

No. 68
SENATE

ORDINARY SESSION OF 2015-2016

26 January 2016

EUROPEAN RESOLUTION

*on the effects of the trade agreements entered into by the
European Union on the sugar economies and the sugar cane
sector of the outermost regions*

*The resolution adopted by the Economic Affairs Committee with
the following content became a resolution of the Senate, in
compliance with Article 73 quinquies, paragraphs 4 and 5, of the
Senate Regulation:*

See numbers:

Senate: 282, 299 and 312 (2015-2016)

The Senate,

Having regard to Article 88-4 of the Constitution,

Having regard to Articles 206, 207 and 349 of the Treaty on the Functioning of the European Union,

Having regard to Resolution no. 105 of the Senate (2010-2011) of 3 May 2011 striving to obtain compensation for the effects of the trade agreements entered into by the European Union on the agriculture of the overseas *départements*,

Having regard to the communication “*The outermost regions of the European Union: towards a partnership for smart, sustainable and inclusive growth*” presented by the European Commission on 20 June 2012,

Having regard to the report of the Commission to the European Parliament and the Council COM (2013) 323 of 31 May 2013 on the evolution of sugar imports into the European Union from LDC and ACP countries,

Having regard to draft Law no. 414 (2014-2015) filed in the Senate on 15 April 2015 authorising the ratification of the global framework agreement of partnership and cooperation between the European Union and its Member States of the one part, and the Socialist Republic of Vietnam of the other part,

Having regard to draft Law no. 551 (2014-2015) filed in the Senate on 24 June 2015 authorising the ratification of the framework agreement of partnership and cooperation between the European Union and its Member States of the one part, and the Republic of the Philippines of the other part,

Having regard to the memorandum on the free trade agreement between the European Union and Vietnam presented by the European Commission on 4 August 2015,

Having regard to draft Law no. 692 (2014-2015) registered at the Presidency of the Senate on 17 September 2015 authorising the ratification of the trade agreement between the European Union and its Member States of the one part, and Colombia and Peru of the other part,

Having regard to the letter from the European Commissioners for Trade, Regional Policy, and Agriculture and Rural Development, dated 8 October 2015, in response to the Minister for Agriculture, Agri-food and Forestry, the Minister of Overseas, and the Secretary of State for External Trade, the Promotion of Tourism, and French Nationals Abroad, on the request of the French Government to exclude special sugars from the European tariff offer made to Vietnam,

Having regard to the letter from the European Commissioner for Trade dated 8 October 2015 in response to the members of the European Parliament on the exclusion of special sugars from the trade agreements with Vietnam,

Having regard to the communication “*Trade for all: Towards a more responsible trade and investment policy*” presented by the Commission on 14 October 2015,

Whereas the outermost regions (OMRs), as emphasised by the European Commission many times, notably in its communications of 2004, 2008 and 2012 setting out its multiannual strategy for these territories, constitute an asset for Europe and it is in the interest of the European Union to support their endogenous development;

Whereas Article 349 of the Treaty on the Functioning of the European Union (TFEU) enables the stipulation of measures peculiar to the OMRs in order to take account of their specific constraints, notably “*their remoteness, insularity, small size, difficult topography and climate, economic dependence on a few products*”;

Whereas the sugar cane sector plays a vital economic and social role in the French OMRs, particularly in La Réunion, Guadeloupe and Martinique, since it accounts for 40,000 direct and indirect jobs in the territories where the unemployment rate is more than double the average on the mainland;

Whereas the European Union, through its agricultural policy and its regional policy, has strongly contributed to the modernisation of the sugar cane sector to make it a model sector, and has thus enabled the sugar economies of the OMRs to make substantial gains in competitiveness, a progress which must not be cancelled out by a trade policy founded on a creed of free trade blind to its unmanaged adverse effects;

Whereas the sugar economies of the French OMRs are already preparing to absorb the shock of the end of sugar quotas from 1 July 2017, which will fundamentally undermine the current equilibrium of the common organisation of the sugar market, fuel increased competition with the industrial production of sugar from beet in continental Europe, and compel them, in order to survive, to reposition to a niche market, that of unrefined brown sugars, called “special sugars”, which represents 50% of the sugar production in La Réunion and 30% of the sugar production in Guadeloupe;

Whereas the trade agreements in force, particularly with the least developed countries of Africa, the Caribbean and the Pacific (ACP/LDC), but also more recently with Colombia and Peru, are already resulting in the entry onto the European market of special sugars produced by aggressive rivals such as Belize, Mauritius, Malawi, Swaziland and Zambia;

Whereas the free trade agreement with Vietnam, which was the subject of a political agreement of principle on 4 August 2015 between the two parties, and which entered a final phase of technical discussions, breaks with the precedent set by the agreement with South Africa, in which for the first time the principle of exclusion of special sugars from trade openings had been upheld;

Whereas as things stand, the European Union plans to agree with Vietnam a duty-free quota of 20,000 tonnes per year of sugar and high sugar content products, volume equivalent to 10% of the European market for special sugars and 20% of the production of the OMRs;

Whereas while Vietnam is not yet a major player in the global market of special sugars, it nevertheless has the technical know-how and the industrial capacity to become so, since the free trade agreement opens up a new development opportunity;

Whereas even if Vietnam is currently mainly devoting itself to its domestic market, exports of brown sugars to the level of 6,000 tonnes per year have already been recorded, as recognised by the services of the European Commission, and similarly its offensive interest in investing in new markets, notably that of China;

Whereas the European Union, following the failure of the Doha Round of the World Trade Organization (WTO), has multiplied and accelerated open trade negotiations, particularly with the principal sugar producing countries in the world, such as Brazil, India, the United States, Thailand, the Philippines, Australia and Mexico, which have considerable proven production capacities and very dynamic expansion policies for exports;

Whereas the accumulation of duty-free quotas granted to third party countries as trade agreements are signed risks leading to saturation of the European market for special sugars, already a mature market; and thus constitutes a serious threat to the vulnerable economies of the OMRs;

Whereas the French OMRs are subject to very restrictive environmental and social standards of production that do not apply to their rivals in third party countries, and whereas only appropriate tariffs make it possible to restore balance;

Whereas the European Commission is neglecting the prospective evaluation work that would lead it to temper its wish for unlimited open trade, and in particular is breaching its obligations by not producing impact studies specifying the potential consequences for the OMRs of the trade agreements it negotiates;

Whereas the safeguard measures and the stabilisation mechanisms set out in the previous agreements proved ineffective owing to the lack of a monitoring and early warning system, the complexity and the correlative slowness of the procedures, and the clear lack of willingness of the European Commission to apply them, as could be noted for the banana sector upon implementation of the agreement with Peru;

Judges it essential to guarantee the consistency of the agricultural, regional and commercial policies of the European Union, in compliance with Article 207 of the TFEU, under the terms of which: *“The Council and the Commission shall be responsible for ensuring that the agreements negotiated are compatible with internal Union policies and rules”*;

Deems it necessary to compensate for the structural handicaps and promote the comparative advantages of the OMRs, with these territories constituting, within their regional environment, models carrying the values of the European Union in social and environmental matters;

Asks to adopt as guideline, for any future negotiation of trade agreements of the European Union, the principle of exclusion of special sugars;

Supports a change to the balance negotiated with Vietnam in order that, in the absence of exclusion of special sugars, a specific quota is defined in proportion to their share in the global sugar market, being a quota of 280 tonnes per year;

Recommends clarification of the customs nomenclature on sugars, specifically code 17 01 99 90 which covers a wide variety of different products, in order to precisely identify the content of the imports, prevent the risk of bypassing regulations, and avoid encouraging fraud;

Advocates, in compliance with the transparency commitments made by the European Commission in the matter of trade defence, in order to ensure effective compliance with the quota system, developing statistical instruments enabling real-time monitoring of the evolution of imports on a country by country basis, and organising regular data exchanges between the European Commission and the Member States in order to allow for a swift response in the event of exceeding the authorised quotas;

Deems necessary, in order to pursue the reinforcement of the information exchanges, to maintain the weekly import licences on sensitive products such as sugar;

Wants an overhaul of the mechanisms intended to prevent destabilisation of the economy of the OMRs by guaranteeing their permanence, establishing alert thresholds in advance, and providing automatic activation of the suspension of conceded advantages in the case of crossing the thresholds;

Suggests the creation of an observatory of revenue for the sugar cane sector in order to have the means to swiftly provide irrefutable evidence of destabilisation of the economy of the OMRs linked to the influx of sugar imports from third party countries on the European market and, consequently, to activate without delay the mechanisms making it possible to remedy this;

Deems essential a re-evaluation of the financial compensations provided for in the Programme of Options Specifically Relating to Remoteness and Insularity (POSEI) to take account of the increased risk and the competitiveness differentials resulting from the accumulation of duty-free quotas granted to third party countries on the strategic productions of the OMRs;

Invites the European Commission to systematically evaluate the effects on the OMRs of the trade agreements it is responsible for negotiating, in particular by conducting prior impact studies, in order to have a prospective view of induced effects;

Recommends to the [French] Government the greatest of vigilance in defining the negotiation mandate of the European Commission upon instigating new negotiations in order that the protection of the vital interests of the economies of the OMRs is taken into account from the start, and asks the Council to publish the negotiation directives for all free trade agreements, current and future;

Calls for reinforcement of the information given to National Parliaments by European and national authorities during negotiation and before entering into a political agreement of principle with the third party, and asks the Commission to publish, immediately at the end of the negotiations, the text of the agreement as it is presented, without waiting for the end of the legal review;

Invites the European Commission to take account more of the additional costs of normative origin burdening the competitiveness of the overseas agricultural productions in their regional environment, to better take account of the specificities of the OMRs in normative matters on the grounds of Article 349 of the TFEU, to ensure better consistency between production standards and marketing standards, and to develop the means to control compliance with European marketing standards by the third party countries with which trade agreements are entered into.

Became a resolution of the Senate on 26 January 2016.

The President,

Signed: Gérard LARCHER