

Common organisation of the markets in the sugar sector

2005/0118(CNS) - 19/01/2006 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution drafted by Jean-Claude FRUTEAU (PES, FR) and made some amendments to the Commission's proposal. It called for a more moderate reduction in the price of white sugar (30% instead of 39%), raw sugar (26% instead of 36%) and quota beet (11% over four years instead of 24% over two years). Parliament felt that the intervention mechanism should stay in place during the four transitional years, to help prevent disruption to the industry.

The key amendments were as follows:

- The common organisation of markets in the sugar sector shall seek to pursue the objectives set out in Article 33 of the Treaty, and notably, to stabilise the markets, to increase the market orientation of the Community sugar regime, and to ensure a fair standard of living for the agricultural community within the sugar sector;
- there are definitions inserted for "exported sugar", "exported isoglucose" and "exported inuline syrup" , and "preferential sugar originating from the least developed countries (LDCs)"
- during the marketing years 2006/2007, 2007/2008, 2008/2009 and 2009/2010, an intervention system based on an intervention price shall be established; as from the marketing year 2010/2011, the intervention system shall be replaced by a system based on a reference price;
- for white sugar, Parliament called for the price reductions to be phased in more gradually between 2006/2007 and 2009/2010 and for the final figure to be higher than proposed by the Commission (EUR 442.3 per tonne as opposed to EUR 385.5 per tonne). It made similar proposals for raw sugar, with a final figure of EUR 366.6 per tonne as opposed to EUR 319.5 per tonne suggested by the Commission);
- Parliament proposed a higher minimum price for quota beet and extended it by another two years (until 2009/2010). They deleted the provision which would have enabled that price to be reduced by up to 10% by way of an agreement within the trade;
- for the quantities of sugar beet corresponding to the quantities of industrial sugar, the sugar undertaking concerned will be required to pay at least the price set by agreements within the trade, bearing in mind the added value of the sugar concerned, the relationship between the institutional sugar prices and quota beet after the restructuring period, and the conventional yield of 130 kg per tonne of beet with 16% sugar content;
- Parliament deleted Article 8 (Additional sugar quota) on the grounds that a restructuring process should not include an additional quota of 1 million tonnes for certain countries which are actually responsible for the surpluses. It also deleted Article 9 (Additional isoglucose quota), arguing that isoglucose manufacturers should not be allowed an increase in quota at a time when beet growers and sugar manufacturers are being required to cut their production by more than 30% within 3 to 4 years;
- all decisions on adjusting production capacities after 2010 should be made by the Council, on a proposal from the Commission and after consulting Parliament;
- Parliament inserted a new clause on the intervention scheme;

- the Commission shall carry out a study in order to identify transitional outlets for sugar surpluses for energy use;
- should imports from one of the LDCs exceed the volumes guaranteeing a net balance between normal internal production capacity and normal internal consumption in the country concerned, the Commission shall suspend such imports from that country;
- preferential imports from the LDCs shall not exceed the quantities of sugar produced locally and shall be separate from the volumes required for internal consumption in the countries concerned;
- Parliament inserted a new article: imports of sugar from LDCs shall be subject to duties under the Common Customs Tariff on the basis of the existing levels until 1 July 2012. Duties under the Common Customs Tariff shall be reduced by 20% on 1 July 2012, 50% on 1 July 2013 and 80% on 1 July 2014. As from 1 July 2015 they shall be completely phased out. Pending the complete phasing-out of duties under the Common Customs Tariff, for each marketing year a zero-rated global tariff quota shall be opened for products corresponding to tariff heading 1701 originating in least developed countries. The initial tariff quota for the marketing year 2006/2007 for products corresponding to tariff heading 1701 shall be 149 212 tonnes, expressed in white sugar equivalent. For each of the following marketing years the tariff quota for products corresponding to heading 1701 shall be raised by 27% as compared to the quota for the previous marketing year. As from the marketing year 2010/2011, should sugar imports from least developed countries be in excess of the levels guaranteeing a net balance between internal production and consumption in one or more of the countries concerned, as determined from its declarations to the International Sugar Organisation, the Commission may suspend such imports, at the request of a Member State or on its own initiative.
- Where the Commission finds that there is sufficient evidence of fraud or failure to provide administrative cooperation as required for the verification of evidence of origin, or that there is a massive increase in exports into the Community above the level of normal production and export capacity, it may take measures to suspend in whole or in part the application of tariff quotas for a period of six months, provided certain prescribed conditions are met.