

## CEFS POSITION

concerning the Council proposals to amend Council Regulation (EC) No 318/2006 on the common organisation of the markets in the sugar sector and Council Regulation (EC) No 320/2006 establishing a temporary scheme for the restructuring of the sugar industry in the Community

**ADOPTED AFTER WRITTEN PROCEDURE ON 9<sup>th</sup> MAY 2007**

JLB CEFS 9/05/2007

*CEFS already deplored that the parameters fixed in Regulations 318/2006 and 320/2006 were not able to give the sector the possibility to reach the targets of the reform. Therefore it takes note of the Commission's proposal for adapting these Council regulations and addresses some requests to the Council for improving them.*

1/ CEFS takes note of the incentive to renounce in 2008/2009 a volume of quota at least equal to the 2007/2008 preventive withdrawal thanks to an exemption of the 2007/2008 restructuring tax on this preventive withdrawal. **This proposal is only a first step towards CEFS request of a mandatory flat cut of 10% at national level in 2008/2009. Therefore to make the Commission's incentive more effective, CEFS considers that the Council should complete the Commission's proposal with either a positive answer to its request of a mandatory flat cut of 10% at national level or with the inclusion (when it comes to allocate in February 2010 the final mandatory quota cut under article 10 of Reg 318/2006) of a preliminary step which would be a full credit of the quota renouncement made under new paragraph 6 of Article 11 in Reg 320/2006. This would be done before implementing the Commission's formula of paragraph 2 of this article 10<sup>1</sup>.**

2/ Concerning the withdrawal CEFS takes note of the Commission's proposal to exclude the Traditional Supply Needs (TSN) of the refiners from the preventive withdrawal but **cannot accept the exclusion of the TSN from the normal withdrawal** (article 19 of Reg 318/2006) because this would go against one of the basis of the Council agreement reached in 2005. **CEFS suggests to the Council to maintain the preventive withdrawal tool until the end of the sugar regime** because it could contribute to better regulate the market under the condition it is implemented in a consistent way with an effective safeguard clause against imports and with efficient rules of origin. **CEFS requests the Council to clarify which price has to be paid for beets corresponding to the withdrawn sugar.**<sup>2</sup>

3/ CEFS welcomes the proposal to fix at 10% the growers' share of the restructuring aid which will move out one of the major brakes of the restructuring process mentioned by CEFS in its previous position paper. CEFS welcomes too the top-up aid for the growers but takes note of the amount of this aid. **In a balanced approach it considers that it would be fair**

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<sup>1</sup> In practical terms when the final mandatory quota cut has to be implemented there would be a first threshold to reduce the quota of each country to the level needed to make sure that each of them renounced to at least 13.5 % of its initial quota and the remaining EU quota in excess would be allocated as an additional quota cut among the countries (undertakings) having renounced to less than the second threshold (60%) with the formula of the Commission's proposal

<sup>2</sup> CEFS considers that the minimum beet price of the current campaign should only be paid when the corresponding sugar is put back from the withdrawn statute on the market during the current campaign, that the minimum beet price of the following campaign should only be paid when the corresponding sugar is carried forward to the next campaign and finally that no minimum beet price has to be paid when the withdrawn sugar is sold as industrial sugar or exported without refund.

**and effective to incorporate in Reg 320/2006 the maintenance of a restructuring aid of 730 euros per tonne of quota renounced in year 3 of the restructuring program. CEFS also requests to extend the current legal possibility existing at national level to modulate the individual restructuring aid for growers according to objective criteria to the top up aid in the aim to act in favour of an efficient restructuring and to extend these two possible modulations to agreements between growers and sugar manufacturers. From this reason also a legal possibility should be open at national level to derogate to the first come/first served approach concerning the growers' initiative.**

4/ CEFS welcomes the attempt to clarify the conditions for using article 11 of Reg 318/2006 by Member States. Actually it was also one of the brakes of the restructuring process mentioned by CEFS. **Nevertheless CEFS considers that the added sentence is insufficient and the Council should make the text even clearer, saying for example:** whilst respecting the freedom of undertakings to participate in the mechanisms established by Regulation (EC) No 320/2006.

5/ CEFS considers that the Commission's offer for negotiating EPAs will change the benchmark for importing raw sugar from ACP countries. Actually it will be possible to pay less than the reference price for those sugars. This conflicts with the obligation to pay a minimum price for beets. **Therefore CEFS requests the reintroduction of consistency between the Agriculture policy and the Trade policy. This means that the Agriculture Council should reintroduce in the Regulation the possibility to adapt via local intertrade agreements the beet price above or below the minimum beet price (as mentioned in the initial Commission's proposal for the sugar reform in 2005).**

6/ In June 2001 when Reg 1260/2001 was adopted as a pure renewal of the former Common market Organisation for sugar, the legislator decided to freeze the purchasing conditions for beets in their state of being of campaign 200/2001. With the new Commission's proposal we will face probably a reduction of the beet cultivation in many areas. Therefore in the aim to make easier the process of the beet area restructuring **CEFS requests to remove from Annex II of Reg 318/2006 all references to the purchasing conditions of campaign 2005/2006.**

**7/ Finally CEFS maintains its request to pay the full amount of the restructuring aid when:**

- a sugar factory is transformed in a bio mass factory (or to pay at least 90% of the full amount)
- a quota renouncement is originating in the growers' initiative (new article 4a of Reg 320/2006) and when there is no or partial facilities' dismantlement, especially in single factory companies.