Resolution on the forthcoming reform of the common organisation of the market COM in sugar

2004/2618(RSP) - 10/03/2005 - Text adopted by Parliament, topical subjects

The European Parliament adopted by 326 votes to 68, with 24 abstentions, a resolution tabled by the Committee on Agriculture and Rural Development on the forthcoming reform of the common organisation of the market in sugar.

The resolution underlines that the reform of the common organisation of the market in sugar should serve to ensure that prices are set at a level which will provide an adequate income both for Community producers and for suppliers based in the ACP countries and in the LDCs. MEPs consider that the general tendency of the Commission communications is to upset the existing balance in the sugar sector (to the detriment of Community producers, suppliers based in the LDCs and ACP producers), and to threaten to eliminate the growing of beet, the sugar industry and associated economic activities in numerous regions of the European Union.

MEPs consider that the reduction in prices and quotas envisaged by the Commission will lead to devastating income losses for those involved in the sugar sector, without - in all probability - bringing any real benefit to consumers.

Internal aspects of the reform: Parliament notes that the **reduction in sugar prices proposed by the Commission goes beyond the requirements for compliance with the WTO rules**. It therefore calls for this reduction to be limited to what is strictly necessary to achieve and maintain a sustainable, efficient, robust sugar production in the EU, in compliance with the WTO rules. It rejects the Commission's proposal to increase quotas for isoglucose, as this would make it necessary to further reduce the quotas for sugar.

Parliament considers that the **current reference price system proposed by the Commission is not workable** and will fail to achieve market stability. It therefore suggests that the current price support system should be maintained as a safety net, to prevent severe imbalances developing in the sugar market.

Deploring that the question of **quota ownership** has not yet been legally determined, MEPs call on the Commission to establish that the quotas are owned by the individual beet and cane growers. They reject the quota transfer system proposed by the Commission on the grounds that it threatens those that are most vulnerable, in particular by causing a transfer of jobs and a relocation of productive activity which is unacceptable.

The Commission, inter alia, is called upon to:

- carry out a detailed impact assessment without delay for the purpose of studying the socio-economic repercussions which the reform will have both in the case of sugar beet producers and in the case of workers in the industry, and also the effect which it will have on the abandonment of certain rural areas in the EU;
- consider setting up a specific fund, managed by the European Union, to enable those wishing to leave the system to do so under reasonable conditions, through the voluntary sale of quotas to the European Union at an attractive price, degressive over time, for a limited period, immediately after which these quotas should be abolished;

- withdraw its proposal which allows the transfer of quotas between Member States;
- carefully assess the production situation in the disadvantaged areas of the EU and will identify the action which needs to be taken in order to prevent sugar-beet production from ceasing in such areas in the wake of the reform;
- monitor closely the social consequences of the possible closure of factories, due to the forthcoming reform of the sugar regime, and to take appropriate action if social plans are unsatisfactory.

MEPs calls for the application of **social and environmental standards** to the production of sugar both as **food** and **fuel**. They call on the Commission to examine the possibilities of using sugar as biofuel, from an economic and environmental point of view.

The resolution points out that stakeholders in the sugar sector need sufficient predictability if they are to make the necessary investments to become more competitive; considers, therefore, that it is vital that the Commission should now clarify its intentions for the post-2008 period and it suggests that the reform of the common organisation of the market should not be altered until the end of 2012.

External aspects of the reform: Parliament urges the Commission to satisfy the requests of the ACP countries and the LDCs and explore the possibility of a regulatory arrangement for the EBA initiative which allows the European Union to retain its ability to manage supply and avoids making the level of Community production the obligatory adjustment variable of the new common organisation of the market. It also calls for the Commission's legislative proposal to make it impossible to export any sugar from third countries to the European Union through triangular trade via the LDCs and calls for the production of imported sugar to be subject to the same social and environmental standards as production of sugar in the EU.

The Commission is called upon to :

- improve the control systems put in place to verify whether the rules of origin are respected, especially since increased access to the European market through the EBA scheme may create price differences which could incite fraudulent practices;
- urgently propose proper flanking measures to assist ACP countries depending heavily on sugar exports to the EU in increasing their competitiveness and enhancing their capacity to diversify their economic base;
- ensure that the current reform is built into the European Union's position in the WTO negotiations so that future multilateral commitments do not require further reform, which would result in producers having to pay twice;
- negotiate coupling of the reform of the European common organisation of the market in sugar to similar reforms of the sugar market organisation in other countries, predominantly the United States of America
- do its utmost to reach international agreements within the WTO framework on the control of sugar production and sugar prices.