II

(Acts whose publication is not obligatory)

COMMISSION

COMMISSION DECISION

of 12 January 1977

concerning the measures provided for in the draft law of the Region of Campania (Italy) supplementing and amending Regional Law No 29 of 22 July 1974 on measures to promote beet production

(Only the Italian text is authentic)

(77/83/EEC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular the first subparagraph of Article 93 (2) and Article 93 (3) thereof,

Having regard to Council Regulation (EEC) No 3330/74 of 19 December 1974 on the common organization of the market in sugar [1], as last amended by Regulation (EEC) No 1487/76 [2], and in particular Article 41 thereof,

After giving notice to the parties concerned to submit their comments,

Whereas, pursuant to Article 93 (3) of the Treaty, the Permanent Representation of Italy to the European Communities notified the Commission by letter of 10 June 1975 of the draft law of the Region of Campania supplementing and amending Regional Law No 29 of 22 July 1974 on measures to promote beet production ;

Whereas the said draft law provides for the granting by the Region of Campania of aid amounting to Lit 80 000 per hectare sown with sugar beet ;

Whereas the Permanent Representation of Italy, by telex of 11 October 1975, supplied the Commission with additional information concerning the said draft law ;

Whereas the Commission in its letter of 26 December 1975 informed the Italian Government that the aid provided for by the authorities of Campania, in so far as it exceeded that provided for by Article 38 of Council Regulation (EEC) No 3330/74 and that provided for by Decision Nos 18 and 19 of 11 August 1975 of the CIP (Interministerial Committee on Prices), was in the opinion of the Commission incompatible with the common market within the meaning of Article 92 (1) of the Treaty and did not qualify for the exemption laid down in paragraphs 2 and 3 of that Article and that the Commission was therefore initiating the procedure provided for in Article 93 (2), giving notice to the Italian Government to submit its comments ;

Whereas the Italian Permanent Representation informed the Commission by letter of 8 October 1976 that the draft law of the Region of Campania converted meanwhile into Regional Law No 54 of 5 June 1975, had never been implemented ; whereas the statistical data concerning beet production in Campania showed that the areas sown with beet had decreased considerably during the period preceding the promulgation of Regional Law No 54/75 and that this decrease was attributable not only to a reduction in the areas planted but also to a substantial drop in yields ; whereas the granting of national aid to sugar production — provided for by Regulation (EEC) No

[1] OJ No L 359, 31. 12. 1974, p. 1.
[2] OJ No L 167, 26. 6. 1976, p. 9.

3330/74 and subsequently raised by Regulation (EEC) No 1487/76 to 9·9 units of account per tonne of beet for the 1976/77 marketing year — had done nothing to solve the problem of Campania beet-growers, for whom additional regional aid had proved necessary in 1975;

Whereas, the Italian Government requested the Commission to consider the possibility of applying to the Campania Regional Law the exemption provided for in Article 92 (3) (a) and (c) of the Treaty;

Whereas the two abovementioned CIP decisions make provision, in addition to the aid granted under Article 38 of Regulation (EEC) No 3330/74, for the following in respect of the 1975/76 sugar year:

(a) the granting to beet-growers of aid equivalent to Lit 3 165·11 per tonne of beet with a 16 % sugar content (paragraph 4 of Decision No 18);

(b) the granting to the processing industry of aid amounting to Lit 2 156·30 per 100 kilograms of white sugar produced in Italy (paragraph 5 (d) of Decision No 19).

Whereas Italy is an importer of sugar and imported 300 000 tonnes from the other Member States during the 1975/76 marketing year;

Whereas the aid provided for by the draft law of Campania represents a considerable proportion of the annual value of beet production in that region; whereas this measure should have the effect of substantially reducing the production costs of the beet-growers of Campania; whereas, consequently, the aid artificially promotes the expansion, or at least the maintenance, of beet production in the region and hence of sugar production for which beet is the raw material; whereas, without such aid from the public authorities, the beet-growers would cease or substantially cut back their production of beet, since it is impossible to achieve a good yield per hectare for that crop in Campania; whereas such aid would very probably affect intra-Community trade by encouraging the increase or maintenance of beet-growing and thus of sugar production in that region, and would distort competition by putting Campania beet-growers at an advantage over those in other Member States;

Whereas sugar producers in Campania could conceivably fix their selling prices at a level lower than that which would prevail in the absence of the aid; whereas any such development would also be liable to affect intra-Community trade and distort competition to the disadvantage of sugar producers in other Member States wishing to export to Italy;

Whereas the aid of Lit 80 000 per hectare sown with beet represents approximately 16 % of the gross saleable value per hectare;

Whereas as regards the arguments put forward by the Italian Government in its Permanent Representation's letter of 8 October 1976, the areas sown with beet and its production had been decreasing in most regions of Italy up to 1974 but have increased since then, during the 1975 and 1976 sugar years, as a result of very good prices in Italian lira for sugar beet (which reflected the very substantial national aid granted over and above the Community aid), leading to an increase in the areas sown and in sugar beet production as a whole, especially in Campania;

Whereas the prohibition laid down by Article 92 (1) cannot be set aside, since the derogations provided for by Article 92 (2) are not applicable in this case;

Whereas the proposed aid could not be authorized under Article 92 (3) (a) or (c) since it is in no way an aid to promote the development of the activity or of the economic region in question, as the situation of the region and of the activity will not have been permanently changed by the time that the aid is discontinued;

Whereas the aid does not relate to an important project of common European interest or a measure to remedy a serious disturbance in the Italian economy; whereas, consequently Article 92 (3) (b) is not applicable;

Whereas the proposed aid, instead of encouraging beet producers in Campania to make a real effort to reorganize or convert their holdings, leads them to increase, or at least to maintain, the cultivation of beet and hence the manufacture of sugar, a product of which there is currently a surplus in the Community; whereas this aid, supplementing that provided for by Article 38 of Regulation (EEC) No 3330/74, cannot fail to have an adverse effect on the common organization of the market in sugar;

Whereas, in this connection, sugar prices are fixed annually by the Community having regard to general price levels and to production costs in particular; whereas Italian beet and sugar producers have, in this way, benefited from prices higher than in other regions of the Community, especially because account is taken of the depreciation of the Italian currency when prices are expressed in lira; whereas the Italian price for beet was 92·6 % higher in 1975/76 than in 1967/68 and the derived intervention price of white sugar had increased by 102·4 % over the same period; whereas to these price rises must be added the aid provided solely for Italy by Article 38 of Regulation (EEC) No 3330/74 so that further aid is thus unnecessary;

Whereas, finally, the aid in question is not compatible with the common market and whereas, pursuant to Article 93 (2), it is incumbent on the Commission to decide that the measures should not be implemented,

HAS ADOPTED THIS DECISION :

Article 1

The Italian Republic shall ensure that the measure provided for by Law No 54/75 of the Region of Campania providing for the granting of aid of Lit 80 000 per hectare sown with beet is not implemented.

Article 2

This Decision is addressed to the Italian Republic.

Done at Brussels, 12 January 1977.

For the Commission

Finn GUNDELACH

Vice-President