Temporary scheme for the restructuring of the sugar industry

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The Council, having heard the Commission's presentation of the three legislative proposals and the preliminary reactions given by delegations to the three questions on the main principles underlying the sugar reform proposal, invited the Special Committee for Agriculture to conduct a thorough examination of all the issues and to prepare a report which the Council will examine at a future session.

The questionnaire, which had been submitted to the Special Committee on Agriculture (SCA) on 11 July, aimed at getting political guidance from the ministers. The general political orientation following the round table held at the Council could be summarised as follows:

- in general an overwhelming majority of delegations acknowledged the need for a reform of the sugar sector; delegations also recognised the importance of complying with the World Trade Organisation's legal requirements, following the outcome of the WTO Panel. Most of the delegations also supported the introduction of a restructuring scheme in particular in order to alleviate the social effects of the sugar price cuts on sugar producers and beet growers;

- concerning the options proposed, between the voluntary restructuring scheme combined with a larger price cut or the smaller price cut and mandatory quota cuts as proposed in the Commission Communication of July 2004, a large number of delegations could support the first approach included in the proposals. However, several delegations supported reduced price cuts, these cuts being possibly extended for a longer period of time than the two years proposed. Some of these delegations also supported in some cases a reduction of the current B quota (exported sugar at guaranteed prices) and a further reduction of current C sugar (sold outside the EU without export refund) and asked to keep the current distinction between A quota (sugar for domestic use at guaranteed prices) and B quota, in order to protect the EU sugar output for domestic consumption;

- concerning the extension of the reformed regime until the 2014/15 marketing year, most of the delegations supported this long-term perspective which would provide for stability for EU producers and consumers as well as sustainability of the regime for the sugar imports from the African Caribbean and Pacific (ACP) countries and the Least Developed Countries. Nevertheless, some delegations suggested that a mid-term review be inserted in the proposals, possibly after the restructuring scheme in 2010, in order to consider possible further price and quotas cuts;

- as regards the Commission proposals for compensation under the scheme of a decoupled payment and of national envelopes for direct payments that would represent 60% of the estimated revenue loss: although many delegations found this approach in line with recent CAP reforms to be fair and balanced, several delegations asked for an increased rate of compensation while others insisted on sticking to budget neutrality. A few delegations asked to keep part of the payment coupled to production in order to avoid the total ceasing of activity in regions of the EU.

Given that the legal basis for these proposals is Article 37 of the Treaty, the so-called consultation procedure applies - no legally binding Opinion from the European Parliament -: the EP's Opinion is scheduled for 15 November 2005, the adoption of the report by the Committee being expected on 11 October.