



## XLIV CIBE CONGRESS Berlin, Germany

3-6 June 2015

### Congress Resolutions



The International Confederation of European Beet Growers (CIBE), representing over 300 000 sugar beet growers from 18 Western & Central European Countries and 55% of world beet sugar production, held its 44<sup>th</sup> Congress in Berlin (Germany) from 3<sup>rd</sup> to 6<sup>th</sup> June 2015. It examined the situation of the world sugar economy and the main economic and political issues currently facing beet growing in Europe, with a special focus on the abolition of the EU quota system as from 1<sup>st</sup> October 2017. CIBE released the following resolutions adopted by its Board of Directors.

## THE 2014/15 BEET CROP AND BEET SUSTAINABILITY

1) CIBE points out the results of the 2014/15 crop: 13 of the 19 beet growing countries of the EU-28 achieved new record yields in 2014/15. The provisional EU-28 average 2014/15 sugar yield stands at around 12.8 t/ha, above the 2011/12 record of 12.2 t/ha. This reflects the good climatic conditions during the crop season, but also the progress made by breeders and by beet growers in ensuring sustainable beet growing.

2) CIBE highlights the constant progress in the agricultural sugar yield: since 2000 on average in the EU, the gain in sugar yield per hectare amounts to 2-4 % per annum. This improvement in sugar beet efficiency over the past ten years (yield increase combined with input decrease) and an improvement in industrial productivity is the result of constant investment by the beet sugar sector. This improvement in competitiveness has ensured the regular supply of a high quality and sustainable product to European users and consumers.

3) CIBE highlights the new direction towards more economical beet growing techniques and reduction of inputs uses. Thanks to this progress, quantities of fertilisers and plant protection products have been reduced per ton of sugar produced and more environmentally-friendly techniques as well as safer plant protection products are being used. However, CIBE stresses that future regulations should not put at risk the progress made towards productivity and efficiency and should provide EU beet growers with diversified and efficient phytosanitary solutions. Especially concerning neonicotinoids,

a ban would have a very negative impact on the competitiveness of the beet sugar industry in Europe, and should not be decided without scientific proof that their use on beet impacts bees' health.

4) CIBE shares the view that the bio-economy presents new opportunities for improving the lives of everyone, for example by offering rural communities the possibility to diversify their activities. It offers bioenergy (bioethanol and biogas) and products - such as biochemicals and bioplastics or household cleaning bioproducts - which can be biodegradable (and compostable) and which contribute to the reduction of GHG emissions and fossil energy consumption. CIBE considers that its recent membership as associate member of the EU Biobased Industry Consortium (BIC) will support this development.

### EU beet: a model of sustainability

5) EU beet growers note the agreement on the EU Climate-Energy Package towards 2020, in particular the Renewable Energy and the Fuel Quality directives. CIBE asks the Member States to effectively implement this package with the aim of promoting the development of biofuels (E10) and biogas, including beet based bioethanol and biogas.

6) This is justified by the advantages and contributions that beet ethanol and biogas offer to society: 60% reduction of GHG emissions compared to fossil fuels, energy security and diversification, rural development and sustainable production).

7) EU beet growers insist that the development of the bioeconomy, and in particular of bioethanol uses, must

firstly benefit European producers, and that it is necessary to limit and control ethanol imports (through customs' tariffs, and anti-dumping measures) to the EU domestic market, in order to meet sustainability requirements.

- 8) CIBE asks the research institutes and relevant authorities to continue to promote innovation and technical progress which further reduces the impact of beet growing on the environment, improving its already significant positive energy balance and economic competitiveness for the benefit of the consumer and society.
- 9) CIBE welcomes the significant investments in ongoing medium-term research projects (example: innovative breeding tools to boost the production of new beet varieties with high

potential) whose full benefits are expected around 2020.

- 10) CIBE notes the recent development of certification schemes in arable cropping and in beet growing. EU beet growers stress that these schemes should not be additional burdens but bring added value to beet growers.
- 11) EU beet growers welcome the joint CIBE - CEFS - EFFAT partnership on sustainability launched in late 2013 and to be presented at the occasion of EXPO MILANO 2015. This EU Beet Sugar Sustainability Partnership presents the performance of the EU beet sugar sector in terms of environment and society. It will reinforce understanding and confidence as well as leadership in our approach to sustainability.

## MARKET AND PRICE SITUATION

- 12) CIBE notes that following the 2006 reform, the EU is one of the world's biggest net sugar importers since 2007. CIBE also notes that the new dynamics in global sugar markets have led to very high price volatility on world markets.
- 13) CIBE notes the negative evolution of sugar world markets and the drop of world prices, which had reached a six-year low by the beginning of 2015.
- 14) This development on the EU market has resulted from the exceptional measures taken by the Commission, in particular from exceptional imports at zero or reduced duty implemented in 2010/11, 2011/12 and 2012/13, which went directly to the stocks. In addition, the very good 2014/15 beet crop with excellent sugar yields has led to a record quantity of out-of-quota sugar for which outlets are limited.

Finally, the decision to abolish the sugar and isoglucose quota system as from 1st October 2017 (European Parliament and Council regulation (EU) n°1308/2013) is putting additional pressure on the market.

- 15) The Sugar Price Reporting for quota sugar shows a sharp decrease of the EU average price of €305/t during the last 21 months; from €738/t in January 2013 to €414/t in February 2015, i.e. a price drop of 44%. Latest information from independent analysts shows that in the EU sugar market, spot prices have fallen to the level of the sugar reference threshold of €404.4/t and even below. This situation is not sustainable in relation to the average production cost of the EU industry and of most other preferential suppliers. The pressure on the financial results of most sugar companies and on the

income of EU beet growers is highly detrimental.

16) CIBE recalls that the EU beet sugar sector is the only one contributing to the own resources of the EU general budget through the payment of the sugar production charge. This contribution amounts to around €160 million per year.

17) It is absolutely necessary that the EU market return rapidly to a healthier situation and that market prices recover to remunerative levels. This is why the Commission needs to monitor the situation very closely and actively consider market measures such as additional exports of out-of-quota sugar.

18) CIBE recalls that the WTO limit which applies to out-of-quota exports from the EU will be lifted as from 1st October 2017.

19) CIBE notes however that EU sugar exports are currently not only strictly limited by WTO but also penalized by some partners. The increased amount of countervailing and anti-dumping duties which apply as from 5th September 2014 to some EU sugar and sugar specialities exports to Canada, to whom the EU has recently agreed to open its market within the CETA, raises concerns on how the European Commission integrates agriculture and sugar issues in trade negotiations.

20) EU beet growers are reacting to the current market drivers by carrying forward large quantities of beet and sugar into MY 2015/16, by adjusting their production target for out-of-quota beet in 2015/16 and by reducing their beet area for the next MY 2015/16 by around 12% so as to be in a capacity to supply the domestic food and non-food outlets and to maintain stocks at reasonable levels in the next MYs,

before the liberalisation of EU production in 2017.

21) EU beet growers oppose any temporary measures (additional raw sugar imports and out-of-quota release) in MYs 2014/15 and 2015/16 as the EU sugar market is more than sufficiently supplied.

22) CIBE notes the necessary extension and alignment of certain sugar provisions of the sCMO regulation (EU Regulation n°1308/2013). However, in this "sugar mini package" and in the light of the very low world market prices, CIBE opposes the Commission proposal to extend the suspension of additional import duties (Commission Implementing Regulation (EU) 75/2013 derogating from Regulation (EC) No 951/2006).

The EU sugar market is sufficiently supplied: no temporary measures are necessary

23) Following the notice from the European Commission on 8<sup>th</sup> May 2015 on the carry-forward of sugar and isoglucose produced in excess of the quota during the 2016/17 marketing year, CIBE considers that the facility granted to isoglucose producers should stop and that out-of-quota isoglucose produced in MY 2016/17 cannot be put on the market during this same MY 2016/2017.

24) In addition, CIBE considers that in view of the abolition of sugar quota the horizontal delegated act regarding aid for private storage, which is under discussion, should be adopted rapidly. Indeed, beet growers and sugar undertakings should know in advance the modalities of the triggering of the aid for private storage for which sugar is eligible according to Article 17 of the sCMO. This is of key importance ahead of the abolition of the quota system and in the light of the market crisis foreseen by the European

Commission in its latest prospects for the sugar market 2014-2024.

- 25)** EU beet growers warn that the expected reduction of sugar consumption in food and beverages in the EU, resulting from an increased substitution by isoglucose on a mature

EU sweeteners market, as well as the EU sugar price convergence toward world sugar market price, will lead to further restructuring in the beet sugar industry. CIBE calls on the European Institutions to introduce measures to mitigate its detrimental consequences.

## INTERPROFESSION AND SINGLE CMO AS FROM 1<sup>st</sup> OCTOBER 2017

- 26)** CIBE notes the implementation of the new Common Agricultural Policy as from 1<sup>st</sup> January 2014 and in particular of its objectives and general principles.

- 27)** CIBE highlights that the abolition of supply management measures (sugar and isoglucose quota) and of the minimum beet price, provided for in EU Regulation n°1308/2013 (Single CMO), as from 1<sup>st</sup> October 2017 will lead to a drastic change of the beet economy in the EU.

- 28)** A properly functioning supply chain is indispensable for EU beet growers: to that end, the contract model in the EU beet sector is crucial. CIBE welcomes in EU Regulation n°1308/2013 the maintenance as from 1<sup>st</sup> October 2017 of compulsory interprofessional agreements and pre-sowing contracts negotiated on a regular basis between growers' associations and processors. They redress the balance of power in negotiations and of the rights and obligations between growers and processors to enable an efficient functioning of the beet and sugar supply chain.

- 29)** In a context of further concentration of the European sugar industry and adjustments of interprofessional agreements in view of the quota

system abolition as from 1<sup>st</sup> October 2017, EU beet growers stress the need to respect the framework conditions provided for in Article 125 and Annex X of EU Regulation n°1308/2013. This is particularly crucial as regards the collective negotiations of interprofessional agreements and contracts and as regards the possibility of sharing of the added value.

- 30)** EU beet growers note that the competition between beet and alternative crops will increase as from 1<sup>st</sup> October 2017.

**Interprofessional agreements and contracts are essential after 1<sup>st</sup> October 2017**

**Remunerative beet prices and equitable sharing of added value are necessary**

- 31)** CIBE underlines that beet prices as from 1<sup>st</sup> October 2017 should not only cover beet production costs but also ensure long-term remunerative price and income.

- 32)** EU beet growers consider that the sharing of added value between growers and processors should be equitable and not established at the expense of beet growers.

- 33)** The abolition of previous guarantees provided by the quota system to growers such as the minimum beet price, as well as a more and more concentrated sugar industry, could also potentially weaken the bargaining power of beet growers in the negotiations of written agreements

within the trade and contracts. EU beet growers therefore ask the legislators and the European Commission to remain vigilant so that the purpose and the logic of the Single CMO with regards to the reinforcement of the position of farmers along the supply chain be respected, including when it comes to beet growers' associations.

**34)** In particular, CIBE regrets that as from 1<sup>st</sup> October 2017, nothing is foreseen in EU Regulation n°1308/2013 in the event of these written agreements within the trade not being concluded between the parties before sowing. However, CIBE considers that the role of the Member State should be maintained in such an event to facilitate the process in the interest of both parties.

**35)** EU beet growers consider crucial, for the purpose of the sCMO with regards to a balanced bargaining power for beet growers and with regards to the transparency of the market, to maintain as from 1<sup>st</sup> October 2017 in the horizontal implementing regulations of sCMO to be issued:

- An improved price reporting scheme based on prices

**EU sugar price monitoring and EU sugar & isoglucose balance sheet are key basic tools after 1<sup>st</sup> October 2017**

collected from undertakings as well as

- a sugar and isoglucose balance sheet based on controlled data collected from undertakings .

**36)** Without such regulatory and compulsory provisions, asymmetry of information on prices will be to the disadvantage of beet growers, who will not have access to the necessary information:

- to negotiate their supply contracts and
- to implement properly the rules, stipulated in the sCMO (Annex X, Point II.3 and Point XI. 4, h), on the adaptation of beet prices to the evolution of sugar market prices and on the evolution of beet prices in the case of pluri-annual contracts.

**37)** In addition, EU beet growers emphasize the potential advantages, notably in terms of price risk management, of futures sugar markets.

**38)** Finally, EU beet growers recall the need to modernise beet reception rules and automate the measures of quality and sugar content of the beet so as for the beet to be paid for what it is worth.

## TRADE RELATIONS WITH THIRD COUNTRIES

**39)** CIBE underlines that the possible granting of additional import quantities at reduced duty, as well as both the concluded and ongoing intensive negotiations on bilateral agreements which follow the slowdown of the Doha Round negotiations, are real and unacceptable threats to our sector.

**40)** CIBE notes that the repeated opening up of a duty free import quota for industrial sugar will stop as from 1<sup>st</sup> October 2017.

**41)** CIBE regrets that the recent market access concessions granted to Central America, Peru, Colombia, Ecuador and South Africa are leading

to around 350 000 tonnes of additional sugar entering in the EU.

- 42) CIBE regrets that the recently agreed Comprehensive Trade and Economic Agreement (CETA) concluded with Canada includes EU sugar market access concessions with relaxed Rules of Origin.
- 43) CIBE recalls that the respect of effective and strict Rules of Origin for sugar and sugar processed products is crucial, in particular to avoid triangular trade.
- 44) Such FTAs not only erode the preferences granted to ACP and LDC countries. They also constantly undermine the restructuring of the EU beet sugar sector towards improved competitiveness, in particular in view of the abolition of the sugar quotas system in 2017. This is in contradiction with the Growth and Jobs strategy of the European Union.
- 45) In view of the more than sufficient supply of the EU sugar market for the years to come, CIBE emphasizes that no additional imports outside current preferential schemes should be opened by the Commission and no further EU sugar market access concessions should be given to third countries.
- 46) CIBE considers fully inappropriate any proposal to reduce current import duties, and in particular any proposal to suspend the reduced duty of €98/t

which applies to CXL TRQs. Furthermore, CIBE stresses that the final sugar import TRQ resulting from EU enlargement to Croatia and from Article XXIV.6 of the General Agreement on Tariffs and Trade should be carefully managed so as to avoid further concessions granted to third countries.

- 47) Moreover, CIBE is concerned by the new developments on the global sugar market and by the growth of various support and trade distorting measures implemented by third countries which move away from the WTO logic. In this regard, CIBE notes that the main beet and cane sugar producing and exporting countries in the world implement support policies with market regulation tools, various domestic supports for sugar and ethanol as well as various export supports.
- 48) CIBE calls on the European Commission to ensure actively at WTO that competitors in third countries respect their WTO commitments. The European Commission deregulates its sugar policy. At the same time Thailand, India, Brazil and the US are actively regulating and supporting their sugar industry.
- 49) Therefore, CIBE calls on the European Commission to exclude sugar and ethanol from the bilateral negotiations with these countries (Thailand, India, Brazil and the US).

No further EU sugar  
market access  
concessions should  
be granted to third  
countries