

International Confederation of European Beet Growers

CONFEDERATION INTERNATIONALE
DES BETTERAVIERS EUROPEENS

CONFEDERAZIONE INTERNAZIONALE
DEI BIETICOLTORI EUROPEI



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The current crisis in the EU beet sugar sector is without precedent: CIBE calls for urgent responses and action

One year following the end of the quota regime, with world and EU sugar prices having reached historically low levels this summer, well below the reference threshold and the cost of production in the EU, the beet sugar sector in the EU continues to experience severe turbulences. Furthermore, over-restrictive decisions on the use of plant protection products and new breeding techniques are strongly affecting European growers who have always been at the forefront of innovation and implementation of sustainable practices. Taking stock of this adverse situation, European growers call for urgent actions and for a stop to the “wait-and-see policy” of the EU Institutions. Indeed, the current severe crisis endangers the farms’ financial stability and the resilience of the EU beet sugar sector. The only winner of the reform are the sugar-using food and beverage industries, to whom around €1.5 billion value was transferred at the expense of farming families within one year.

- The move of the EU beet sugar sector from a net importer to a net exporter has significantly changed the price structure in the EU. But with production and exports (around 3.2 Mt in MY2017/18) well behind those from Brazil, India and Thailand, the EU beet sugar sector is not a price maker. World fundamentals, positions of speculators and third countries dumping subsidised sugar on the world market are the cause of price fluctuations and the current collapse of sugar prices (minus 26% in the EU since September 2017).
- The necessary reactions by EU growers to market drivers are being limited and delayed by rigidity, low transparency of contractual framework and the weakening position of beet growers. EU beet sugar production in 2018/19 is expected to decrease, not because of significant beet area decrease but because of severe difficult climatic conditions this summer and poor yields in many regions, amplifying the very bad financial results of farms growing beet. CIBE’s first estimate for 2018/19 shows a decrease of EU production by around 2.4 Mt.
- The recent EU decisions against the use of plant protection products in pelleted beet seed and against the use of new breeding techniques further jeopardize the current and future competitiveness of the sector vis-à-vis third countries.
- The resilience of the EU beet sugar sector is put at risk because of the absence of appropriate safety nets and risk management tools and because of the impossibility for growers to hedge their margin and income.

To maintain sustainable beet growing in the EU, vibrant rural communities and high-quality products as aimed for by the EU Institutions, CIBE calls for:

- 1- Further progress in the clarity of the sugar beet contractual framework: CIBE calls for more transparency in establishing beet contracts, prices, indicators, value sharing clauses, possibility for growers to hedge on markets and a ban on unfair trading practices.
- 2- Access to efficient risk management tools: CIBE calls for the available “toolbox” for farmers to be adapted to deal with the inevitable climatic risks and higher volatility of prices, margins and revenues. For example, the introduction of the Income Stabilisation Tool in the beet sugar sector should be rapidly envisaged and supported by the EU and the Member States. The implementation of adequate safety net in the next CAP 2021-2027 must also materialize: indeed, the current tools (aid for private storage, CMO provision in case of market imbalances) are not workable to limit the collapse of beet growers’ income.
- 3- Time and financial support to respond to the ban on plant protection products and to develop alternative sustainable products and practices are crucial.
- 4- A level playing field with third countries: CIBE calls for a stop to granting market access concessions and to put pressure on countries dumping subsidised sugar on the world market. EU growers are the most sustainable and efficient growers in the world but they cannot compete against competitors which can use plant protection products banned in the EU, they cannot compete with Brazilian currency depreciation, they cannot compete with the export subsidies implemented by some countries.