

Common organisation of the markets in the sugar sector

2000/0250(CNS) - 04/10/2000 - Legislative proposal

PURPOSE : to present a proposal to modify the common organisation of the market in the sugar sector.

CONTENT : the common organisation of the market in sugar is governed by Regulation 2038/1993/EC.

Its essential features are rules on prices, quotas, trade with third countries and self-financing. The present sugar regime is applicable until 1 July 2001. A decision by the Council following Parliament opinion is required by 31 December 2000. The main aim is to overhaul the sugar regime. The Commission has agreed on an option which aims to continue the present regime and modify it slightly. Faced with challenges like the overproduction and strict WTO-limits for subsidised exports, the Commission proposes to permanently cut the production quota by 115 000 tonnes per year, to abolish the reimbursement of storage costs to producers and to simplify the market organisation by recasting the rules and repealing outdated provisions. The quota regime, the producers' contribution to financing export refunds and the special preferential import regime for sugar from ACP countries and India would be continued ad interim until the marketing year 2002/03. The Commission would then - on the basis of studies and in light of the budgetary situation look into the possibility of a more fundamental change. Among the alternatives examined by the Commission, the option of an interim continuation of the present regime to 2002/03 with some modifications was, as stated, considered the most appropriate. Under this option: - prices would remain unchanged for the next two years; - quotas would be reduced by 115 000 t corresponding to 50% of the structural surplus taking into account production, consumption, imports and out WTO export limits; - the flexibility of the present regime would be maintained in the form of the annual exercise of additional quota reduction to respect the WTO limit in the light of prevailing world market prices, allowing for developments internally as well as externally; - the storage levy/refund system would be abolished entailing a reduction in annual EAGGF expenditure of EUR 300 million; - minimum stocks would be abolished; - production refunds for chemical industry to be fully covered by production levies. Finally, these studies together with developments in the WTO negotiations, the budgetary situation for the CAP and the review of the other arable crops regimes will provide a good basis for the future sugar regime from 2003/04 onwards.