Common organisation of the markets in the sugar sector

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The Council had a very useful exchange of views on the proposals for a reform of the Common Market Organisation (CMO) of the sugar sector, on the basis of a questionnaire giving delegations the opportunity to clarify their positions on the key elements of the reform and providing excellent guidance for further work to be done.

The Council also announced on this occasion that a High Level Working Party will be convened for intensive discussions on the file on 8 and 11 November in order to prepare the Agriculture and Fisheries Council on 22-24 November, where it is expected to adopt a "general approach" on the reform.

Delegations acknowledged the need for sugar reform, several of them urging that a political decision be taken by the Council at its next meeting on 22-24 November. A few delegations stated, however, that the proposal needed to be strongly rebalanced.

As regards the questionnaire submitted by the Presidency:

1. Concerning the key improvements to the proposal needed to ensure market balance and the maintenance of a competitive EU sugar sector:

• delegations expressed concerns about the effectiveness of the market management tools proposed to ensure market stability;

• diverging opinions were expressed on the price cut, with some delegations considering 39% as a minimum and others considering that the aim of reducing production could be attained by a less radical price cut;

• some delegations considered that it would be more appropriate first to cut surplus production (i.e. the current "B quota" and "C" sugar production);

• some delegations considered that there should be scope for flexibility for the Member States so as to allow for the possibility of targeted partial coupling;

• a few delegations underlined the priority of ensuring the budget neutrality of the proposal;

• the question of EBA imports and especially their effective control was a major issue for many delegations in the context of the SWAPs effect, with effective measures to combat fraud, respect for rules of origin and the need for safeguard measures to be taken quickly and effectively called for.

2. Concerning the restructuring fund, it was generally agreed that this was an important tool in the reform proposal. Delegations welcomed the possibility of further definition of the role of the Member State in determining how the restructuring plans should be drawn up, in particular to include conditions on environmental and social requirements, and in monitoring the effective implementation of these plans. A large number of delegations considered that the decision to close a factory should ultimately be taken by the industry.

Most delegations welcomed the possibility of having the restructuring payment extended to cases of partial dismantling of a factory in certain circumstances. The interests of sugar beet growers in particular were considered important in the context of the restructuring scheme, and the possibility of extending a specific restructuring payment to growers was discussed.

Commissioner Fischer Boel reiterated the urgent need for a 39% price cut, as an element essential to the overall balance of the proposal, bearing in mind the large volume of surplus sugar to be taken out of the EU market, and assured the Council that this reform had been proposed for the long term, without a mid term review, with a view to providing security for farmers. She justified the 60% rate of compensation on the grounds that this rate had been the same in past CAP reforms in 2003 and 2004 and respected budgetary limits. Concerning the restructuring fund, she made it clear that the Member States would be authorising and monitoring the restructuring plans. However, she made it clear that the decision to close was for the industry itself. She acknowledged the need for financial compensation in the case of partial dismantling of a factory.