# Commission Regulation (EC) No 1832/2006 of 13 December 2006 laying down transitional measures in the sugar sector by reason of the accession of Bulgaria and Romania

## COMMISSION REGULATION (EC) No 1832/2006

of 13 December 2006

laying down transitional measures in the sugar sector by reason of the accession of Bulgaria and Romania

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty of Accession of Bulgaria and Romania, and in particular Article 4(3) thereof,

Having regard to the Act of Accession of Bulgaria and Romania, and in particular Article 41 and Article 21 thereof in conjunction with point 4 of Section 3(a) of Annex V thereto,

Whereas:

(1) The rules concerning production and trade arrangements for the sugar market inserted in Council Regulation (EC) No 318/2006 of 20 February 2006 on the common organisation of the markets in the sugar sector[(1)] by the Act of Accession of Bulgaria and Romania should be applicable as from 1 January 2007, subject to the entry into force of the Act of Accession on that date. However, for the marketing year 2006/07, the entire beet sugar production of Bulgaria and Romania will have been produced under national arrangements. Transitional measures are therefore required to change over from the production and trade arrangements in force in Bulgaria and Romania to those provided for in Regulation (EC) No 318/2006. Consequently, the provisions on minimum beet prices, inter-professional agreements and quota allocation provided for in Articles 5, 6 and 7 of Regulation (EC) No 318/2006 should not apply to Bulgaria and Romania in the marketing year 2006/07.

(2) Article 4(1) of Council Regulation (EC) No 320/2006 of 20 February 2006 establishing a temporary scheme for the restructuring of the sugar industry in the Community and amending Regulation (EC) No 1290/2005 on the financing of the common agricultural policy[(2)] fixes the deadline for submitting applications for the restructuring aid at 31 July 2006 in respect of the marketing year 2006/07. It was thus not possible for undertakings established in Bulgaria and Romania to submit applications for restructuring aid in respect of that marketing year. Those undertakings should therefore not have to pay the restructuring amount provided for in Article 11 of Regulation (EC) No 320/2006 in respect of the marketing year 2006/07.

(3) In the case of isoglucose, production is steady and in keeping with demand. It is necessary to determine for the period from 1 January to 30 September 2007 the appropriate national isoglucose quotas for Bulgaria and Romania in order to ensure the balance between production and consumption in the Community as constituted at 1

January 2007. Those transitional isoglucose quotas should be calculated on a *pro rata temporis* basis.

(4) In order to allow undertakings established in Bulgaria and Romania to participate in the restructuring scheme established by Regulation (EC) No 320/2006 under the same conditions as those applicable to undertakings established in the Community as constituted at 31 December 2006, it is necessary to make certain adjustments in relation to the marketing year 2007/08, in particular as regards the chronological order referred to in Article 8(1) of Commission Regulation (EC) No 968/2006 of 27 June 2006 laying down detailed rules for the implementation of Regulation (EC) No 320/2006 establishing a temporary scheme for the restructuring of the sugar industry in the Community[(3)].

(5) In accordance with the Act of Accession, the agreed raw sugar supply need for refining is 198 748 tonnes for Bulgaria and 329 636 tonnes for Romania per marketing year. However, the quantities of traditional supply need distributed for Bulgaria and Romania should be reduced on a *pro rata temporis* basis to reflect the fact that Bulgaria and Romania will only participate in the 2006/07 marketing year for the period from 1 January 2007 to 30 September 2007.

(6) The full-time refiners in Bulgaria and Romania rely to a large extent on imports of raw cane sugar from traditional suppliers in certain third countries. The Commission has therefore proposed to the Council to open tariff quotas for imports of such sugar from any third country for the marketing years 2006/07, 2007/08 and 2008/2009[(4)]. However, in order to avoid disruption of the supply of raw cane sugar for refiners in these Member States at the moment of accession, it is considered necessary to adopt transitional measures for the purpose of opening such tariff quotas at 1 January 2007.

(7) The transitional tariff quotas opened for Bulgaria and Romania under this Regulation should apply only until the Council has adopted permanent measures.

(8) Import licences issued under the tariff quotas opened by this Regulation should be reserved for approved full-time refiners in Bulgaria and Romania.

(9) The amount of the import duty applicable to imports under the tariff quotas opened by this Regulation should be fixed at a level which ensures fair competition in the Community sugar market, but which is not prohibitive for imports into Bulgaria and Romania. Taking into account that imports under these tariff quotas could be carried out from any third country it is therefore appropriate to fix the level of import charges at EUR 98 per tonne, which is the same level as fixed for CXL concessions sugar under Article 24 of Commission Regulation (EC) No 950/2006 of 28 June 2006 laying down detailed rules of application for the 2006/07, 2007/08 and 2008/2009 marketing years for the import and refining of sugar products under certain tariff quotas and preferential agreements[(5)].

(10) There is a considerable risk of disruption on the markets in the sugar sector by products being introduced into Bulgaria and Romania before their accession to the European Union for speculation purposes. Provisions facilitating the transition should therefore be made to avoid such speculative movements or other market disturbances. Similar

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provisions have already been taken by Commission Regulation (EC) No 1683/2006 of 14 November 2006 on transitional measures to be adopted in respect of trade in agricultural products on account of the accession of Bulgaria and Romania[(6)]. Specific rules are necessary in order to take into account the particularities of the sugar sector.

(11) Provisions should be taken to prevent operators from circumventing the application of charges on certain sugar products in free circulation by placing goods which have been already released for free circulation in the Community as constituted at 31 December 2006 or in Bulgaria or Romania before accession under a suspensive regime, either in temporary storage or under one of the treatments or procedures referred to in Articles 4(15)(b) and (16)(b) to (g) of Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code[(7)].

(12) Furthermore, and in accordance with the Act of Accession of Bulgaria and Romania, quantities of stocks of sugar or isoglucose exceeding the normal carry-over stock should be eliminated from the market at the expense of Bulgaria and Romania. Determination of the surplus quantities should be carried out by the Commission on the basis of trade developments and production and consumption trends in Bulgaria and Romania during the period from 1 January 2003 to 31 December 2006. For this procedure, besides sugar and isoglucose, other products with a significant added sugar equivalent content should also be considered as they could also be possible targets of speculation. In cases where the determined surplus quantity of sugar and isoglucose is not eliminated from the Community market by 30 April 2008 at the latest, Bulgaria and Romania should be made financially responsible for the relevant quantity.

(13) The amount to be charged to Bulgaria or Romania and assigned to the Community budget in case of non elimination of surplus stocks should be calculated on the basis of the highest positive difference between the white sugar reference price fixed at EUR 631,9 per tonne by Article 3(1)(a) of Regulation (EC) No 318/2006 and the world market price of white sugar during the period of 1 January 2007 to 30 April 2008. For the purpose of this calculation the monthly average of the quotations at the London No. 5 white sugar futures market for the nearest term, that is to say the nearest delivery month for which trading of white sugar is possible, should be considered as the world market price.

(14) It is in the interest of both the Community and Bulgaria and Romania to prevent the accumulation of surplus stocks and in any case be able to identify those operators or individuals involved in major speculative trade movements. For that purpose, Bulgaria and Romania should have in place on 1 January 2007 a system that enables them to identify those responsible for such developments. This system should allow Bulgaria and Romania to identify the economic operators which have contributed to surplus quantity referred to in recital 12 with a view to recovering, as far as possible, the amounts assigned to the Community budget. Bulgaria and Romania should use this system to compel identified operators to eliminate their individual surplus quantity from the Community market. Where identified operators cannot provide appropriate proof of elimination they should be charged EUR 500 per tonne (white sugar equivalent) for the surplus sugar not eliminated. This is the same amount as that fixed for the levy provided

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for in Article 3 of Commission Regulation (EC) No 967/2006 of 29 June 2006 laying down detailed rules for the application of Council Regulation (EC) No 318/2006 as regards sugar production in excess of the quota[8]. While both economic operators and households may contribute to the surplus quantity referred to in recital 12, it is most likely to be operators. However, it is not feasible to require households to contribute to this amount.

(15) For the determination of surplus stocks and the elimination of identified surplus stocks, Bulgaria and Romania should provide the Commission with the most recent statistics on trade, production and consumption of the products considered, as well as proof of elimination from the market of the identified surplus stocks by the set deadline.

(16) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Sugar,

HAS ADOPTED THIS REGULATION:

## CHAPTER I

## TRANSITIONAL MEASURES IN VIEW OF THE ACCESSION OF BULGARIA AND ROMANIA

### SECTION 1

### Applicability of the sugar CMO and the temporary restructuring scheme

*Article 1*

**Applicability of certain provisions of Regulations (EC) No 318/2006 and (EC) No 320/2006**

1 Articles 5, 6 and 7 of Regulation (EC) No 318/2006 and Article 11 of Regulation (EC) No 320/2006 shall not apply to Bulgaria and Romania for the marketing year 2006/07.

However, Article 7 shall apply in respect of the allocation in 2007 of the national quotas which will apply as from marketing year 2007/08 and the isoglucose quotas indicated in paragraph 2.

2 For the period from 1 January 2007 to 30 September 2007, the national quotas of isoglucose for Bulgaria and Romania for the purposes of Article 9 of Regulation (EC) No 318/2006 shall be as follows:

| | **National quota in tonnes of dry matter** |
|---|---|
| **Bulgaria** | 50 331 |
| **Romania** | 8 960 |

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3 For the period from 1 January 2007 to 30 September 2007, the traditional supply need distributed for Bulgaria and Romania for the purposes of Article 29 of Regulation (EC) No 318/2006 shall be as follows:

| | **Traditional supply need distributed in tonnes of white sugar** |
|---|---|
| **Bulgaria** | 149 061 |
| **Romania** | 247 227 |

*Article 2*

**Temporary restructuring scheme**

1 This paragraph shall only apply if applications for restructuring aid, under Article 7 of Regulation (EC) No 968/2006, in respect of marketing year 2007/08 are submitted prior to 1 January 2007 in the Community as constituted on 31 December 2006. The date of the first such application shall be referred to as 'the reference date'.

Where applications for restructuring aid under Article 7 of Regulation (EC) No 968/2006, in respect of marketing year 2007/08, are submitted in Bulgaria or Romania on or after 1 January 2007, the length of time between the reference date and 1 January 2007 shall not be counted for those applications in establishing the chronological order referred to in Article 8(1) of Regulation (EC) No 968/2006.

2 With regard to the consultation conducted in the framework of the relevant agreements within the trade as referred to in the second subparagraph of Article 3(2) of Regulation (EC) No 320/2006, Bulgaria and Romania may, for the marketing year 2007/08, take into account consultations conducted in the framework of agreements which took place before the date of the entry into force of this Regulation, even if they do not comply with the requirements of Regulation (EC) No 968/2006.

SECTION 2

**Opening of tariff quotas for refining**

*Article 3*

**Opening of tariff quotas for the import of raw cane sugar for refining**

1 For the marketing year 2006/07, tariff quotas for a total of 396 288 t in white sugar equivalent for the import from any third country of raw cane sugar for refining, falling within CN code 1701 11 10 shall be opened at a duty of EUR 98 per tonne.

The quantity to be imported shall be distributed as follows:

Bulgaria: 149 061 tonnes;

Romania: 247 227 tonnes.

2 Quantities imported in accordance with this Regulation shall bear the order number shown in Annex I.