

SUGAR RE-STRUCTURING – BEET GROWERS INITIATIVE SCHEME

IMPORTANT INFORMATION

This notice is partly based on European legislation which is due to be published on or around 27 October 2007. You are strongly advised to read this notice urgently as it contains important information and gives detailed rules for the application process for claiming compensation under the Beet Growers Initiative Scheme (“BGIS”).

1. Disclaimer

1.1 The rules and obligations described in this notice arise from European Union Regulations which are binding in the United Kingdom. While every effort is made to ensure that the information given is complete and accurate, this cannot be guaranteed. Delays can occur both in publication and in the issue of amendments. Where doubt arises over legal interpretation of the regulations, legal advice should be sought as, ultimately, only the European Court could resolve it. On any other matter you should consult the Rural Payments Agency (“RPA”) using the e-mail address at paragraph 11.3.

1.2 The regulations which govern this scheme are Nos 968/2006 (as amended) and 320/2006 (as amended). Copies may be obtained from HMSO, PO Box 276, London, SW8 5DT, (telephone 0870 6005522) and other accredited agencies or viewed on the European Commission’s website:

website: <http://europa.eu.int/eur-lex/lex/en/tools/lexalert.htm>

Provisional consolidated versions of these regulations, including most recent updates, can be viewed on RPA’s website.

2. Data Protection

2.1 Any personal data provided to the RPA is protected in accordance with the Data Protection Act 1998. The data will be used primarily for the purpose of the application for which it is supplied. However, it may also be used in accordance with the Data Protection Act and subject to the safeguards of that Act. **For more information please refer to the notes on the last page**

3. Background

3.1 RPA is aware that the European Commission’s reforms to the EU sugar regime have caused considerable uncertainty amongst sugar beet growers (“growers”). The purpose of this notice is to give growers detailed information of the imminent changes and what they will mean in practice. The

contents of this notice have been discussed with British Sugar, NFU, and Defra.

3.2 In light of developments over the last year, agreement has been reached on further reforms of the sugar regime. The overall aim is to achieve a better balance of supply and demand and to encourage more efficient operations. Because the existing measures to reduce production have not led to the adjustments envisaged, the Commission has therefore proposed the following measures for further reducing output.

4. Growers' Applications

4.1 The revised legislation will for the first time permit growers themselves who have rights for delivery to British Sugar for the production of quota sugar in the 07/08 marketing year to submit a direct application for restructuring aid. Each such grower will have the option to apply to surrender all or part of the contract for quota sugar which would have been due to be delivered to British Sugar in the 2008/2009 marketing year. This scheme will be open for up to a maximum of 10% of the beet production quota held by British Sugar and the regulations require applications from growers to be dealt with on a first-come, first-served basis up to that 10% cap. A grower whose application is accepted (in whole or in part) will be entitled to receive for each tonne surrendered a share of 10% of the aid the Commission is offering and an additional payment, as described below. An application form (BG11) is enclosed with this notice. Copies are also available on RPA's website. Please refer to section (6) which lays down detailed rules for the application process.

4.2 The restructuring aid offered by the European Commission is **€18.75** per tonne of quota renounced (expressed in white sugar equivalence, not tonnes of raw beet). Accordingly, under these proposals a successful applicant grower would receive **€1.88** per tonne of quota surrendered and British Sugar will receive **€196.88** per tonne of quota surrendered. The grower will also receive an additional payment of **€37.50** per tonne of quota surrendered.

5. British Sugar Application

5.1 The revised legislation continues to allow sugar producing undertakings, which in the UK means British Sugar, to submit their own application to surrender quota. Indeed, the changes to the Regulations provide additional financial incentive to encourage them to do so. Any such application in the UK will be assessed by RPA to ensure it complies with the rules. If British Sugar makes a successful application to renounce quota which is more than the amount offered by the total of any applications made direct by growers, the EU legislation provides that the grower applications are not granted. In other words, the grower applications would be activated only if British Sugar did not apply to relinquish more of their quota than growers offered, or if such an application was not accepted.

5.2 In the circumstance where a British Sugar application is successful, growers will receive a share in the 10% of the aid reserved for growers and contractors, which is ~~€~~**62.50*** per tonne of quota surrendered. They will also receive an additional payment of **€237.50** per tonne of quota surrendered. British Sugar will receive ~~€~~**62.50*** per tonne of quota surrendered (* Please note that this would be the maximum rate as the Regulation sets out different rates according to the action taken by the processor to reduce its production facilities). Which growers will receive payment in this situation and how much tonnage each grower will have to surrender are important questions which will not be resolved until any plan put forward by British Sugar is accepted.

5.3 It is important to note that this explanation is based on EU Regulations which have not yet been published. Any changes will be notified on RPA's web site. Details of how payments will be made under this arrangement will be issued at a later date, if necessary.

6. Growers application process

6.1 Criteria

6.1.1 You are required to complete the enclosed application form with the following information:

- (a) your name and address;
- (b) your RPA SBI / Vendor number(s) (please refer to paragraph 9 below if you are not registered with RPA);
- (c) the location of the factory you deliver to;
- (d) the amount of beet tonnage for which you have rights for delivery to British Sugar for the 2007/2008 marketing year for the production of quota sugar;
- (e) the amount of delivery rights to be ceased for the 2008/2009 marketing year (as per your British Sugar contract offer document).

6.1.2 You must ensure that you sign the application. Any that have not been signed will be ineligible. By signing the application you are declaring that:

- you are aware of the conditions pertaining to the aid scheme;
- you have not transferred your delivery rights referred to in point (e) to any third parties;

6.1.3 Please ensure that you enclose a copy of your contract confirmation letter proving the existence of the delivery rights for the 2007/2008 marketing year referred to in point (d).

6.1.4 Your application must only cover one product (beet) and one undertaking (i.e. British Sugar). If you have delivery rights for more than one product and/or with more than one undertaking, you may submit one application per product and/or undertaking.

6.1.3 Once submitted, your application may not be withdrawn, subject to paragraph (6.2.4) below.

6.2 Submission and receipt of growers' applications

6.2.1 You must submit your application to the address at paragraph 11.1 (please do not use the address outlined in the amended regulations, which is detailed in the consolidated text available on RPA's website). ***Please note that applications will only be accepted by post at the address in this notice. E-mail or faxed copies will not be accepted.***

6.2.2 If you submit more than one application in respect of the same product and the same undertaking your application will be ineligible.

6.2.3 Applications must be received between 0.00 hours on the 30 October and 24.00 hours on 30 November. Any that are received before or after these deadlines cannot be accepted.

6.2.4 If several eligible applications are received on the same day, and the total of these exceed the 10% limit referred to in paragraph 4.1 above, then a proportionate reduction coefficient will be applied to all the relevant applications. You will be notified in writing of any such reduction. In this case, you may request in writing, within 5 working days of notification, to withdraw your application.

7. Eligibility of applications

7.1 Growers' applications will only be considered if British Sugar do not submit their own application or it is rejected.

7.2 In that event, you will be notified in writing, by 15 February 2008, if your application has been successful, on the condition you have submitted all the relevant information outlined in paragraph 6 above.

7.3 If an application by British Sugar is submitted and is deemed successful, this will supersede all growers' applications and you will be notified in writing that your application is not to be granted in light of the granting of British Sugar's application.

8. Notification and payment of restructuring aid under the BGIS

8.1 Successful applicants will be notified in writing, by 15 March 2008, of the amount of aid to be granted. Under the terms of the EU Regulation, payment of aid will be made in two instalments:

- the first instalment (and the earliest possible date for any payment) being June 2009
- the second instalment being February 2010

The amount of aid to be granted at each stage is yet to be determined.

9. Registration

9.1 In order to receive the aid referred to above you must be registered with RPA. If you are not registered we will contact you when we process your application.

10. Record keeping

10.1 Checks will be undertaken by RPA to confirm the eligibility of applications. You are required to retain all records pertaining to your application for this purpose.

11. Contact details

11.1 Postal address for applications:

Beet Growers Initiative Scheme
Rural Payments Agency
PO Box 1058
Newcastle upon Tyne
NE99 4YQ

11.2 RPA website: www.rpa.gov.uk

11.3 General enquiries: beetgrowersinitiative@rpa.gsi.gov.uk

Data Protection Act

Defra is the data controller in respect of any personal data that you provide to the Rural Payments Agency (RPA).

Your personal data will be protected in line with the Data Protection Act 1998. We will use the data:

- to support the application to which it relates;
- in the case of the Cattle Tracing System (CTS) to register cattle and their movements;
- for the administration of the Common Agricultural Policy, and other schemes administered by RPA;
- in relation to the production and safety of food;
- in relation to management of land and other environmental controls;
- in relation to animal health and welfare; and
- in relation to occupational health and welfare.

When required to do so we may pass data to other organisations. For example:

- to HM Revenue & Customs for import or export purposes;
- to Local Authorities for milk, health or cross compliance purposes;
- to English Nature and the Forestry Commission for cross compliance purposes; and
- we may also use the data we collect in connection with the Agricultural Census to produce statistics that do not identify individuals.

In limited circumstances RPA may be required to release information including personal data and commercial information under the Environmental Information Regulations 2004 and the Freedom of Information Act 2000. In particular RPA is committed to releasing information on subsidies paid under Common Agricultural Policy Schemes.

Defra or its agents, including RPA, may use your name, address and other details to contact you in connection with occasional customer research aimed at improving the services that we provide to you.

If you wish to obtain a copy of your personal data held by RPA, please follow the procedure at www.rpa.gov.uk/ under Access to information / Personal data. RPA's public service guarantee on data handling which gives details of your rights in respect of the handling of your personal data is also available on this website. If you don't have access to the Internet please telephone the RPA's Customer Service Centre on 0845 603 7777.

If you believe that any of the information we hold concerning you is incorrect or out of date please provide us with the accurate information in writing together with supporting evidence (if appropriate). You should address your correspondence to - RPA, PO Box 69, Reading, RG1 3YD.