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Statement to the press following political agreement on sugar reform

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

Council of the European Union (Agriculture and Fisheries)

Brussels, 24 November 2005

- I am delighted with this historic agreement.
- I would like to thank the British Presidency for their skill, hard work and excellent cooperation.
- I also want to congratulate ministers for taking the bold decision to reform a sector that nobody has been able or willing to reform in the past.
- Now I know what it is like to enter the hornet's nest that is sugar reform.
- It has been very tough, but common sense has won the day.
- This deal will give the EU sugar sector a viable and competitive future.
- It offers long-term certainty to the sector, and generous assistance to help the process of adjustment.
- We have succeeded in striking a fine balance between the different needs and demands.
- By acting now, we have the funds available to ease the painful restructuring process that is absolutely vital, and to compensate farmers.
- Thanks to the decoupling of direct payments, our new policy will be trade friendly.
- This will strengthen our hand at next month's WTO Hong Kong Ministerial.
- This agreement will also ensure that we will comply with the recent WTO panel.
- The EU will remain an attractive market for developing countries to sell their sugar.
- And we will offer our ACP partners financial assistance to adapt to the changes.
- Now, just a few details of what we have agreed:
- The guaranteed sugar price will be cut by 36 percent, phased in over four years.
- Farmers will receive a decoupled compensation payment for on average 64.2 percent of the income loss.
- Countries which take out more than half of their production will qualify for an additional but temporary 30 percent coupled payment.
- Thanks to the four-year phase-in of the price cut, the Restructuring Fund will offer 730 euros per tonne in both year one and year two.
- This will offer a major incentive to reduce EU production down to a sustainable level.
- Developing countries will also benefit from the slower price cut.
- There will also be an additional diversification fund, which will be higher for those countries that reduce their quotas by the most.
- Intervention will be phased out, but after a four year period in which it will be used as a safety net to help the adjustment process to the new system.
- For me it was crucial that this agreement should be neutral for the budget. I am pleased to say that is the case.