

## REGULATION (EEC) No 206/68 OF THE COUNCIL

of 20 February 1968

laying down outline provisions for contracts and inter-trade agreements on the purchase of beet

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community;

Having regard to Council Regulation No 1009/67/EEC<sup>1</sup> of 18 December 1967 on the common organisation of the market in sugar, and in particular Articles 6 and 30 (3) thereof;

Having regard to the proposal from the Commission;

Whereas Article 6 of Regulation No 1009/67/EEC provides that the Council shall adopt outline provisions, dealing in particular with general conditions governing purchasing, delivery, reception of and payment for beet; whereas inter-trade agreements and contracts concluded between buyers and sellers of beet must conform to these outline provisions;

Whereas Article 30 (3) of the same Regulation provides for the Council to adopt general rules for the application of Article 30 (1) of that Regulation; whereas under the said Article 30 (1) a differentiation must be made in each contract for the delivery of beet, depending on whether the quantities of sugar to be manufactured from the beet are within the basic quota, outside the basic quota but within the maximum quota, or outside the maximum quota;

Whereas there are at present throughout the Community very detailed written contracts for the delivery of beet for sugar manufacture; whereas such contracts contain, among others, provisions concerning the purchase price of beet, the staggering of deliveries, collection centres, the reception of beet, any return of the pulp and payment for beet; whereas such contracts include, furthermore, other provisions which differ from one region to another;

Whereas varying natural, economic and technical conditions lead to great difficulties in the standard-

ising of all conditions of purchase for beet within the Community; whereas the outline provisions should therefore only define the minimum guarantees required by both beet growers and sugar manufacturers to ensure the proper functioning of the sugar market; whereas such guarantees should wherever possible be the same as those in use before the entry into force of Regulation No 1009/67/EEC; whereas account should therefore be taken of the latest situation, that is to say the situation prevailing during the 1967/68 marketing year; whereas, however, where rules applicable during that marketing year are referred to, provision must be made for a means of amending them; whereas any such amendment must be the subject of an agreement between manufacturers and growers;

Whereas in most areas of the Community beet growers and sugar manufacturers have formed trade organisations; whereas inter-trade agreements at present exist between manufacturers or manufacturers' organisations on the one hand and growers' organisations on the other; whereas such agreements concern in particular the conditions of purchase for beet; whereas, therefore, the possibility of derogating from the rules in force should be confined to inter-trade agreements; whereas, in the absence of an inter-trade agreement as defined above, the arrangements existing before the conclusion of contracts between the manufacturer and some of his growers should be regarded as an inter-trade agreement;

Whereas, so that the outline provisions may have the widest possible area of application, the contracting parties should be defined as beet sellers on the one hand and sugar manufacturers on the other;

Whereas the proper functioning of the sugar market, and especially of the quota system, requires that contracts be made in writing and that a specified quantity be indicated therein; whereas, for the same reasons, in contracts containing the differentiation referred to in Article 30 (1) of the above-mentioned Regulation, the minimum purchase prices, the sugar content taken as the basis and, for the purpose of taking account of other sugar contents, the factors

<sup>1</sup>) OJ No 308, 18.12.1967, p. 1.

used for converting the quantities of beet supplied into quantities equivalent to the sugar content taken as the basis should be indicated; whereas, to avoid distortion of competition, provision should be made for the distribution of any production within the basic quota for which the manufacturer has not signed pre-sowing delivery contracts; whereas, in order to prevent a weakening of the concept of the minimum price for beet, it is necessary, particularly where overproduction is caused only by an eventual yield greater than the basic yield anticipated by the manufacturer, to provide that he may not require sellers to reimburse the production levy in respect of beet for which he has signed a delivery contract in accordance with Article 30 (1) (a) of Regulation No 1009/67/EEC.

Whereas provisions concerning the normal duration and staggering of deliveries, collection centres, transport costs, reception points, the stage at which samples are drawn, the return of pulp or payment of an equivalent compensation, and the delays caused by payments on account influence the actual price obtained for beet by the seller; whereas, therefore, provision should be made for such matters;

Whereas, to take account of the different interests of sellers within the Community, contracting parties should be allowed, for the purpose of determining the gross weight, tare and sugar content, to choose between several provisions defining the persons who are to take part therein, one of which provides for supervision by the sellers' trade organisation;

Whereas it will suffice for the present to lay down that inter-trade agreements should not include provisions contrary to those laid down for contracts and that some of them should contain an arbitration clause; whereas such agreements, as also the contracts, may regulate matters not covered by the provisions of this Regulation;

HAS ADOPTED THIS REGULATION:

#### Article 1

For the purposes of this Regulation:

1. 'contracting party' means:
  - (a) a sugar manufacturer, hereinafter called a 'manufacturer';
  - (b) a beet seller, hereinafter called a 'seller';
2. 'contract' means: a contract concluded between a seller and a manufacturer for the delivery of beet for the manufacture of sugar;
3. 'inter-trade agreement' means:
  - (a) an agreement concluded at Community level between a group of national manufacturers' organisations on the one hand and a group of national sellers' organisations on the other, prior to the conclusion of any contract;
  - (b) an agreement concluded by manufacturers or a manufacturers' organisation recognised by the Member State in question on the one hand and a sellers' association recognised by the Member State in question on the other, prior to the conclusion of any contract;
  - (c) the provisions of the law on companies or firms and of the law on co-operatives, in so far as they govern the delivery of sugar beet by the share holders or the members of a company, firm or co-operative manufacturing sugar;
  - (d) in the absence of any such agreement as is referred to in (a) or (b) the arrangements existing before the conclusion of any contract between a manufacturer and sellers, provided the sellers who accept the arrangement supply at least 60% of the total beet bought by the manufacturer for the manufacture of sugar in one or more factories.

#### Article 2

1. Contracts shall be made in writing for a specified quantity of beet.
2. Contracts shall specify whether an additional quantity of beet may be supplied, and under what conditions.

#### Article 3

1. The provisions of this Article shall apply only if Article 30 (1) of Regulation No 1009/67/EEC applies.
2. For the quantities of beet referred to in the first part of Article 30 (1) of that Regulation, and in (a) and (b) thereof, purchase prices shall be indicated in the contract, which,
  - (a) for the quantities mentioned under (a), must not be lower than the minimum price for beet referred to in the first indent of Article 4 (1) of that Regulation, ruling in the production area in question;
  - (b) for the quantities mentioned under (b), must not be lower than the minimum price for beet outside the basic quota, referred to in the second indent of Article 4 (1) of that Regulation, ruling in the production area in question.

3. Contracts shall lay down a fixed sugar content for beet. They shall include a conversion scale showing the different sugar contents and factors for converting the quantities of beet supplied into quantities corresponding to the sugar content shown in the contract.

The scale shall be based on the yields corresponding to the different sugar contents.

4. Where a seller has signed a contract with a manufacturer for the delivery of beet referred to in the first part of Article 30 (1) of Regulation No 1009/67/EEC and in (a) thereof, all deliveries by that seller, converted in accordance with paragraph 3 above, shall be considered to be within the meaning of the first part of the above-mentioned and (a) thereof up to an amount not exceeding the quantity specified for beet in the contract.

5. A manufacturer who produces a quantity of sugar lower than the basic quota from beet for which he signed pre-sowing delivery contracts in accordance with the first part of Article 30 (1) of Regulation No 1009/67/EEC and (a) thereof shall distribute among the sellers with whom he signed pre-sowing delivery contracts within the meaning of the first part of the above-mentioned Article 30 (1) and (a) and (b) thereof the quantity of beet which corresponds to any additional production up to the amount of his basic quota.

Inter-trade agreements may derogate from this provision.

6. In no case may a manufacturer require a seller to reimburse the production levy in respect of beet delivered by the seller under the terms of a contract concluded in accordance with the first part of Article 30 (1) of that Regulation and (a) thereof.

#### Article 4

1. Contracts shall contain provisions concerning the staggering and normal duration of beet deliveries.

2. Such provisions shall be those applicable during the 1967/68 marketing year, taking account of the level of actual production; inter-trade agreements may derogate therefrom.

#### Article 5

1. Contracts shall provide for beet collection centres.

2. Where a seller and a manufacturer have already signed a contract for the 1967/68 marketing year, the collection centres agreed upon by the seller and the manufacturer for deliveries during that marketing year shall remain in operation; inter-trade agreements may derogate from this provision.

3. Contracts shall provide that transport costs from the collection centres shall be borne by the manu-

facturer subject to special agreements based on local rules or usages in operation before the 1968/69 marketing year.

#### Article 6

1. Contracts shall provide for reception points for beet.

2. Where a seller and a manufacturer have already signed a contract for the 1967/68 marketing year, the reception points agreed upon by the seller and the manufacturer for deliveries during that marketing year shall remain in operation; inter-trade agreements may derogate from this provision.

#### Article 7

1. Contracts shall provide for the determination of the sugar content in accordance with the polarimetric method. A sample of the beet shall be drawn at the time of reception.

2. Inter-trade agreements may provide for samples to be drawn at another stage.

In such a case, the contract shall provide for a correction to compensate for any drop in the sugar content between the reception and the drawing of the sample.

#### Article 8

Contracts shall provide for the determination of gross weight, tare and sugar content in accordance with one of the following procedures:

- (a) jointly, by the manufacturer and the beet producers' trade organisation, if an inter-trade agreement so provides;
- (b) by the manufacturer, under the supervision of the beet producers' trade organisation;
- (c) by the manufacturer, under the supervision of an expert recognised by the Member State in question provided the seller defrays the costs thereof;
- (d) by the manufacturer, if local rules or usages in operation before the 1968/69 marketing year so provide.

#### Article 9

1. Contracts shall impose an obligation on the manufacturer to do one or more of the following in respect of the whole quantity of beet delivered; when parts of that quantity are subject to different treatment, the contract shall impose more than one such obligation:

- (a) to return free of charge to the seller, ex factory, the fresh pulp from the tonnage of beet delivered;

- (b) to return free of charge to the seller, ex factory, part of such pulp in the dried state, or dried and molassed;
  - (c) to return to the seller, ex factory, the pulp in the dried state; in such case, the manufacturer may require the seller to pay the drying costs;
  - (d) to pay the seller compensation which takes into account the possibilities of selling the pulp in question.
2. Inter-trade agreements may provide for the delivery of pulp at a stage other than that referred to in paragraph 1 (a), (b) and (c).

#### Article 10

1. Subject to the provisions adopted pursuant to the first indent of Article 32 (3) of Regulation No 1009/67/EEC, contracts shall fix the time limits for any advance payments and for the settlement of the purchase price for beet.
2. Such time limits shall be those valid during the 1967/68 marketing year; inter-trade agreements may derogate from this provision.

#### Article 11

Detailed rules for the application of Articles 4 and 10 may be adopted in accordance with the procedure laid down in Article 40 of Regulation No 1009/67/EEC.

#### Article 12

Where contracts lay down rules concerning matters which are dealt with in this Regulation, or where they contain provisions governing other matters, their provisions and their effects must not conflict with this Regulation.

#### Article 13

1. Inter-trade agreements as described in Article 1 (3) (b) shall contain arbitration clauses.
2. Where inter-trade agreements at Community, regional or local level lay down rules concerning

matters which are dealt with in this Regulation, or where they contain provisions governing other matters, their provisions and their effects must not conflict with this Regulation.

3. Such inter-trade agreements may provide in particular for:

- (a) rules concerning the distribution to sellers of quantities of beet which the manufacturer decides to buy prior to sowing, for the manufacture of sugar within the limits of the basic quota;
- (b) rules concerning the distribution referred to in Article 3 (5);
- (c) the conversion scale referred to in Article 3 (3);
- (d) provisions concerning choice and supply of seeds of the varieties of beet to be produced;
- (e) the minimum sugar content of beet to be delivered;
- (f) provision for consultation between the manufacturer and the sellers' representatives before the starting date of beet deliveries is fixed;
- (g) the payment of premiums to sellers for early or late deliveries;
- (h) information concerning:
  - the part of the pulp referred to in Article 9 (1) (b);
  - the costs referred to in Article 9 (1) (c);
  - the compensation referred to in Article 9 (1) (d);
- (i) the removal of pulp by the seller;
- (k) rules concerning the distribution to the manufacturer and sellers of any difference between the intervention price and the actual selling price of the sugar.

#### Article 14

This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Communities*.

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

Done at Brussels, 20 February 1968.

For the Council  
The President  
E. FAURE