

REGULATION (EEC) No 765/68 OF THE COUNCIL

of 18 June 1968

laying down general rules for the production refund on sugar used in the chemical industry

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community;

Having regard to Council Regulation No 1009/67/EEC¹ of 18 December 1967 on the common organisation of the market in sugar, and in particular Article 9 (7) thereof;

Having regard to the proposal from the Commission;

Whereas Article 9 (6) of Regulation 1009/67/EEC provides for a production refund on sugar and on syrups containing sucrose used in the manufacture of certain products of the chemical industry;

Whereas, to avoid abuses, provision should be made for the production refund to be granted only if other uses are excluded by means of controls;

Whereas control can be facilitated if the production refund is paid only on application by the processor;

Whereas controls would, in certain cases, be made more effective if provision were also made for processors being officially approved; whereas the Member State in whose territory processing takes place should therefore be free to decide whether or not to apply such provisions;

Whereas the purpose of refunds is to make it possible for the chemical industry to use sugar produced in the Community rather than sugar originating in third countries; whereas, therefore, when this refund is being fixed, significant price fluctuations on the world market and special circumstances affecting supplies of sugar used in the processing industry must be taken into account; whereas, to this end, the refund should be fixed at regular intervals; whereas a period of three months would seem to be the most

appropriate since it allows price trends to be observed while ensuring a relatively stable refund;

Whereas to avoid discouraging the use of cereals, sugar intended for use in the manufacture of the products listed in Annex I, which can also be manufactured from maize, must be made available to the chemical industry at a price which takes this fact into account; whereas, this price should therefore be fixed at 13.30 units of account per 100 kilogrammes of white sugar and provision made for the subsequent adjustment of that price on the basis of certain objective factors which would make it possible to assess developments in the processing industry;

Whereas, when the production refund is being fixed for sugar used in the manufacture of the products listed in Annex II, which can also be manufactured from molasses, the relationship between the price for sugar and that for molasses should be taken into account;

Whereas sugar used in the manufacture of the products listed in Annex III is not in direct competition with other basic products; whereas the production refund can therefore be based on the difference between the intervention price and world market prices, the latter being increased by a certain margin which would allow, in particular, for the customs protection given these chemical products; whereas, however, when the refund is being fixed each quarter, an adjustment should be made in relation to price fluctuations on the world market only under certain conditions;

Whereas raw sugar and syrups containing sucrose can also be used in the processing industry; whereas provision should therefore be made for the production refund on white sugar, adjusted in relation to their respective yields, to be granted in respect of these basic products;

Whereas, in view of the conditions under which penicillin is produced, when the refund on that product is being determined, a special conversion ratio should be taken into account; whereas, furthermore, the principle of a similar conversion ratio for fruc-

¹ OJ No 308, 18.12.1967, p. 1.

tose, fixed in accordance with the procedure laid down in Article 40 of Regulation No 1009/67/EEC, should be established;

HAS ADOPTED THIS REGULATION:

Article 1

A production refund shall be granted on the products listed in Article 1 (1) (a) of Regulation No 1009/67/EEC and on the syrups containing sucrose listed in Article 1 (1) (d) of that Regulation (hereinafter called 'basic products') which are used in the manufacture of the products of the chemical industry listed in the Annexes (hereinafter called 'chemical products') under the conditions laid down in the following Articles.

Article 2

1. The production refund shall be granted by the Member State in whose territory processing of the basic products takes place.

2. The Member State may grant the refund only if customs control, or an administrative inspection offering equivalent guarantees, ensures that the basic products are used for the purpose indicated in the application referred to in Article 3.

Article 3

1. The production refund shall be granted only to processors who guarantee that the control provided for in Article 2 can be carried out at any time and who have submitted an application specifying the use to which the sugar is to be put.

2. The Member State concerned may make entitlement to the refund subject to prior official approval being granted to these processors.

Article 4

Production refunds on white sugar shall be fixed quarterly for the periods commencing on 1 July, 1 October, 1 January and 1 April.

Article 5

1. Until 31 January 1972, the production refund on 100 kilogrammes of white sugar used in the manufacture of the products listed in Annex I shall be equal to the intervention price valid for the area in which the place of processing is situated, less 13.30 units of account.

2. The amount indicated in paragraph 1 shall be adjusted by the Council, acting on a proposal from the Commission in accordance with the voting procedure laid down in Article 43 (2) of the Treaty, if the world market price for sugar remains for a long time

at a level which does not allow normal competition between the chemical products in question manufactured in the Community and identical or similar imported or exported products.

3. Before 1 November 1971 the Council, acting on a proposal from the Commission in accordance with the voting procedure laid down in Article 43 (2) of the Treaty, shall decide on the rules which shall apply from 1 February 1972 to production refunds on the products listed in Annex I on the basis of:

- (a) sugar consumption in industry;
- (b) trends which have become apparent in the technical field;
- (c) the financial consequences of the proposed measures;
- (d) competition from synthetic products;
- (e) the competitive position of industries processing the products concerned.

Article 6

1. The production refund on 100 kilogrammes of white sugar used in the manufacture of the products listed in Annex II shall be equal to the intervention price for white sugar valid for the area in which the place of processing is situated, less:

- (a) the price for molasses used pursuant to Article 4 (2) of Regulation No 1009/67/EEC to determine receipts from the sales of molasses for the marketing year in question, divided by 0.48; and
- (b) 0.5 units of account.

2. The production refund on white sugar used in the manufacture of the products listed in Annex II shall not, however, be greater than the refund on white sugar used in the manufacture of the products listed in Annex III.

Article 7

1. The production refund on 100 kilogrammes of white sugar used in the manufacture of the products listed in Annex III shall be equal to the arithmetic mean of the intervention price for white sugar valid for the Community area having the largest surplus and the intervention price for white sugar valid for the area in which the place of processing is situated, less:

- (a) the arithmetic mean of prices recorded on the world market over a reference period; and
- (b) 2.00 units of account.

2. The reference period shall cover the first fifteen days of the month preceding the quarter for which

the production refund is fixed and the two months immediately preceding that month.

World market prices:

- (a) for the quarter commencing 1 July 1968, shall be the spot prices recorded for white sugar on the Paris Bourse;
- (b) for all subsequent quarters, shall be the c.i.f. prices for white sugar.

3. When the production refund is being fixed for a quarter, an alteration shall be made only if a variation in the factors used to calculate it results in the refund per 100 kilogrammes of white sugar being at least one unit of account higher or lower than the refund valid for the previous quarter.

Article 8

1. The production refund on 100 kilogrammes of raw sugar shall be equal to one hundredth of the refund applicable where white sugar is used, multiplied by the yield of the raw sugar used, that yield being calculated in accordance with the provisions of Article 1 of Regulation (EEC) No 431/68¹ of the Council of 9 April 1968 determining the standard quality for raw sugar and fixing the Community frontier crossing point for calculating c.i.f. prices for sugar.

2. The production refund on 100 kilogrammes of the syrups containing sucrose listed in Article 1 (d)

of Regulation No 1009/67/EEC shall be equal to one hundredth of the refund applicable where white sugar is used, multiplied by the sucrose content of the syrup used.

Article 9

For the manufacture of one kilogramme of penicillin from the basic products referred to in Article 1, Member States shall grant, at most, a production refund in respect of 15.3 kilogrammes of white sugar.

Article 10

1. The production refund shall be granted on sugar used in the manufacture of fructose only if the fructose is used for pharmaceutical purposes or in foods for diabetics.

2. When the production refund on sugar used in the manufacture of fructose is being granted, a uniform conversion ratio between the value of basic product and the value of the fructose and any other product which may be obtained should be taken into account.

Article 11

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

It shall apply from 1 July 1968.

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

Done at Luxembourg, 18 June 1968.

For the Council

The President

E. FAURE

¹ OJ No L 89, 10.4.1968, p. 3.

ANNEX I

List of Products

CCT heading No	Description of goods
ex 17.02 D	Sorbose
29.04 C II	Mannitol, sorbitol
ex 29.16	Mannitol and sorbitol esters
ex 29.16 A VIII	Glyceric acid, glycollic acid, saccharonic acid, isosaccharonic acid, heptaric acid, their salts and esters
ex 29.35 S	Anhydric compounds of mannitol and sorbitol (as, for example, sorbitans) not including maltol and isomaltol
ex 29.43 B	Sorbose, its salts and esters, methylglucosides
38.19 Q II	Foundry core binders based on synthetic resins
ex 38.19 Q IV	Sorbitol cracking products

ANNEX II

List of products

CCT heading No	Description of goods
29.16 A IV	Citric acid, its salts and esters
29.23 D	Amino-acids, their salts and esters

ANNEX III

List of Products

CCT heading No	Description of goods
ex 15.11 B	Glycerol, other than crude
ex 28.17 A	Sodium hydroxide (caustic soda)
ex 28.45 B	Sodium silicates
29.04 C I	Diols
29.04 C III	Other polyhydric alcohols
29.05 A III	Sterols and inositols
29.15 A I	Oxalic acid, its salts and esters
ex 29.15 A V	Citratonic acid, itaconic acid, succinic acid, their salts and esters
29.16 A I	Lactic acid, its salts and esters

CCT heading No	Description of goods
29.16 A III	Tartaric acid, its salts and esters
ex 29.16 C III	Oxoglutaric, laevulic acid, their salts and esters
ex 29.16 D	Glucuronic acid, ketogluconic acid, their salts and esters
ex 29.19 A	Lactophosphates
29.35 A	Furfuraldehyde (furfural, furfural) and benzofuran (coumarone)
29.35 B	Furfuryl and tetrahydrofurfuryl alcohols
29.35 L	Nucleic acids and their salts
ex 29.35 S	Hydroxymethylfurfuraldehyde and its derivatives, lactide, purine, pyrimidine, maltol, isomaltol, piperidine, piperazine, lactones of glucuronic acid
29.39 E	Other hormones
ex 29.43 B	Fructose, its salts and esters, lactobionates
29.44 A	Penicillins
ex 32.02	Tannin esters
32.05 A	Synthetic organic dyestuffs (including pigment dyestuffs)
32.05 C	Synthetic organic products of a kind used as luminophores
32.05 D	Products of the kind known as optical bleaching agents, substantive to the fibre
ex 34.01	Translucent soaps
34.02	Organic surface-active agents; surface-active preparations and washing preparations, whether or not containing soap
ex 35.03 B	Glues derived from bones, hides, nerves, tendons or similar products and fish glues
ex 38.11	Disinfectants, insecticides, fungicides, weed-killers, anti-sprouting products, rat poisons and similar products, put up in forms or packings for sale by retail or as preparations or as articles (for example, sulphur-treated bands, wicks and candles, fly-papers) excluding those falling within A, B or C I
ex 38.11 B	Preparations based on copper compounds
ex 38.19 Q IV	Parting agents for exposed aggregate concrete, retarding agents for cement hardening; softening agents, foundry core binders based on sodium silicate, epoxy polishers; calcium polylactate, lactoglycerides
39.01 C I	Phenoplasts
39.01 C II	Aminoplasts
ex 39.01 C VIII	Polyalkylene glycol ether