However, since these new guarantees were being introduced at a time when the guarantees given to beet and sugar producers were to be lowered under GATT, the ESC believed that the quotas for refining should not be set at a higher level than those proposed by the Commission. The ESC also firmly believed that the special preferential imports should be provided exclusively by the ACP countries. It was adamant that Community preference should be maintained throughout the EU with regard to white sugar and raw sugar produced within the EU, that quota transfers between different sweeteners should be strictly prohibited and that carryover financing should be maintained. Since 1968, Italy had been authorised to grant national adjustment aid to its beet and sugar sector. The Commission was proposing that the Council should reduce or abolish this aid, according to the region. The ESC wondered about the reliability of the statistics provided by the Commission in support of its proposal and called on the Council, before taking a decision, to bear in mind that to cut or abolish such aid would inevitably result in a sharp decrease in beet crop areas and serious repercussions for jobs in the sugar industry.

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The Committee adopted, by 25 votes to 5, the report by Mr Juan Luis COLINO SALAMANCA (PES, SP) on the adaptation of the COM in sugar. The Committee was, in general, favourable to the Commission approach of maintaining the present basic system of quotas and the self-financing scheme for the cost of marketing Community production surpluses and storage, with the necessary adaptations to comply with the GATT. Although several members felt that insufficient attention was being paid to the interests of taxpayers and consumers, most felt that the proposals represented a fair balance. Several modifications were agreed to the Commission's text: With regard to the quota system amendments were adopted to the effect that the possibility of converting sugar quotas into isoglucose quotas (or vice versa) and inulin quotas into sugar or isoglucose quotas (or vice versa) should be eliminated. In order to respect acquired production rights, quotas for inulin syrup should be set definitively at a level corresponding to average real production in the last 3 marketing years. For the production of C sugar and contrary to the Commission proposals, the Committee voted to maintain the existing carry over system, whereby sugar is carried over to the next marketing year and the storage costs reimbursed. It was agreed that the responsibility of sugar producers, in the case of refunds to the chemical industry, should remain limited to quantities in excess of 60 000 tonnes. In respect of preferential imports (from DOM/TOM, the ACP and India) to refineries, members felt that it was necessary to provide for the provision of aids to Community beet producers where these led to a fall in the marketing guarantees laid down. Significant increases were agreed in the amounts of national aid authorised in Italy, as well as allowing for a degree of flexibility in the allocation of aid between the various regions. The new maximum unit amounts of aid adopted were (Commission proposals in brackets): - 1995/96 ECU 8.40 (ECU 6.75) per 100 kg of white sugar - 1996/97 ECU 7.85 (ECU 4.50) per 100 kg of white sugar - 1997/98 ECU 7.30 (ECU 2.25) per 100 kg of white sugar - 1998/99 and subsequent marketing years ECU 6.70 (zero) per 100 kg of white sugar Finally, an amendment was adopted to the effect that the Commission should present proposals by the 1996/97 marketing year, at the latest, as to how measure could be introduced to ensure the survival of the sugar cane sector within the Union. ***** The debate in plenary session should take place on Wednesday 5 April in Strasbourg, with the vote on Thursday at 12 noon. ?

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During the debate the rapporteur pointed out that the COM in sugar had worked well up until now and that the Commission proposal attempted to reconcile all interests. He was in favour of setting inulin quotas definitively and maintaining the system of aid justified by the specific needs of certain disadvantaged regions. Commissioner Fischler pointed out that the aim was to continue to implement the current policy for six year and, as a result, he could not accept the production quotas covering only two years. The Commission also opposed the supplementary aid, which would result in discrimination. Finally, due to the particular situation of Spain, it was in favour of extending aid, except for storage costs.

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In adopting the COLINO SALAMANCA report, Parliament approved the extension of the common organisation of the market in the sugar sector and the amendment of the 1986 Regulation laying down general rules for the production refund on certain sugar products used in the chemical industry. Parliament's amendments modified the Commission proposal as follows: - in respect of the marketing years 1995/1996 to 2000/2001, inulin syrup quotas should be set at a level corresponding to the average real production in the last three marketing years; - Member States may transfer A quotas and B quotas between undertakings, on condition that these transfers did not result in a sugar quota being converted into an isoglucose quota, or vice versa, or an inulin quota being converted into a sugar or isoglucose quota, or vice versa; - Member States with interest rates above those used to calculate the monthly contribution to storage costs were authorised to cover the effect of this difference on the storage costs by a national aid; - the Commission should submit to the EP, by 30 June 1999 at the latest, a report containing proposals with a view to amending the COM in order to guarantee stability in the sector. ?

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The Council adopted Regulation (EC) No 1101/95 concerning the adaptation of the common organisation of the market in sugar. Whilst retaining the main instruments of this common organisation, namely the system of production quotas for six years and system of self-financing, the Regulation was designed in particular to enable the sugar sector to respond to the constraints that had arisen as a result of the commitments made under the GATT Agreement. Date of entry into force of the Regulation: 16 July 1995. ?

