AGREEMENT

in the form of an exchange of letters between the European Community and the Republic of India on the supply of raw cane sugar to be refined

A. *Letter No 1*

Luxembourg, 17 July 1995

Sir,

The representatives of India and the European Community have agreed as follows:

1. For the period 1 July 1995 to 30 June 2001:

   — the European Community undertakes to open annually a special tariff quota for the import of raw cane sugar for refining which originates in India, on the basis of the needs determined by the Commission in accordance with paragraph 3,

   — in the event of an import need being established, India undertakes to supply 10 000 tonnes (WSE) under this special tariff quota and under the conditions fixed by this agreement and by the measures taken by the Commission for the application of this agreement within the framework of the management of the common organization of the markets in the sugar sector. Nothing in this indent should prevent the Community offering to India the possibility to supply more than 10 000 tonnes in the event of a shortfall in the total supplies obtained under other agreements.

2. The European Commission and India shall establish the cooperation procedures necessary to enable the two parties to this agreement to meet the commitments entered into.

3. The import needs of raw sugar for refining under this agreement shall be established by marketing year on the basis of a Community forward estimate taking account, of:

   — the provisions of Council Regulation (EC) No 1101/95, amending Regulation (EEC) No 1785/81, concerning the system of preferential imports, and in particular Article 37 thereof,

   — the quantities which will be offered within the framework of other agreements with other third countries and which will actually be imported.

4. The special reduced rate of duty shall be fixed for the 1995/96 — 2000/01 marketing years at ECU 6,9 per 100 kgs raw sugar of standard quality.

   The refiners which want to participate in this special reduced duty system must pay a minimum purchase price which is equal to the guaranteed price for raw sugar reduced by the adjustment aid fixed for the marketing year concerned in accordance with the provisions of Article 36 of Regulation (EEC) No 1785/81 mentioned under paragraph 3.

   It is agreed that if the adjustment aid is increased or reduced by comparison with its existing level of ECU 1,20 per 100 kgs raw sugar a converse adjustment will be made in the reduced levy, so that the change in the adjustment aid does not affect the net receipts of the India suppliers.

   It is further agreed that the level of the reduced levy will be reconsidered if:

   (a) the level of the guaranteed price established in accordance with the agreement between the Community and India on raw sugar is reduced by comparison with the price applicable in the 1994/95 delivery period, or

   (b) the level of the world market price increases to the point where the objective of providing an incentive to supply the Community would be put at risk.

5. Before 1 January 2001, the two parties to this agreement shall open discussion on its possible continuation.

I should be obliged if you would acknowledge receipt of this letter and confirm that this letter and your reply constitute an Agreement between the Government of India and the Community.

Please accept, Sir, the assurance of my highest consideration.

On behalf of the Council
of the European Union

B. *Letter No 2*

Brussels,

Sir,

I have the honour to acknowledge receipt of your letter today which reads as follows:

'The representatives of India and the European Community have agreed as follows:

1. For the period 1 July 1995 to 30 June 2001:

   — the European Community undertakes to open annually a special tariff quota for the import of raw cane sugar for refining which originates in India, on the basis of the needs determined by the Commission in accordance with paragraph 3,

   — in the event of an import need being established, India undertakes to supply 10 000 tonnes (WSE) under this special tariff quota and under the conditions fixed by this agreement and by the measures taken by the Commission for the application of this agreement within the framework of the management of the common organization of the markets in the sugar sector. Nothing in this indent should prevent the Community offering to India the possibility to supply more than 10 000 tonnes in the event of a shortfall in the total supplies obtained under other agreements.

2. The European Commission and India shall establish the cooperation procedures necessary to enable the two parties to this agreement to meet the commitments entered into.

3. The import needs of raw sugar for refining under this agreement shall be established by marketing year on the basis of a Community forward estimate taking account of:

   — the provisions of Council Regulation (EC) No 1101/95, amending Regulation (EEC) No 1785/81, concerning the system of preferential imports, and in particular Article 37 thereof,

   — the quantities which will be offered within the framework of other agreements with other third countries and which will actually be imported.

4. The special reduced rate of duty shall be fixed for the 1995/96 — 2000/01 marketing years at ECU 6,9 per 100 kgs raw sugar of standard quality.

   The refiners which want to participate in this special reduced duty system must pay a minimum purchase price which is equal to the guaranteed price for raw sugar reduced by the adjustment aid fixed for the marketing year concerned in accordance with the provisions of Article 36 of Regulation (EEC) No 1785/81 mentioned under paragraph 3.

   It is agreed that if the adjustment aid is increased or reduced by comparison with its existing level of ECU 1,20 per 100 kgs raw sugar a converse adjustment will be made in the reduced levy, so that the change in the adjustment aid does not affect the net receipts of the India suppliers.

   It is further agreed that the level of the reduced levy will be reconsidered if:

   (a) the level of the guaranteed price established in accordance with the agreement between the Community and India on raw sugar is reduced by comparison with the price applicable in the 1994/95 delivery period, or

   (b) the level of the world market price increases to the point where the objective of providing an incentive to supply the Community would be put at risk.

5. Before 1 January 2001, the two parties to this agreement shall open discussion on its possible continuation.

I should be obliged if you would acknowledge receipt of this letter and confirm that this letter and your reply constitute an Agreement between the Government of India and the Community.'

I have the honour to confirm the agreement of my Government with the foregoing.

Please accept, Sir, the assurance of my highest consideration.

For the Government of
the Republic of India