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THE EUROPEAN PARLIAMENT

THE COUNCIL

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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject: REGULATION of the European Parliament and of the Council
establishing accompanying measures for Sugar Protocol countries
affected by the reform of the EU sugar regime

COMMON GUIDELINES

Consultation deadline for Bulgaria and Romania: 20.01.2006

**REGULATION (EC) No .../2006 OF THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL**

of

establishing accompanying measures for Sugar Protocol countries
affected by the reform of the EU sugar regime

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 179 thereof,

Having regard to the proposal from the Commission,

Acting in accordance with the procedure laid down in Article 251 of the Treaty¹,

¹ Position of the European Parliament of 15 December 2005 (not yet published in the Official Journal).

Whereas:

- (1) The European Community is committed, within the framework of the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States, of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000¹ (hereinafter referred to as "the ACP-EC Partnership Agreement"), to supporting the ACP countries on their path to poverty reduction and to sustainable development, and recognises the importance of the commodity sectors and their related Protocols.
- (2) The provisions of the common organisation of the markets in the sugar sector established by Council Regulation (EC) No 1260/2001² will be revised, taking into account the legislative proposals presented by the Commission to the Council.
- (3) Under the Sugar Protocol, attached to Annex V to the ACP-EC Partnership Agreement, some ACP countries rely on the EU market to export sugar. The reform will significantly alter their market conditions.
- (4) The adjustment process of the Sugar Protocol countries to these new market conditions will be complex, considering the socio-economic importance and the multifunctional role of the sugar sector and its significant degree of reliance on the EU market, for several of these states.

¹ OJ L 317, 15.12.2000, p. 3. Agreement as last amended by Agreement of 25 June 2005 (OJ L 287, 28.10.2005, p. 4).

² OJ L 178, 30.6.2001, p. 1. Regulation as last amended by Commission Regulation (EC) No 39/2004 (OJ L 6, 10.1.2004, p. 16).

- (5) In its Communication to the European Parliament and the Council on accomplishing a sustainable agricultural model for Europe through the reformed CAP - sugar sector reform, the Commission committed itself to supporting the adjustment process of Sugar Protocol countries, and set out the principles for its support proposals in the Staff Working Document on an Action Plan on accompanying measures for Sugar Protocol countries affected by the reform of the EU sugar regime. This Working Document was discussed with the Sugar Protocol countries.
- (6) It is essential that Sugar Protocol countries receive support as quickly as possible to maximise the chances of successful adaptation to the new conditions, in full complementarity with existing assistance.
- (7) It is therefore necessary to grant Sugar Protocol countries financial and technical assistance, including budget support where appropriate, additional to that provided for in the framework of the ACP-EC Partnership Agreement, to enable them to adapt to the new market conditions, offering a broad range of support to take into account heterogeneity of situations between countries and within a country. This must include upgrading the competitiveness of their sugar cane sector, developing alternative economic activities, and coping, with the help of adequate resources, with the serious broader social, environmental and economic consequences of a reduction of the contribution of the sugar sector to their economies, or a combination of several of these.

- (8) As this assistance should reflect the specific adjustment efforts required by each of these ACP suppliers as a consequence of the reform, objective criteria should be laid down to determine the extent of such assistance.
- (9) Such assistance should be provided for a period of one year, with continued support to be made available until 2013, by means of the development part of the Development Cooperation and Economic Cooperation Instrument.
- (10) Since the objective of this Regulation, namely to accompany the adaptation process of Sugar Protocol countries affected by the EU sugar reform, cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale and effects of the proposed action, be better achieved at Community level, the Community may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary to achieve that objective.
- (11) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission¹,

HAVE ADOPTED THIS REGULATION:

¹ OJ L 184, 17.7.1999, p. 23.

Article 1

Subject

1. A scheme for financial and technical assistance, including budget support where appropriate, is hereby established to accompany the adjustment process of Sugar Protocol countries, faced with new conditions on the sugar market due to the forthcoming reform of the common organisation of the market in sugar.
2. Subject to Article 11(3), this scheme shall be implemented for the year 2006.

Article 2

Definitions

For the purpose of this Regulation:

- 1) "Sugar Protocol countries" means the ACP countries listed in the Annex,
- 2) "sugar" means raw cane or white cane sugar.

Article 3

Eligibility for assistance and procedure

1. Sugar Protocol countries shall be eligible for financial and technical assistance, including budget support, where appropriate.
2. Financial and technical assistance shall be granted at the request of each Sugar Protocol country. Requests for financial and technical assistance shall be presented by* .
3. The requests shall be based on a comprehensive multi-annual adaptation strategy, defined by the country concerned in accordance with Article 4, in consultation with all stakeholders. The multi-annual adaptation strategy may include measures in the process of being implemented and also current and future financial impacts of social plans already implemented, on the express condition that the measures and social plans concerned are clearly in line with the objectives laid down in Article 4(1).
4. Sugar Protocol countries which submit a request which is not based on a comprehensive, multi-annual adaptation strategy shall only be eligible in 2006 to financial and technical assistance aiming to contribute to the development of such a strategy.

* 60 days after the entry into force of this Regulation.

Article 4

Multi-annual adaptation strategy

1. The multi-annual adaptation strategy shall pursue one or more of the following objectives:
 - (a) to enhance the competitiveness of the sugar and cane sector, where this is a sustainable process, in particular in terms of the long-term economic viability of the sector, taking into account the situation of the different stakeholders in the chain,
 - (b) to promote the economic diversification of sugar-dependent areas, for example by redirecting current sugar production towards the production of bio-ethanol and other non-food applications of sugar,
 - (c) to address broader impacts generated by the adaptation process, possibly related, but not restricted, to employment and social services, land use and environmental restoration, the energy sector, research and innovation and macro-economic stability.
2. The strategy shall at least define the objectives pursued, the approach and means identified to achieve them, the responsibilities of the different stakeholders, and the financial plan to implement the strategy.

It shall assess its sustainability under present and future market conditions, and in social and environmental terms. It shall demonstrate its consistency with general development strategies of the country and its poverty focus.

3. Within the multi-annual strategy, a specific assistance plan for 2006 shall be defined. In the design of this plan, particular attention shall be given to:
 - (a) the pursuit of cost effectiveness and sustainable impact,
 - (b) the clear definition and monitoring of objectives and indicators of achievement.

Article 5

Measures adopted by the Commission

1. After consultation with the Sugar Protocol country concerned, the multi-annual adaptation strategy shall be adopted under the procedure referred to in Article 7(2) and in accordance with Article 4.
2. Special account will be taken of the individual situation of each Sugar Protocol country. For countries finding themselves in a political crisis, unrelated to the evolution of the sugar sector, the delivery of assistance under this Regulation will be assessed by the Commission on a case-by-case-basis.
3. Assistance to Sugar Protocol countries without a multi-annual adaptation strategy shall be subject in 2006 to an annual work programme, adopted in accordance with the procedure referred to in Article 7(2).
4. The assistance provided for under this Regulation shall be complementary but additional to assistance provided under other instruments of development cooperation.

Article 6
Implementation of measures

The measures financed under this Regulation shall be implemented in accordance with general rules as set out in Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities¹ (hereinafter referred to as "the Financial Regulation"). As regards management procedures, this refers in particular to Article 53(1)(a) and (2) of the Financial Regulation and Article 36 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002² laying down detailed rules for the implementation of the Financial Regulation.

Article 7
Committee procedure

1. The Commission shall be assisted by the geographically competent committee for development (hereinafter referred to as "the Committee").
2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

The period laid down in Article 4(3) of Decision 1999/468/EC shall be set at 30 days.

The European Parliament's right to be informed on a regular basis, in accordance with Article 7(3) of that Decision, must be fully respected.

3. The Committee shall adopt its Rules of Procedure.

¹ OJ L 248, 16.9.2002, p. 1.

² OJ L 357, 31.12.2002, p. 1. Regulation as amended by Regulation (EC, Euratom) No 1261/2005 (OJ L 201, 2.8.2005, p. 3).

Article 8
Overall amount

The financial reference amount for implementation of this Regulation for 2006 shall be EUR 40 000 000 (hereinafter referred to as "the overall amount").

Article 9
Allocation of the overall amount

1. Within the overall amount available for the period of validity of this Regulation, the Commission shall fix the maximum amount available to each Sugar Protocol country for financing the actions referred to in Articles 3(3) and 4(3), on the basis of the needs of each country, related in particular to the impact of the reform of the sugar sector in the country concerned and to the importance of the sugar sector to the economy. The measurement of the allocation criteria shall be based on data of campaigns preceding 2004.
2. Further instructions regarding the allocation of the overall amount between Sugar Protocol countries shall be defined by the Commission, acting in accordance with the procedure referred to in Article 7(2).
3. The financial reference amount for the implementation of the financial and technical assistance referred to in Article 3(4), aiming to contribute to the development of a multi-annual strategy, shall be EUR 300 000.

4. Within the overall amount, an indicative amount of 3% will be used to cover the human and material resources required for effective administration and supervision of the assistance.

Article 10

Protection of the financial interests of the Community

1. Any agreements resulting from this Regulation shall contain provisions ensuring the protection of the Community's financial interests, in particular with respect to fraud, corruption and any other irregularities, in accordance with Council Regulations (EC, Euratom) No 2988/95¹ and No 2185/96², and Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)³.
2. Agreements shall expressly entitle the Commission and the Court of Auditors to perform a document audit or an on-the-spot audit of any contractor or subcontractor who has received Community funds. They shall also expressly authorise the Commission to carry out on-the-spot checks and inspections, as provided for in Regulation (Euratom, EC) No 2185/96.

¹ OJ L 312, 23.12.1995, p. 1.

² OJ L 292, 15.11.1996, p. 2.

³ OJ L 136, 31.5.1999, p. 1.

3. All contracts resulting from the implementation of assistance shall ensure the rights of the Commission and the Court of Auditors under paragraph 2 during and after the performance of the contracts.

Article 11

Period of validity

1. This Regulation shall enter into force on the seventh day following that of its publication in the Official Journal of the European Union.
2. It shall apply until 31 December 2006. It shall continue to apply for legal acts and commitments relating to the implementation of the 2006 budget year.
3. In the event that the Development Cooperation and Economic Cooperation Instrument has not entered into force on 1 January 2007, the period of validity of this Regulation shall be extended until the date of entry into force of that instrument.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at

For the European Parliament

The President

For the Council

The President

ANNEX

Sugar Protocol countries as referred to in Article 2

1. Barbados
2. Belize
3. Guyana
4. Jamaica
5. Saint Kitts and Nevis
6. Trinidad and Tobago
7. Fiji
8. Republic of the Congo
9. Côte d'Ivoire
10. Kenya
11. Madagascar
12. Malawi

13. Mauritius
 14. Mozambique
 15. Swaziland
 16. Tanzania
 17. Zambia
 18. Zimbabwe
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