Commission Regulation (EC) No 493/2006 of 27 March 2006 laying down transitional measures within the framework of the reform of the common organisation of the markets in the sugar sector, and amending Regulations (EC) No 1265/2001 and (EC) No 314/2002

COMMISSION REGULATION (EC) No 493/2006

of 27 March 2006

laying down transitional measures within the framework of the reform of the common organisation of the markets in the sugar sector, and amending Regulations (EC) No 1265/2001 and (EC) No 314/2002

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 44 thereof,

Having regard to Council Regulation (EC) No 1260/2001 of 19 June 2001 on the common organisation of the markets in the sugar sector[(2)], and in particular Articles 7(5), 15(8) and 16(5) thereof,

Whereas:

(1) The necessary measures should be taken to facilitate the transition in the sugar sector from the rules provided for in Regulation (EC) No 1260/2001 to the new regime established by Regulation (EC) No 318/2006.

(2) Following the deletion of the obligation to export provided for in Article 13 of Regulation (EC) No 1260/2001, measures should be laid down to manage the quantities of sugar resulting from the disappearance of this obligation and of the C sugar arrangements from 1 July 2006. These measures should comply with the Community's international obligations.

(3) To improve management of the quantities of sugar produced in excess of the quota attributable to the 2005/2006 marketing year, undertakings should be allowed to carry forward some of these quantities to the 2006/2007 marketing year. To this end, it should be laid down that the carry forward in question is subject to the application of Commission Regulation (EEC) No 65/82 of 13 January 1982 laying down detailed rules for carrying forward sugar to the following marketing year[(3)], while allowing a certain degree of flexibility on the decision to carry forward in order to facilitate the transition between the existing regime and the new regime.

(4) The quantity of non-quota sugar in the 2005/2006 marketing year, which may be neither carried over nor exported, should be considered to be non-quota sugar in the 2006/2007 marketing year in order to allow its disposal through the uses provided for in respect of this sugar by Regulation (EC) No 318/2006, as well as, taking into account the

Changes to legislation: *There are currently no known outstanding effects for the Commission Regulation (EC) No 493/2006. (See end of Document for details)*

exceptional conditions of the transition between those marketing years, its use in animal feed.

(5) For control purposes and, where applicable, the application of penalties, the proportion of C sugar production in the 2005/2006 marketing year not carried over and not considered to be in excess of the quota in the 2006/2007 marketing year should continue to be subject to the application of Commission Regulation (EEC) No 2670/81 of 14 September 1981 laying down detailed implementing rules in respect of sugar production in excess of the quota[(4)].

(6) In order to improve the market balance in the Community without creating new stocks of sugar in the 2006/2007 marketing year, provision should be made for a transitional measure to reduce eligible production under quota in respect of that marketing year. A threshold should be fixed above which the production under quota of each undertaking is considered withdrawn within the meaning of Article 19 of Regulation (EC) No 318/2006 or, at the request of the undertaking, as production in excess of the quota within the meaning of Article 12 of that Regulation. In view of the transition between the two regimes, this threshold should be obtained by a combination, in equal parts, of the method laid down in Article 10 of Regulation (EC) No 1260/2001 and that laid down in Article 19 of Regulation (EC) No 318/2006 and take into account the special efforts made by some Member States within the framework of the restructuring fund set up by 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[(5)].

(7) In order to comply with the marketing conditions for the 2005/2006 marketing year, it should be laid down that the aid for disposal and additional aid for sugar produced in certain regions of the Community in the 2005/2006 marketing year and, within the limits of the quantities set by Commission Regulation (EC) No 180/2006 of 1 February 2006[(6)], the refining aid for certain preferential sugars imported and refined in the 2005/2006 delivery period may continue to be paid beyond 30 June 2006. To this end, Commission Regulation (EC) No 1554/2001 of 30 July 2001 laying down detailed rules for the application of Council Regulation (EC) No 1260/2001 as regards marketing sugar produced in the French overseas departments and equalising the price conditions with preferential raw sugar[(7)] and Commission Regulation (EC) No 1646/2001 of 13 August 2001 laying down detailed implementing rules for the grant of adjustment aid to the preferential raw sugar refining industry and adjusting both the adjustment aid and additional basic aid for the sugar refining industry[(8)] should continue to apply to the granting of these aids. For the sugar concerned the refining of preferential sugars by certain refineries should continue to be limited and the control on presumed maximum supply needs should be maintained, and provision should be made for the continued application of Commission Regulation (EC) No 1460/2003 of 18 August 2003 setting for the 2003/2004 to 2005/2006 marketing years rules of application for Council Regulation (EC) No 1260/2001 as regards the presumed maximum raw sugar supply needs of refineries[(9)].

(8) To carry out the calculation, fixing and collecting of production levies in the 2005/2006 marketing year, certain provisions of Commission Regulation (EC) No 314/2002 of 20 February 2002 laying down detailed rules for the application of the quota system in the sugar sector[10] and of Commission Regulation (EC) No 779/96 of 29 April 1996 laying down detailed rules for the application of Council Regulation (EEC) No 1785/81 as regards communications in the sugar sector[11] should continue to apply beyond 30 June 2006. The levies are calculated on the basis of statistical data which are regularly updated. As it is the last time that levies are to be fixed for the entire period between the 2001/2002 marketing year and the 2005/2006 marketing year, without a subsequent possibility, as in previous years, to adjust the calculations on the basis of updated figures, the calculation should be deferred and the levies should be fixed on 15 February 2007 to guarantee the reliability of the calculations and the relevance of the statistical data used.

(9) In order to ensure the supply to the chemical industry in the context of the transition between the existing regime and the new regime introduced on 1 July 2006, certain provisions of Commission Regulation (EC) No 1265/2001 of 27 June 2001 laying down detailed rules for the application of Council Regulation (EC) No 1260/2001 as regards granting the production refund on certain sugar products used in the chemical industry[12] should continue to apply beyond 30 June 2006 to the refund certificates issued before that date. Since the new regime allows the use by the chemical industry of non-quota sugar, the period of validity of the export certificates should be reduced and the granting of the refund should be limited to the production under quota in the 2005/2006 marketing year.

(10) Under Article 1(2) of Regulation (EC) No 318/2006, the period covered by the marketing year begins on 1 October and ends on 30 September of the following year. However, the 2005/2006 marketing year, as laid down by Regulation (EC) No 1260/2001, ends on 30 June 2006. The 2006/2007 marketing year therefore begins on 1 July 2006 and ends on 30 September 2007, and thus extends over 15 months. For the 2006/2007 marketing year, therefore, provision should be made for an increase in the quotas and the traditional refining requirements which previously corresponded to a 12-month period and which will, after this marketing year, again apply to a 12-month period, by taking the extra three months into account so as to ensure an allocation which corresponds to that of the preceding and subsequent marketing years. These transitional quotas should cover sugar production from the start of the 2006/2007 marketing year, from sugar beet sown before 1 January 2006.

(11) Regulations (EC) No 314/2002 and (EC) No 1265/2001 should therefore be amended accordingly.

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

HAS ADOPTED THIS REGULATION:

Changes to legislation: *There are currently no known outstanding effects for the Commission Regulation (EC) No 493/2006. (See end of Document for details)*

CHAPTER I

TRANSITIONAL MEASURES

Article 1

Carrying forward of quotas

1 Notwithstanding Article 14 of Regulation (EC) No 1260/2001, and within the limits laid down in the second subparagraph of Article 2(1) of Regulation (EEC) No 65/82, each undertaking may decide by 31 October 2006 on the quantity of C sugar production attributable to the 2005/2006 marketing year that it is to carry forward to the 2006/2007 marketing year, or amend its decision made before the entry into force of this Regulation to carry forward a certain quantity.

2 Undertakings which make a decision to carry forward as referred to in paragraph 1, or which amend their decision, shall:

a inform the Member State concerned, before 31 October 2006, of the quantity of sugar carried forward;

b undertake to store the quantity carried forward until 31 October 2006.

3 Regulation (EEC) No 65/82 shall apply to B and C sugar from the 2005/2006 marketing year carried forward to the 2006/2007 marketing year.

4 Member States shall inform the Commission, not later than 30 November 2006 and for each undertaking, of the quantity of B and C sugar carried forward from the 2005/2006 marketing year to the 2006/2007 marketing year.

Article 2

C sugar

[F1 1 Without prejudice to decisions to carry forward taken in accordance with Article 1 of this Regulation, C sugar from the 2005/06 marketing year not exported under an export licence issued before 23 May 2006 shall be considered, from that date, to be non-quota sugar, as referred to in Article 12 of Regulation (EC) No 318/2006, produced in respect of the 2006/07 marketing year.**]**

2 Notwithstanding Article 15 of Regulation (EC) No 318/2006, the levy shall not be charged on the quantities of C sugar referred to in paragraph 1 of this Article which are used in animal feed under the same control conditions as those laid down by the Commission for the industrial sugar referred to in Article 13(2) of Regulation (EC) No 318/2006.

3 Regulation (EEC) No 2670/81 shall apply to C sugar production in the 2005/2006 marketing year, with the exception of the sugar carried forward or considered to be non-quota sugar in the 2006/2007 marketing year as referred to in paragraph 1 of this Article.

The minimum price for A sugar for the 2005/2006 marketing year shall apply to the beet equivalent to the quantity of sugar referred to in Article 3 of Regulation (EEC) No 2670/81.

***Changes to legislation:** There are currently no known outstanding effects for the Commission Regulation (EC) No 493/2006. (See end of Document for details)*

Textual Amendments

F1 Substituted by Commission Regulation (EC) No 769/2006 of 19 May 2006 suspending the lodging of applications for export licences for C sugar from 23 May 2006 and amending Regulation (EC) No 493/2006 as regards the transitional measures applicable to C sugar.

Article 3

Preventive withdrawal

[[F2]**[**[F3]1 For each undertaking, the share of the production of sugar, isoglucose or inulin syrup in the 2006/2007 marketing year which is produced under the quota allocated in accordance with the quotas laid down in Annex IV and which exceeds the threshold established in accordance with paragraph 2 of this Article shall be considered withdrawn within the meaning of Article 19 of Regulation (EC) No 318/2006 or, at the request of the undertaking concerned submitted before 31 January 2007 for sugar and before 30 September 2007 for isoglucose, shall be considered fully or partially to have been produced in excess of the quota within the meaning of Article 12 of that Regulation.**]**

2 For each undertaking, the threshold mentioned in paragraph 1 shall be calculated by multiplying its quota mentioned in paragraph 1 by the sum of the following coefficients:

a the coefficient laid down for the Member State in Annex I;

b the coefficient obtained by dividing the sum of the quotas renounced in the 2006/07 marketing year in the Member State concerned under Article 3 of Regulation (EC) No 320/2006 by the quota fixed for that Member State in Annex IV to this Regulation. The Commission shall fix this coefficient not later than 15 October 2006.

However, where the sum of the coefficients exceeds 1,0000, the threshold shall be equal to the quota referred to in paragraph 1.**]**

3 The minimum price applicable to the quantity of beet equivalent to the sugar production withdrawn in accordance with paragraph 1 shall be that of the 2007/2008 marketing year.

4 The obligation referred to in Article 6(5) of Regulation (EC) No 318/2006 shall concern the quantity of beet equivalent to the threshold referred to in paragraph 1 of this Article.

5 Before 1 July 2006, Member States shall send the Commission an estimate of the quantities of sugar, isoglucose and inulin syrup to be considered withdrawn under this Article.

Textual Amendments

F2 Substituted by Commission Regulation (EC) No 1542/2006 of 13 October 2006 amending Regulation (EC) No 493/2006 laying down transitional measures within the framework of the reform of the common organisation of the markets in the sugar sector.

F3 Substituted by Commission Regulation (EC) No 1065/2007 of 17 September 2007 amending Regulation (EC) No 493/2006 laying down transitional measures within the framework of the reform of the common organisation of the markets in the sugar sector.