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Committee on Budgets

2007/0085(CNS)

17.7.2007

OPINION

of the Committee on Budgets

for the Committee on Agriculture and Rural Development

on the proposal for a Council regulation amending Regulation (EC) No 320/2006 establishing a temporary scheme for the restructuring of the sugar industry in the Community
(COM(2007)0227 – C6-0176/2007 – 2007/0085(CNS))

Draftsman: László Surján

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SHORT JUSTIFICATION

1. Background of the proposal

The two proposals for regulations proposed by the Commission consist of an update of the two regulations: (EC) No 318/2006 and (EC) No 320/2006¹ which were part of the big sugar reform of 2005².

18 months later the measures have already been shown to be insufficient to achieve the reform goals by 2010 and have to be adapted, according to the Commission. The voluntary reductions on the part of producers have so far given a 2.2 million tonne decrease, nowhere near the 6 million tonne objective intended by the reform.

However, some Member States have reached the reform targets, in some cases even reducing their sugar quotas by half. Therefore, your draftsman believes that it is reasonable to focus the reform adjustment on those Member States where the sugar reform of 2005 failed.

The EU is under ongoing pressure from sugar producing countries like Brazil, Australia and Thailand and the World Trade Organization who accuse the European Union of violating, by its sugar regime, its obligations under the *WTO Agreement on Agriculture*.³

The Commission therefore proposes in the proposal to amend Regulation (EC) No 320/2006 to:

- fix the amount of aid to be reserved to growers and machinery contracts at 10% of the aid to be granted to sugar undertakings;
- grant growers an additional payment for the 2008/2009 marketing year (EUR 237.5 per tonne of quota renounced);
- pay, retroactively, the difference between the aid amount granted for the marketing years 2006/2007 and 2007/2008 and the amount paid in 2008/2009. This is being proposed in order not to penalise undertakings and growers who took part in the restructuring scheme before the amendments come into force;
- give the Commission the power to prolong the deadline for applications in order to accelerate the restructuring process, if it has reliable indications that the aim of the restructuring fund is nearly reached in the 2008/2009 marketing year;
- give growers the possibility to apply directly for restructuring aid on condition that they cease to deliver sugar beet or cane to undertakings to which they were bound by delivery contracts in the previous marketing year;

¹ OJ L 58, 28.2.2006, p. 1.

² Opinion of the Committee on Budgetary Control for the Committee on Agriculture and Rural Development on the proposal for a Council regulation on the common organisation of the markets in the sugar sector (COM(2005)0263 – 2005/0118(CNS)), Draftsman: Terence Wynn.

³ World Trade Organisation, 28 April 2005, WT/DS265/AB/R, WT/DS266/AB/R, WT/DS283/AB/R - EUROPEAN COMMUNITIES – EXPORT SUBSIDIES ON SUGAR - Report of the Appellate Body: http://docsonline.wto.org/gen_search.asp?searchmode=simple

- limit the quota reduction to 10% of the quota allocated to each undertaking, which corresponds to the percentage of quota which the Member State can re-allocate each marketing year;
- give sugar undertakings which are affected by a grower's aid application the right to submit an application for restructuring aid.

By proposing this to the Council, the Commission hopes that producers will abandon the other 3.8 million tonnes foreseen until 2008/2009 and 2009/2010.

2. Amendments

From the perspective of financial transparency, actual recipients of EU compensation should be clearly visible to the EU taxpayer. The proposed publication of information on beneficiaries of Community funds¹, as inserted into the Financial Regulation by Council Regulation (EC, Euratom) No 1995/2006, provides that the necessary details shall be laid down in the relevant sector-specific rules. This should apply as from 1 January 2008 also to sugar producers.

3. Conclusion

The Committee on Budgets will assess the fact that national quotas have been left in place. A true EU market will not therefore be achieved, thus probably artificially pushing up the price to the consumer and to the Budget. Also it has to be ensured that compensation and adjustment aids reach those in need, i.e. the smaller beneficiaries on lower incomes, and not those who have already made extensive profit margins from the system. The current rule of "first come first served" discriminates against small sugar growers and should therefore be corrected.

AMENDMENTS

The Committee on Budgets calls on the Committee on Agriculture and Rural Development, as the committee responsible, to incorporate the following amendments in its report:

Draft legislative resolution

Amendment 1 Paragraph 1 a (new)

1a. Considers that the indicative reference amount indicated in the legislative proposal must be compatible with the ceiling of heading 2 of the new Multiannual Financial Framework (MFF) and points out that the annual amount will be decided within the annual budgetary procedure in accordance with the provisions of point 38 of the IIA of 17 May 2006.

¹ COM(2007)0122, regulation to amend Regulation (EC) No 1290/2005 on the financing of the common agricultural policy, Chatzimakakis report

Amendment 2
RECITAL 9 A (new)

(9a) In the context of the revision of Council Regulation (EC) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities¹, Articles 30(3) and 53b(2)(d) on the annual ex-post publication of beneficiaries of funds deriving from the budget were inserted into that Regulation in order to implement the European Transparency Initiative. Sector-specific Regulations like Regulation (EC) No 1290/2005 are to provide the means for such a publication. The temporary scheme for the restructuring of the sugar industry as established by Regulation (EC) No 320/2006 forms part of the budget of the European Communities and finances expenditure in a context of shared management between the Member States and the Community. Rules should therefore be laid down for the publication of information on the beneficiaries of this scheme. To that end, Member States should ensure annual ex-post publication of the beneficiaries and the amounts received per beneficiary.

¹ OJ L 248, 16.9.2002, p. 1. Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p. 1).

Justification

The principle of transparency is provided in Article 30(3) of the Financial Regulation and more particularly in Article 53b(2) for shared management. The Commission has already adopted detailed specific rules for sectoral funds (i.e. for the European Regional

¹ Not yet published in OJ.

Development Fund, the European Social Fund, the Cohesion Fund and the European fisheries Fund). This requirement of publication of beneficiaries will also be laid down in the modified Council Regulation 1290/2006, currently proposed (COM(2007)0122).

Amendment 3
RECITAL 9 B (new)

(9b) Making this information accessible to the public enhances transparency regarding the use of Community funds in the common agricultural policy and improves the sound financial management of these funds, in particular by reinforcing public control of the money used. Given the overriding weight of the objectives pursued it is justified with regard to the principle of proportionality and the requirement of the protection of personal data to provide for the general publication of the relevant information on beneficiaries.

Justification

The principle of transparency is provided in Article 30(3) of the Financial Regulation and more particularly in Article 53b(2) for shared management. The Commission has already adopted detailed specific rules for sectoral funds (i.e. for the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European fisheries Fund). This requirement of publication of beneficiaries will also be laid down in the modified Council Regulation 1290/2006, currently proposed (COM(2007)0122).

Amendment 4
ARTICLE 1, POINT 4 A (new)
Article 10a (new) (Regulation (EC) No 320/2006)

(4a) The following Article 10a is inserted:

"Article 10a

Publication of the beneficiaries

Pursuant to Article 53b(2)(d) of Regulation (EC) No 1605/2002 and Article 44a of Regulation (EC) No 1290/2005, Member States shall ensure annual ex-post publication of the beneficiaries of any of

the aid referred to in Articles 3, 4a, 6, 7, 8 and 9 of this Regulation claimed for any of the marketing years 2006/2007, 2007/2008, 2008/2009 and 2009/2010 and the amounts received per beneficiary. The publication shall contain at least the total amount of public funding per beneficiary, his/her name and surname, or in the case of a legal person or enterprise, the firm, as well as the place of residence and/or registered seat.

Justification

The principle of transparency is provided in Article 30(3) of the Financial Regulation and more particularly in Article 53b(2) for shared management. The Commission has already adopted detailed specific rules for sectoral funds (i.e. for the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European fisheries Fund). This requirement of publication of beneficiaries will also be laid down in the modified Council Regulation 1290/2006, currently proposed (COM(2007)0122).

PROCEDURE

Title	Restructuring of the sugar industry
References	COM(2007)0227 - C6-0176/2007 - 2007/0085(CNS)
Committee responsible	AGRI
Opinion by Date announced in plenary	BUDG 21.6.2007
Drafts(wo)man Date appointed	László Surján 23.5.2007
Date adopted	17.7.2007
Result of final vote	+: 17 -: 0 0: 0
Members present for the final vote	Reimer Böge, Joan Calabuig Rull, Brigitte Douay, Salvador Garriga Polledo, Louis Grech, Nathalie Griesbeck, Catherine Guy-Quint, Jutta Haug, Anne E. Jensen, Vladimír Maňka, Mario Mauro, Francesco Musotto, Gérard Onesta, Gianni Pittella, Petre Popeangă, Esko Seppänen
Substitute(s) present for the final vote	Paul Rübig