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(Acts whose publication is obligatory)

COUNCIL REGULATION (EEC) No 305/91

of 4 February 1991

amending Regulation (EEC) No 1785/81 on the common organization of the markets in the sugar sector

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 42 and 43 thereof,

Having regard to the proposal from the Commission (1),

Having regard to the opinion of the European Parliament (2),

Having regard to the opinion of the Economic and Social Committee (3),

Whereas the Community aid schemes aimed at placing raw sugar imported on preferential conditions and sugar imported for refining, in particular in Portugal, on similar terms expire on 30 June 1991 ; whereas, however, the Community stated in its declaration annexed to the Final Act of the Treaty of Accession of Portugal on supplies to the sugar refining industry in Portugal that it was prepared to carry out, before the end of the transitional period, an overall examination of the supply situation of the refining industry in the Community on the basis of a report from the Commission ; whereas, since the transitional period expires at the end of 1992, the said arrangements should, in order not to anticipate the conclusions of that report, be continued until the end of the 1992/93 marketing year ;

Whereas Article 23 of Regulation (EEC) No 1785/81 (4), as last amended by Regulation (EEC) No 3577/90 (5), lays down, on the one hand, that the system of production quotas for sugar is to apply for the marketing years 1986/87 to 1990/91 and, on the other hand, that the Council is to determine, before 1 January 1991, the system to be applied from 1 July 1991 ;

Whereas the common organization of the markets in the sugar sector has been based since the 1986/87 marketing year, on the one hand, on the principle of financial responsibility of producers for each marketing year for losses incurred from the disposal of surpluses of Community production under the system of quotas related to internal consumption and, on the other hand, on a system of price and disposal guarantees differentiated according to production quotas allocated to each undertaking ; whereas the abovementioned principle and system should be renewed for a further period of two marketing years, 1991/92 and 1992/93, in order to curb the production of the Community, with its great technical production capacity, at a time when the world sugar market continues to be characterized, despite some improvement, by great volatility of prices and by cyclical trends ;

Whereas, therefore, it is extremely difficult to foresee how the world market in sugar will develop in the medium term ; whereas, further, the absence of an international sugar agreement containing binding clauses for all the member countries of such an agreement makes it difficult to alter unilaterally the price and disposal guarantees conferred on Community producers ; whereas, in addition, in the current situation, any reduction of guarantees in this sector entails the risk of a substantial decrease in areas under sugar beet within the quota system to the advantage of other agricultural enterprises for which the sector is not, or is only partly, financed by the producers themselves ; whereas, under these circumstances, the basic quantities of sugar and isoglucose should be kept unchanged for the two marketing years referred to above ;

Whereas transitional measures for implementation of the production quota arrangements in the continental region of Portugal were applied throughout the 1987/88 to 1990/91 marketing years ; whereas the difficulties encountered with regard to such implementation persist and it is therefore desirable to extend the said measures for two additional marketing years ;

(1) OJ No C 258, 13. 10. 1990, p. 9.
(2) OJ No C 19, 28. 1. 1991.
(3) Opinion delivered on 20 November 1990 (not yet published in the Official Journal).
(4) OJ No L 177, 1. 7. 1981, p. 4.
(5) OJ No L 353, 17. 12. 1990, p. 23.

Whereas, because of its special situation and given the size of agricultural holdings, production of sugar beet in Italy is still encountering difficulties, even in the northern regions, in particular as regards application of modern production methods, and for structural reasons in the central and southern regions, where sugar beet growing is essential for regeneration of the particularly clayey soils and thus preventing a return to monoculture; whereas such difficulties are not without incidence on sugar production itself; whereas the Italian Republic should therefore be authorized to continue to grant, for a specified period corresponding to that of the quota system, national adjustment aid, albeit on a degressive basis, having regard to the degree of reduction already attained for the 1990/91 marketing year under the authorization to grant such an aid provided for in Article 4 (1) and (2) of Regulation (EEC) No 1254/89 [1]; whereas, furthermore, the Italian Republic intends to continue restructuring the sugar-beet sector and sugar production under restructuring plans pursuant to Articles 92, 93 and 94 of the Treaty; whereas, therefore it is justifiable to authorize Italy to continue, for the marketing years 1991/92 and 1992/93, adjusting the said aid, notwithstanding the said Articles, where the aid is linked to a restructuring plan; whereas account should also be taken of the situation as regards interest rates in Italy;

Whereas, given the characteristics of the market in white sugar in the United Kingdom and those of its refining industry, it is appropriate to extend, for the 1991/92 and 1992/93 marketing years, the term of validity of the authorization given to that Member State to grant fixed-rate national adjustment aid to its preferential raw sugar refining industry, but at a reduced level;

Whereas this Regulation must be applied under the best possible conditions; whereas, to that end, certain transitional measures may prove necessary; whereas it should be laid down that these are to be adopted in accordance with the procedure laid down in Article 41 of Regulation (EEC) No 1785/81,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EEC) No 1785/81 is hereby amended as follows:

1. in Article 9 (4b), 'From the 1987/88 until 1990/91 marketing year,' is replaced by 'From the 1991/92 to the 1992/93 marketing year.';

2. in Article 9 (4c), '1988/89 to 1990/91' is replaced by '1991/92 to 1992/93.';

3. Article 23 is replaced by the following:

'*Article 23*

1. Articles 24 to 32 shall apply in respect of the 1991/92 and 1992/93 marketing years.

2. For the period referred to in paragraph 1 and notwithstanding Articles 24 (2) and 25, the A and B quotas of sugar-producing undertakings and isoglucose-producing undertakings shall be those which obtained in the 1990/91 marketing year.

3. For the period referred to in paragraph 1, the basic A and B production quantities for sugar and isoglucose serving for the allocation of quotas shall be those fixed, as the case may be, in Articles 24 (2) and 24 (a) (2).

4. The Council, acting in accordance with the procedure laid down in Article 43 (2) of the Treaty, shall determine, before 1 January 1993, the system to be applied from 1 July 1993.';

4. Article 24 (1) is replaced by the following:

'1. Member States shall, under the conditions of this Title, allocate an A quota and a B quota to each sugar-producing undertaking and each isoglucose-producing undertaking established in their territory which had an A quota and a B quota during the 1990/91 marketing year.';

5. in the third subparagraph of Article 24 (1) (a), 'from 1987/88 to 1990/91' is replaced by '1991/92 and 1992/93';

6. Article 24 (3), (4) and (5) are replaced by the following:

'3. For the period referred to in Article 23 (1) and notwithstanding paragraph 1 (a), Articles 24 (a) and 25, the A quota and the B quota of each sugar-producing undertaking and each isoglucose-producing undertaking shall be equal, respectively, to the A quota and the B quota allocated to it for the 1990/91 marketing year.';

7. Article 24 (7) is deleted;

8. in Article 28 (2) the introductory words are replaced by the following:

'2. Before the end of the 1992/93 marketing year, a cumulative recording shall be made of the 1991/92 and 1992/93 marketing years:';

[1] OJ No L 126, 9. 5. 1989, p. 1.

9. Article 29 (1) is replaced by the following:

'1. If it is found, after application of Articles 28 and 28a to the 1990/91 marketing year, that the actual total loss for the said marketing year:

(a) is not fully covered by the proceeds of the production levy and, where appropriate, the additional levy, the resulting financial burden shall be added to the estimated total loss referred to in Article 28 (1) (e) for the marketing year during which the finding is made;

(b) is less than the proceeds of the production levies and, where appropriate, the additional levy, an amount equal to the difference shall be deducted form the estimated total loss or, as the case may be, added to the estimated total loss resulting from application of Articles 28 and 28a to the marketing year during which the finding is made.';

10. Article 46 (1) to (5) is replaced by the following:

'1. The Italian Republic shall be authorized, during the marketing years 1991/92 and 1992/93, to grant, under the terms of paragraphs 2, 3 and 4, adjustment aid to sugar-beet producers and, should the case arise, to sugar producers.

2. The aid referred to in paragraph 1 may be granted only in respect of the quantity of sugar produced within the limit of the A and B quotas of each sugar-producing undertaking.

3. For the production referred to in paragraph 2, the maximum amount of the aid may not:

(a) per 100 kilograms of white sugar, exceed 23,64 % of the intervention price for white sugar fixed in accordance with Article 3 (1) (a) for the marketing year in question;

nor

(b) exceed, for each of the 1991/92 and 1992/93 marketing years, 70 % of the overall financial commitment in ecus already authorized in this context for the 1988/89 marketing year.

4. However, the Italian Republic may adjust the aids referred to in paragraphs 2 and 3 where this is necessitated by exceptional requirements connected with current plans for restructuring the sugar sector in Italy. In applying Articles 92, 93 and 94 of the Treaty, the Commission shall assess in particular whether such aid is consistent with the restructuring plans.

5. In addition, during the marketing years 1991/92 and 1992/93, the Italian Republic shall be authorized, when the interest rate granted in Italy to the most solvent applicant is higher, by 3 % or more, than the interest rate used to calculate the reimbursement referred to in Article 8, to cover the effect of this difference on the storage costs by a national aid.'

11. In Article 46 (6):

— the introductory words of the first subparagraph read: '6. During the 1991/92 and 1992/93 marketing years, the United Kingdom may...',

— '0,50 ECU' is replaced by 'ECU 0,45' in the second subparagraph;

12. In Article 48, 'until 30 June 1987' is replaced by 'until 30 June 1992'.

Article 2

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Communities.*

It shall apply from 1 July 1991.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 4 February 1991.

For the Council

The President

R. STEICHEN