

International Confederation of European Beet Growers

CONFEDERATION INTERNATIONALE
DES BETTERAVIERS EUROPEENS

CONFEDERAZIONE INTERNAZIONALE
DEI BIETICOLTORI EUROPEI



INTERNATIONALE VEREINIGUNG
EUROPÄISCHER RÜBENANBAUER

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PRESS RELEASE

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EUROPEAN BEET GROWERS PRESENT RESULTS ON ENVIRONMENTAL SUSTAINABILITY AND LOOK TOWARDS THE FUTURE

At their General Assembly in Braşov (Romania), 27th- 28th May 2010, the 18 beet-producing member countries of the International Confederation of European Beet Growers (CIBE) commented on their work on the environmental sustainability of the European beet sector and discussed the Sugar CMO as part of the present and future CAP.

According to CIBE, the key objectives and challenges of the Sugar CMO for the future remain:

- to ensure a fair standard of living for growers,
- to maintain a fair and well functioning sugar supply chain,
- to maintain EU sugar beet production capacity in Europe and
- to stabilise the sugar market against the threat of high market volatility.

In order to prepare for the future and reach these objectives, the following should be taken into consideration:

Sugar beet is a model of environmental sustainability

Commenting on the CIBE-CEFS newly published brochure on environmental sustainability, the President of CIBE Jos van Campen stated that “sugar beet growing in Europe is a model in terms of environmental sustainability”. As shown in this report, the constant improvement in sugar beet efficiency over the past ten years (yield increase combined with input decrease) and the improvement in industrial productivity have ensured the regular supply of a high quality and sustainable product to European users and consumers at a reasonable price, as well as the supply of bioenergy products like bioethanol and biogas.

The EU sugar market needs consistent EU trade policies

The new Sugar CMO implemented in 2006 has brought the sugar market price closer to world and other domestic market prices and thereby the competitiveness of the European sugar beet sector in relation to third competitors has improved substantially after a profound restructuring of sugar beet production in Europe. The Sugar CMO honours the EU enlargement process, the “Everything But Arms” arrangement with LDCs, the Economic Partnership Agreements with the ACPs and WTO commitments.

CIBE highlighted the fact that the EU produces 80% and imports 20% of its sugar consumption mainly from developing countries and is now one of the world's biggest net sugar importers. This is more than other developed countries, in particular the US, which produces 85% of its consumption. Due to this and to yield fluctuations resulting from climatic conditions, CIBE considers that an export path is essential and should be maintained in the future.

Furthermore, bilateral Free Trade Agreements (FTAs) which aim to grant further access to the EU sugar market at zero duty to third countries are neither consistent with the objective of a sustainable

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EU sugar beet sector nor with the preferences granted to ACP and LDC countries. Such FTAs consistently undermine the restructuring of the EU sugar beet sector and put the sustainability of the EU sugar beet sector (current EU capacities of production and competitiveness) at risk. President Jos van Campen expressed strong opposition to the latest FTAs concluded with Latin American countries.

In addition, CIBE members stressed that it does not make sense for the EU to grant market access to net sugar importing countries, as this simply triggers SWAP mechanisms in those countries (i.e. sugar imports from the world market – mainly Brazil – for internal consumption and exports of domestically produced sugar) and consecutively raises environmental concerns (in terms of transport and CO₂ emissions).

President Jos van Campen insisted that “it is the responsibility of the EU Commission to be consistent in the short and long term about its objectives for the EU sugar beet sector and the bilateral and multilateral trade policies which it negotiates and implements”.

The control of EU sugar supply: a tool for stabilising the market

With the suspension of export refunds since 2008, CIBE reiterated that there were no longer any direct expenses related to the management of the EU sugar market. Furthermore President Jos van Campen stated “that the sugar sector contributes positively to the EU General Budget and its own resources with the payment of the sugar production charge which is unique in the agricultural sector, and is therefore an unjustified tax”.

As regards the management tools of the Sugar CMO, President Jos van Campen underlined the fact that “the EU has always managed the sugar market with a supply control to ensure stability and to guarantee supply”. Sugar and isoglucose national quotas, whose global levels are now lower than EU sugar consumption have proven so far to be efficient tools for ensuring security of supply and for providing a bulwark against the volatility of supply and the extreme volatility of the world sugar market. CIBE stressed that this stability of the EU market must remain a key priority and objective in the future, to prevent harmful, unnecessary and costly crises.

Beet growers and the supply chain: the contract model should be reinforced

CIBE members also discussed the issue of the supply chain and stated that the contract model in the beet sector should be reinforced in the future. The fragmentation of sugar beet growers on the one hand, and high industrial concentration on the other, are now of particular importance. This imbalance underlines the necessity for a strong contractual framework between growers and processors.

CIBE pointed out that the current contractual framework of the Sugar CMO with a minimum beet price and interprofessional agreements, tackles the specificities of beet supply, and the fragmentation and imbalance between EU growers and highly concentrated manufacturers. It gives EU growers a safety net and a framework within which they can get remuneration, exercise their countervailing power, deal with the sharing of the added value and react to market developments whilst avoiding extreme fluctuations.

Finally, CIBE stated that it fully intends to play its part as a key stakeholder in the next discussions on the Single CMO after 2013 and on the future of the Sugar CMO after 2015.