Commission Regulation (EC) No 952/2006 of 29 June 2006 laying down detailed rules for the application of Council Regulation (EC) No 318/2006 as regards the management of the Community market in sugar and the quota system

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THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 318/2006 of 20 February 2006 on the common organisation of the markets in the sugar sector[(1)], and in particular Article 40 thereof,

Whereas:

(1) The application of the quota system in the sugar sector requires a precise definition of an undertaking's production of sugar, isoglucose or inulin syrup. The possibility of allocating part of the production of one undertaking to another undertaking which has had sugar produced under contract should be limited to certain specific cases.

(2) Under Article 17 of Regulation (EC) No 318/2006, Member States grant approval, on request, to undertakings producing sugar, isoglucose or inulin syrup or to undertakings that process these products into a product included in the list referred to in Article 13(2) of that Regulation. The content of the application for approval which sugar, isoglucose and inulin syrup producers and refiners must submit to the competent authorities of the Member States should be specified. The commitments that the undertakings must make in return for approval should be laid down, in particular the obligation to keep an up-to-date record of the quantities of raw materials entering the undertaking, being processed in it and leaving it in the form of an end product.

(3) It is necessary to lay down Member States' obligations as regards checks on approved undertakings, and to define a sufficiently deterrent system of penalties.

(4) Article 4 of Regulation (EC) No 318/2006 provides for an information system on sugar prices. Under Article 17 of that Regulation, approved undertakings are required to provide information on the quantities of white sugar sold and corresponding prices and conditions. The frequency and content of the information on prices that sugar manufacturers and refiners must draw up for transmission to the Commission should be laid down. To have an indication of the short-term outlook, it would be useful for undertakings to draw up and transmit the forecast average selling prices for the following three months also. Approved undertakings which use sugar for processing into one of the products listed in Article 13(2) of Regulation (EC) No 318/2006 must

Changes to legislation: *There are currently no known outstanding effects for the Commission Regulation (EC) No 952/2006. (See end of Document for details)*

also draw up, for transmission to the Commission, the price of the sugar purchased, at the same intervals and in the same format as those laid down for sugar producers.

(5) To ensure publication of price levels in accordance with Article 4 of Regulation (EC) No 318/2006 while guaranteeing the confidentiality of data, it should be laid down that the Commission must inform the Management Committee for Sugar twice a year of the average prices of white sugar sold on the Community market in the previous half-year, broken down into quota sugar and non-quota sugar.

(6) A report on the operation of the system for recording and notifying market prices provided for in this Regulation is to be drawn up in order to propose improvements considered relevant and a computerised system for the transmission of price data. Pending these improvements, on a transitional basis for 2006 and 2007, the prices drawn up by the undertakings must be sent directly to the Commission for the purposes of informing the Management Committee for Sugar.

(7) Where Article 14 or 19 of Regulation (EC) No 318/2006 applies, manufacturers are to carry forward part of their production to the following marketing year, to be counted against the production of that year. Consequently, for that marketing year, delivery contracts at the minimum price for beet need only be concluded by sugar manufacturers in respect of the quantity of sugar within their basic quota which they have not yet produced.

(8) To ensure the proper working of the quota system the terms ‘pre-sowing’ and ‘minimum price’ as used in Article 6(5) of Regulation (EC) No 318/2006 must be defined. The specific agricultural and climatic conditions for growing beet in certain regions of Italy should be taken into account by fixing a different final date for sowing.

(9) Under Article 5(3) of Regulation (EC) No 318/2006, the minimum price is adjusted by price increases or reductions to allow for deviations in the quality of the beet from the standard quality. The quality, and hence the value, of sugar beet largely depends on sugar content. The most appropriate method of establishing the value of beet of a quality differing from the standard quality is to establish a scale of price increases and reductions expressed as a percentage of the minimum price.

(10) Article 8 of Regulation (EC) No 318/2006 provides for the allocation of additional sugar quotas. This allocation, which aims to facilitate the transition from the previous quota system to the present system, must be confined to undertakings which were allocated a quota in 2005/06. Moreover, the terms on which the allocation is possible from the 2006/07 marketing year onwards should be laid down.

(11) Article 9(2) of Regulation (EC) No 318/2006 provides for the allocation of supplementary isoglucose quotas. The Member States concerned allocate these quotas to undertakings, in proportion to the isoglucose quotas that have been allocated to them, in a manner which avoids any form of discrimination. The deadline for payment of the one-off amount provided for in Article 9(3) of that Regulation should be laid down.

(12) Point 5 of Article 2 of Regulation (EC) No 318/2006 defines the production of quota sugar as the quantity of sugar production attributed to a specific marketing year under the quota of the undertaking concerned, and point 9 of Article 2 thereof defines quota

beet as sugar beet processed into quota sugar. It is therefore necessary to lay down a rule on the allocation of sugar production to a specific marketing year, while leaving Member States a margin of flexibility for the specific cases of production of sugar from autumn beet and production of cane sugar.

(13) To ensure the proper management of the quota system, determine the monthly consumption of sugar and draw up supply balances, provision should be made for communications between approved undertakings and the Member States, on the one hand, and the Member States and the Commission on the other, covering stocks, the level of production and areas sown.

(14) Article 18(2) of Regulation (EC) No 318/2006 provides for intervention measures by buying in sugar. The implementation of Community intervention measures requires sugar to be taken over by the intervention agencies at a specified place. Accordingly, it should be laid down that only sugar held in an approved place of storage when the offer is made may be taken over.

(15) To permit access to intervention in areas where it is particularly needed due to the scale of production, the maximum quantity fixed in Article 18(2) of Regulation (EC) No 318/2006 must initially be allocated between producer Member States on the basis of their sugar production quotas. It should be possible to adapt this allocation before each new marketing year, to take into account changes made in the allocation of quotas by Member States and, in the course of each marketing year, to reallocate any unused quantities.

(16) As regards the conditions for granting or withdrawing approval of places of storage, account should be taken of the requirements for keeping sugar in good condition and easily accessible for removal, and the capacity for removal from storage.

(17) Sugar with characteristics that will make it difficult to dispose of later and likely to deteriorate in storage should not be accepted for intervention. The minimum quality required should be laid down. It should also be laid down that a storage contract, which is a condition for the buying-in of sugar to intervention, must be concluded between the intervention agency and the seller.

(18) To facilitate the administration of the intervention arrangements, sugar should be offered in lots. A lot, in particular its quantity, should therefore be defined.

(19) The intervention agency must have all the facts needed to determine whether the offer meets all the requirements. To that end, the party making the offer must supply it with all the necessary information.

(20) Under Article 18(2) of Regulation (EC) No 318/2006, the buying-in price is adjusted if the quality of the sugar differs from the standard quality. Scales of price increases and reductions should therefore be laid down, taking account of the quality of the sugar offered and applicable to the buying-in price. These scales and the resulting price increases and reductions may be determined on the basis of the objective data generally used in commercial transactions.

(21) Sugar held by intervention agencies must be sold without discrimination between Community buyers and on the most economic terms possible. In general, these objectives can be attained using the tendering system. To prevent sugar being disposed of when market conditions are unfavourable, invitations to tender should be subject to prior authorisation. It may be preferable in certain circumstances to make use of procedures other than tendering.

(22) To ensure that all interested parties in the Community receive equal treatment, invitations to tender issued by the intervention agencies must conform to uniform rules. In this connection, it is necessary to ensure that the sugar is actually put to the intended use.

(23) The criteria used to determine the grade of the white sugar and the yield of the raw sugar sold should be the same as those applied when sugar is bought in by intervention agencies. Equal treatment for all interested parties can be ensured only by introducing uniform and precisely defined provisions for adjusting the selling price or the export refund, as the case may be, and correcting export licences where the sugar is found to be of a quality other than that indicated in the invitation to tender.

(24) In the interests of clarity, Commission Regulations (EC) No 1261/2001 of 27 June 2001 laying down detailed rules for the application of Council Regulation (EC) No 1260/2001 as regards delivery contracts for beet and the price increases and reductions applicable to the price of beet[(2)], (EC) No 1262/2001 of 27 June 2001 laying down detailed rules for implementing Council Regulation (EC) No 1260/2001 as regards the buying in and sale of sugar by intervention agencies[(3)] and (EC) No 314/2002 of 20 February 2002 laying down detailed rules for the application of the quota system in the sugar sector[(4)] should be repealed and replaced by a new Regulation.

(25) 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

INTRODUCTORY PROVISIONS

[F1 Article 1

This Regulation lays down detailed rules for the application of Regulation (EC) No 318/2006, as regards in particular the determination of production, approval of manufacturers and refiners, the price and quota system, the conditions for buying sugar into intervention and selling sugar from intervention and the private storage for the marketing year 2007/2008.**]**

Textual Amendments

F1 Substituted by Commission Regulation (EC) No 707/2008 of 24 July 2008 amending Regulation (EC) No 952/2006 laying down detailed rules for the application of Council Regulation (EC) No 318/2006 as regards the management of the Community market in sugar and the quota system.

Article 2

Definitions

For the purpose of this Regulation:

(a) 'raw material' means beet, cane, chicory, cereals, sugar for refining or any other intermediate form of these products intended for processing into an end product;

(b) 'end product' means sugar, inulin syrup or isoglucose;

(c) 'manufacturer' means an undertaking producing end products, with the exception of refiners as defined in point 13 of Article 2 of Regulation (EC) No 318/2006;

(d) 'place of storage' means a silo or warehouse.

CHAPTER II

ESTABLISHING PRODUCTION

Article 3

Sugar production

1 For the purposes of Title II of Regulation (EC) No 318/2006, 'sugar production' means the total quantity, expressed as white sugar, of:

a white sugar;

b raw sugar;

c invert sugar;

d syrups belonging to one of the following categories, hereinafter called 'syrups':

(i) sucrose or invert sugar syrups which are at least 70 % pure and are produced from sugar beet,

(ii) sucrose or invert sugar syrups which are at least 75 % pure and are produced from sugar cane.

2 Sugar production shall not include:

[[F1]a quantities of white sugar produced from white sugar, raw sugar or syrups which were not produced in the undertaking which manufactured the white sugar;

b quantities of white sugar produced from white sugar, raw sugar, syrups or sugar sweepings which were not produced during the marketing year in which the white sugar was manufactured;**]**

c quantities of raw sugar produced from syrups which were not produced in the undertaking which manufactured the raw sugar;