



Sugar Restructuring Fund

"Single CMO" Management Committee

14 January 2010

Introduction

§ Implementation of 2005 Sugar Reform
and the Sugar Restructuring Fund

§ Budget Provisions in the Sugar
Restructuring Fund

Aim of the restructuring fund:

- § Structural balance of the sugar market in the medium term where exports are limited by WTO rules and imports from EPA/EBA countries should increase substantially
- § Voluntary renunciation of 6 million tonnes of quota, against compensation

Implementation of the reform

Quota renunciation and restructuring

Renunciation of quota

in million tonnes

	2006/07	2007/08	2008/09	20096/10	TOTAL
Estimate reform	1	5			6
Applications	1.47	0.71	3.33	0.26	5.77

Quota renunciation and restructuring

§ Promising start in 2006/07, followed by lower level of applications in 2007/08

§ Further incentives to restructuring as from 2008/2009:

- 10% of restructuring aid to be given to growers and machinery contractors (before: % set by MS)
- Applications from growers to renounce quota for 2008/09 only
- Additional payment of EUR 237.50 per tonne for 2008/09 and 2009/10 if application before 31/01/2008
- Partial exemption from temporary restructuring amount for undertakings that renounced in 2008/09 at least part of quota
- Modification of provisions for final quota cut (taking into account voluntary renunciations at Member State and company level)

Quota renunciation (1)

	2006/2007	2007/2008	2008/2009	2009/2010	TOTAL
Sugar	1.148.896	676.103	3.273.226	132.106	5.230.331
Isoglucose	0	32.664	60.569	129.084	222.316
Inulin	320.717	0	0	0	320.717
TOTAL	1.469.613	708.767	3.333.795	261.190	5.773.364

Quota renunciation (2)

§ Beet Sugar Quotas (23 MS):

- Renounced entirely in 5 MS: BG, IE, LV, PT, SI
- At least 50% renounced in 5 MS: EL, ES, IT, HU, SK
- 45% renounced in FI
- 19-25% renounced in: BE, CZ, DK, DE, FR, LT, PL, SV
- 14-15% renounced in: NL, AT, UK
- 4% renounced in: RO

§ Inulin syrup production: entire quota renounced: BE, FR, NL

§ Isoglucose production Quotas (15 MS):

- Renounced entirely in 6 MS: EL, FR, NL, RO, FI, UK
- Reduction in 2 MS: ES, PT
- No renunciation in 7 MS: BE, BG, DE, IT, HU, PL, SK

Quota development

	SUGAR	ISOGLUCOSE	INULIN	TOTAL
Start of Reform*	17.554.453	507.681	320.717	18.382.850
additional:	1.012.620	326.021	0	1.338.641
renounced:	5.230.331	222.316	320.717	5.773.364
after restructuring	13.336.741	611.386	0	13.948.127
in % of start:	76%	120%	0%	76%

*incl RO+BU

Budget provisions on Restructuring Fund (1)

§ Council Regulation (EC) No 320/2006: Articles 1(1) and 1(3)

- The Sugar Restructuring fund is a **watertight circuit** – technically on the expenditure side of the EU budget.
- The **temporary restructuring amounts** are revenue assigned to the restructuring fund.
- Any amount that may be **available** in the restructuring fund **after the financing** of the expenditure shall be **assigned to the EAGF**.

Budget provisions on Restructuring Fund (2)

§ Commission Regulation (EC) No 968/2006

- Amended by Regulation (EU) No 1204/2009
- Extended deadlines for diversification aid, additional aid for diversification, transitional aid to certain Member States:

Implementation: 30 September 2011

Payments: 30 September 2012

Budget provisions on Restructuring Fund (3)

§ Budget execution

- Overview of contributions and expenditure at time of Amending Letter of 2010 budget
 - Document also distributed in Funds Committee
- 2 tables:
 - Per marketing year
 - Per budget year

Budget execution

[in million EUR]

Per marketing year

	Expenditure	Contributions
Campagne 2006/07	1358	2145
End-of-year balance	787	
Campagne 2007/08	1005	3353
End-of-year balance	2348	
Campagne 2008/09	3034	3865
End-of-year balance	831	
Campagne 2009/10	191	831
End-of-year balance	640	

Per budget year

	Expenditure	Contributions
Budget 2007	552.2	1287.2
End-of-year balance	735	
Budget 2008	1283.3	3327.9
End-of-year balance	2044.6	
Budget 2009	3068.1	3786
End-of-year balance	717.9	
Budget 2010	439.7	1324.6
End-of-year balance	884.9	

Budget provisions on Restructuring Fund (4)

§ Budget execution

Contributions: Last contributions due by end November 2009

- Expenditure:**
- High execution:
 - Restructuring aid,
 - Transitional aid to full-time refiners,
 - Retroactive payment
 - Low execution:
 - Diversification aid,
 - Additional aid for diversification,
 - Transitional aid to certain Member States

Budget provisions on Restructuring Fund (5)

in million EUR

§ Comparison financial statement of the reform and the forecast execution for period 2006-2012

In a nutshell:

- More contributions
- Slightly less expenditure

	2006-2012
Contributions	
Financial statement of reform	5,701
Forecast execution	6,228
<i>Variation</i>	528
Expenditure	
Financial statement of reform	5,648
Forecast execution	5,589
<i>Variation</i>	-60
BALANCE	
Financial statement of reform	52
Forecast execution	640
<i>Variation</i>	587

Budget provisions on Restructuring Fund (6)

§ Budget execution and forecast of remaining balance

- End budget year 2009: 718 million EUR
 - End budget year 2010: 885 million EUR (f)
 - End restructuring: 640 million EUR (f)
- => to be assigned to 2012 budget

Concluding remarks

- § Total quota renunciation remained slightly below initial expectation: 96.6% successful
- § Additional incentives to renounce were effective
- § Some measures under Sugar Restructuring Fund marked by slow implementation
- § Deadlines for measures concerned extended to 30/9/2011 (implementation) and 30/9/2012 (payments)
- § Remaining balance becomes assigned revenue to EAGF after the financing of the restructuring measures