External aid: financial and technical assistance to ACP countries that are signatories to the Sugar Protocol following the reform of the common organisation of the market in sugar CMO

2005/0117(COD) - 15/02/2006 - Final act

PURPOSE : to establish a scheme for financial and technical assistance to accompany the adjustment process of Sugar Protocol countries, faced with new conditions on the sugar market due to the forthcoming reform of the common organisation of the market in sugar.

PROPOSED ACT : Regulation 266/2006/EC of the European Parliament and of the Council establishing accompanying measures for Sugar Protocol countries affected by the reform of the EU sugar regime.

CONTENT : the EU sugar reform, with its proposed price cuts, will lead to significant impacts and adjustment needs. This will have broad socio-economic consequences in ACP countries that are signatories to the Sugar Protocol and have been relying on preferential sugar exports to the EU, in most cases since 1975. The adjustment process of the Sugar Protocol countries to these new market conditions will be complex, considering the socioeconomic importance and the multifunctional role of the sugar sector and its significant degree of reliance on the EU market, for several of these States.

This Regulation establishes a scheme to grant Sugar Protocol countries financial and technical assistance, including budget support where appropriate, additional to that provided for in the framework of the ACP-EC Partnership Agreement. This will to enable them to adapt to the new market conditions, and offer a broad range of support to take into account heterogeneity of situations between countries and within a country. This must include upgrading the competitiveness of their sugar cane sector, developing alternative economic activities, and coping, with the help of adequate resources, with the serious broader social, environmental and economic consequences of a reduction in the contribution of the sugar sector to their economies, or a combination of several of these.

This scheme will be implemented for the year 2006, with continued support to be made available until 2013, by means of the development part of the Development Cooperation and Economic Cooperation Instrument. The main points of the Regulation are as follows:

- Financial and technical assistance will be granted at the request of each Sugar Protocol country, and such requests will be presented by 29 April 2006.

- The financial reference amount for implementation of the Regulation for 2006 is EUR 40 000 000

- The requests must be based on a comprehensive multiannual adaptation strategy, defined by the country concerned in accordance with the terms of the Regulation. Sugar Protocol countries which submit a request which is not based on a multiannual adaptation strategy will only be eligible in 2006 to financial and technical assistance aiming to contribute to the development of such a strategy. The financial reference for the latter is EUR 300 000.

- The multiannual adaptation strategy must pursue one or more of the following objectives: to enhance the competitiveness of the sugar and cane sector, in particular in terms of the long-term economic viability of the sector; to promote the economic diversification of sugar dependent areas, for example by redirecting

current sugar production towards the production of bio-ethanol and other non-food applications of sugar; to address broader impacts generated by the adaptation process, possibly related, but not restricted, to employment and social services, land use and environmental restoration, the energy sector, research and innovation and macroeconomic stability.

- Within the overall amount, an indicative amount of 3 % will be used to cover the human and material resources required for effective administration and supervision of the assistance.

- The European Parliament's right to be informed on a regular basis regarding implementing legislation must be fully respected.

- Within the overall amount available, the Commission will fix the maximum amount available to each Sugar Protocol country on the basis of the needs of each country, related in particular to the impact of the reform of the sugar sector in the country concerned and to the importance of the sugar sector to the economy. The measurement of the allocation criteria will be based on data of campaigns preceding 2004.

ENTRY INTO FORCE : 28/02/2006.

DATE OF APPLICATION : The Regulation shall apply until 31 December 2006. It shall continue to apply for legal acts and commitments relating to the implementation of the 2006 budget year. In the event that the Development Cooperation and Economic Cooperation Instrument has not entered into force on 1 January 2007, the period of validity of this Regulation shall be extended until the date of entry into force of that instrument.