EUROPEAN COMMUNITIES - REFUNDS
ON EXPORTS OF SUGAR

Questions by Australia on the new
EEC sugar regime

In a communication, dated 8 September 1981, the Australian mission has requested circulation of the following questions on the new EEC sugar regime.
It should be noted that a number of questions were put to the EEC by Australia prior to the second meeting of the Working Party (see Document L/5113). For whatever reasons, these questions remain unanswered (see Document L/5121).

(A) GENERAL
1. How does the EEC's new regime effectively limit production, price or the amounts of export refunds?
2. Can the EEC give an assurance that its system will not act to depress world prices?

(B) QUOTA PRODUCTION
3. Can the Community confirm that the sum of 'A' quotas for the EEC of Nine has been increased by 90,000 tonnes and, bearing in mind that provisions allowing for the transfer of up to 10 per cent of 'A' quotas between producers within Member States will act to minimize shortfalls experienced in the past, can it provide any assurance that actual 'A' quota production will not increase in future years?
4. Can the Community confirm that, despite the nominal reduction made, the sum of 'B' quotas for the EEC of Nine remains greater than average actual 'B' quota production under its previous regime? Bearing in mind that the redistribution of 'B' quotas amongst Member States on the basis of past actual performance, and provisions allowing for the transfer of up to 10 per cent of 'B' quotas between producers within Member States will minimise shortfalls experienced in the past, can any assurance be given that actual 'B' quota production will not increase in future years?
5. Can the Community confirm that the sum of 'A' and 'B' quotas for the EEC of Nine (11.439 million tonnes) exceeds the sum of average production under these quotas by each Member State in their three best years under the previous regime (11.156 million tonnes)? In this light, can any assurance be given that total production of the Nine eligible for price and disposal guarantees will not increase in future years?
(C) 'C' Sugar

6. Can the Community confirm that its new regime introduces no restriction on production of sugar outside 'A' and 'B' quotas (i.e. 'C' Sugar) and that there is therefore no restriction on overall Community production levels?

7. Can the Community confirm that 'C' sugar production has increased steadily over recent years, including during periods when world prices were depressed and the then maximum levy of 30 per cent of the intervention price was applying to 'B' quota production?

8. Would the Community deny that the pooling of producers' receipts from sales in internal markets at supported prices, from exports of quota sugar and exports of 'C' sugar (as referred to by the Community spokesman at the Working Party - see para. 33 of its report), acts to indirectly subsidise exports of 'C' sugar? If so, what explanation can be provided for the fact that 'C' sugar exports grew markedly in 1978 and 1979 when world prices were greatly depressed and at levels less than half the Community intervention price (which presumably bears some relation to Community production costs)?

(D) Export Refunds

9. Can the Community confirm that if total production quotas ('A' and 'B') under its new regime are filled, and Community consumption remains at present levels, the EEC would have eligible for subsidy an annual export availability of some 3.4 million tonnes white value (3.7 million tonnes in raw value terms, c.f. 2.7 million tonnes in 1978 which formed the basis of the panel report on Australia's complaint)?

10. Can the Community confirm that FEOGA will directly provide whatever volume of funds is necessary to subsidise the export of up to 1.4 million tonnes, raw value, of Community-produced sugar?
11. Can the Community confirm that FEOGA will provide additional funds (for stated recovery later) to subsidise exports of the remainder of eligible production should funds from the basic production and initial 'B' quota levies prove insufficient in any year?

12. Would the Community dispute the assertion that its financing system established no limit on the total funds or rate of subsidisation available to its eligible exports?

(E) Intervention Price and Co-responsibility Levy

13. Can the Community confirm that the 8.5 per cent increase in its intervention price for white sugar is by far the highest such increase since 1975/76?

14. Would the Community dispute the assertion that this price increase has the effect of insulating Community producers from, or compensating them for, the introduction of the 2 per cent co-responsibility levy on 'A' and 'B' quota production and therefore will not act to discourage surplus Community production when world prices are depressed? If so, how does the Community explain that despite falling world prices and full knowledge that the co-responsibility levy was imminent, Community producers increased plantings this year by an estimated 10 per cent?

15. Would the Community dispute the assertion that the intervention price increase effectively passes the incidence of the 2 per cent co-responsibility levy on to Community consumers who, through the maintenance of high domestic sugar prices for the bulk of Community sugar production, also bear most of the real incidence of the levy on 'B' quota production?

(F) 1981/82 Crop

16. Could the Community comment on widespread trade estimates that its 1981/82 crop is likely to produce 13.8 million tonnes white value and that EC export availability could be around 5.5 million tonnes white value (6 million tonnes in raw value terms)?
17. Would the Community dispute numerous trade reports that its subsidies awarded at weekly tenders are currently leading the world market and that the Community's expected record 1981/82 production and export availability are depressing world sugar prices?