

CONGRESS 2012 RESOLUTIONS

The International Confederation of European Sugar Beet Growers (CIBE), representing 385 000 sugar beet growers from 18 Western & Central European Countries and 55% of world beet sugar production, held its 43rd Congress in Reims (France) from 12th to 15th June 2012. It examined the situation of the world sugar economy and the main economic and political issues currently facing beet agriculture in Europe with a particular focus on the ongoing discussions on sugar CMO post-2015. CIBE released the following resolutions adopted by its Board of Directors.

■ THE SUGAR EU CMO SHOULD BE EXTENDED UP TO 2020

- 1) EU beet growers stress that the 2006 reform had drastic impacts on the EU sugar beet sector which has restructured and consolidated rapidly. The renunciation of 5.8 million tonnes of sugar and isoglucose quota has led to the closure of 83 factories, the loss of 25 000 direct jobs in rural areas, the end of sugar beet cultivation for around 138 000 farmers in all European producing countries, and to a decrease in sugar beet area by 700 000 ha.
- 2) EU beet growers note that the EU sugar industries have throughout this evolution fulfilled the CMO's main objective of delivering secure sugar supplies at reasonable prices for European consumers while imports have proved much less reliable.
- 3) EU beet growers welcome that greater emphasis is placed on food security and preventing volatility on the EU market. However, consistent policy is essential: having downsized in response to the last reform, the industry now needs a period of stability and enough time to adjust to unexpected global market developments.
- 4) EU beet growers are strongly opposed to the Commission's legislative proposal communicated on 12th October 2011 (COM(2011)626 final) to get rid of all sugar provisions as from 2015 i.e. to abolish the sugar quotas system, to abolish the minimum beet price and to abolish all market instruments included in the current Sugar CMO (definition of out-of-quota, carry forward, withdrawal, release of out-of-quota).
- 5) EU beet growers note that there are neither economic nor technical arguments to justify the Commission's proposal. CIBE regrets that the motivation of the Commission's proposal is mainly ideological.
- 6) EU beet growers point out that the Commission's proposal would strike down, from one day to the next, the management of the sugar market and its supply control which ensure stability and guarantee supply and which have proven their efficiency for years, even in extreme situations of surplus or scarcity, and this at zero cost to the EU budget.

7) EU beet growers consider that the market tools ensure security of supply and a balanced market and provide a buffer against the volatility of supply and of the world sugar market. CIBE highlights that the **elimination of supply management measures would increase the volatility of supply to the EU market.**

8) The EU beet growers' proposals for a sustainable post-2015 EU sugar beet sector are:

- To **extend the provisions in the sugar sector at least up to 2020, including the sugar quotas and the minimum beet price.**
- To preserve and **reinforce the sugar beet contractual framework, including the interprofessional agreements.**
- To preserve current market management instruments (out-of-quota, carry forward, withdrawal) and consolidate them so as to **ensure the balance of the EU market (release of out-of-quota).**
- To improve the timing and the implementation of market measures for a **better reactivity** to market developments.
- To **abolish the sugar production charge as from 2015/2016.**
- To **adopt EU trade policies consistent and compatible** with the EU sugar policy.
- To propose a **report in 2018** in order to analyse the EU and the global market and discuss at that date the future sugar CMO post-2020 and in particular to make proposals as



CIBE calls for the extension of the Sugar CMO at least up to 2020 and for a consolidation of interprofessional agreements

regards the **relations within the trade to ensure the fair balance of rights and obligations between growers and undertakings and to allow equitable sharing of the added value.**

9) EU beet growers consider that the **maintenance of any privilege for sugar cane refiners after 2015 would be inconsistent with the 2006 reform** as well as with the preferential and new agreed trade agreements and unacceptable as it would mean further sugar beet factory closures and job losses in rural areas.

10) EU beet growers **welcome the Resolution 2011/2051(INI) voted by the European Parliament in June 2011** which *advocates that the 2006 sugar market regime be extended at least to 2020 in its existing form and calls for suitable measures to safeguard sugar production in Europe and to allow the EU sugar sector to improve its competitiveness within a stable framework.* EU beet growers **call on the European Institutions, the European Parliament and the Council, to take CIBE's proposals into consideration.**

11) In this regard, EU beet growers **welcome the EP Draft Report 2011/0281(COD) on the Proposal for a Single CMO issued mid-June 2012** which recommends the prolongation of the sugar provisions and the consolidation of the contractual framework up to 2020. CIBE also notes that **only 6 Member States support the Commission's proposal** to end the sugar provisions as from 2015.

■ **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.** Therefore, the availability of sugar on time and in sufficient quantities in all parts of the EU (whether in a situation of global surplus or global scarcity) is a key issue. However, the new dynamics in global

sugar markets which resulted from the world financial and economic crisis led to a **very high price volatility of world markets.** This volatility becomes even higher when major sugar cane producing regions face bad weather conditions.

13) CIBE underlines that in this highly volatile environment, **the European sugar beet sector ensures a reliable, regular raw material supply in Europe** for two reasons. Firstly, it is located in climatically more stable regions – contrary to sugar cane. Secondly, the current sugar regime has a stabilizing effect, in particular due to the supply management with sugar quotas and due to the possibility to withdraw quota sugar in the event of surplus or to release out-of-quota sugar on the EU food market in the event of supply tension in the EU.

14) CIBE stresses the **capacity of the European beet sugar sector to respond rapidly** to the evolution of market demand as shown in MYs 2010/11 and 2011/12.

15) EU beet growers highlight that the management of the EU sugar market remains indispensable and that **flexible market management measures are efficient tools to ensure a balanced EU market** as shown in the Agrosynergie report “*Evaluation of Common Agricultural Policy measures applied to the sugar sector*” dated December 2011.

16) EU beet growers welcome the possibility to **release out-of-quota sugar on the EU food market** to ensure sufficient sugar supplies on the EU market when it is undersupplied. This flexible tool of the Sugar CMO acts as an efficient and important buffer. It must be reinforced in future so as to be used with better reactivity.

17) EU beet growers point out that the priority should be given to the EU beet sector against imports to supply its domestic market and that the **objective of the new CAP post-2013 is to secure the EU white sugar market thanks to a domestic sugar**

beet production representing 85% of EU consumption.

18) CIBE considers that the possibility to export whilst respecting WTO commitments gives growers and processors the conditions to react to world market drivers. This **export path is essential** to counterbalance the import flows. It is essential that some flexibility concerning exports is maintained in the future.

19) In this regard, CIBE notes that **the main beet and cane sugar producing and exporting countries in the world implement strong policies and market regulation tools.**

20) CIBE notes that the strong decrease in the EU sugar price between 2006 and 2010 and the opening up of the European market has not been sufficiently transferred to the final consumer, as seen by the recent evolution in consumer prices and selling prices of processed products in the EU. And, contrary to what was forecast by the European Commission, this **decrease has mainly benefited the food and drinks industry and the retail sector, amounting to around €4 billion in four years.**

21) CIBE notes the **convergence between world market sugar prices and European market sugar prices between 2009 and 2011.** CIBE acknowledges that European market prices cannot be fully disconnected from the development of world market prices. CIBE notes the increase of EU white sugar domestic price in 2011/12. However, CIBE points out that EU sugar market price are lower than sugar prices in many other major sugar producing countries.



■ **SUSTAINABILITY**

22) CIBE points out that **improving the competitiveness of the beet sugar sector is a common aim for growers and their**

cooperatives and sugar producers. The sugar beet sector has engaged and

invested to improve its competitiveness and efficiency.

23) CIBE underlines that in many regions, beet growing and the sugar industry are key drivers for rural development, providing numerous direct and indirect jobs (in the EU 150 000 jobs, 106 factories in 18 Member States, 170 000 growers) stimulating technical progress at agricultural and rural level, facilitating industrial infrastructure, implantations and services.

24) Sugar beet is currently grown in 18 EU countries, in Switzerland and in Turkey. As a rotational crop and a break crop, sugar beet facilitates the maintenance of biodiversity, contributes to the diversity of the landscape and improves soil fertility. With the constant improvement in agricultural practices, soil conservation techniques and input management, sugar beet growing is a model in terms of environmental sustainability, as illustrated in the 2010 CIBE-CEFS environmental sustainability brochure and by the CIBE-CEFS participation in EU Green Week 2011 and 2012.

25) CIBE points out 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 constant improvement in sugar beet efficiency over the past ten years (yield increase combined with input decrease) and an improvement in industrial productivity have ensured the regular supply of a high quality and sustainable product to European users.

26) However, EU beet growers note that production costs in the most competitive EU beet sugar producing countries are around 30% higher than production costs in the most competitive cane sugar countries.

27) CIBE highlights the new direction towards more economical beet growing techniques and inputs' regulation. Thanks to this progress, quantities of fertilisers and plant protection products have been

reduced considerably and more environmentally-friendly techniques as well as safer plant protection products are used.

28) CIBE highlights the specific status of out-of-quota which has preserved and increased the use of sugar beet as a raw material for non-food outlets in the EU (more than 10 % of beet currently processed in the EU). Beet increasingly plays an important part in the development of the European bio-economy which in turn plays an important role in reducing energy dependence on oil, reducing net greenhouse gas (GHG) emissions and meeting the aims of the EU Renewable Energy Directive adopted in 2009, as well as in delivering the objectives of the Europe 2020 strategy designed to turn Europe into a smart, sustainable and socially inclusive market economy.

29) CIBE shares the view that the bio-economy presents new opportunities for social innovation and 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 are biodegradable (and compostable) and which make our lives healthier, safer and easier.

30) EU beet growers ask Member States to effectively implement the EU Climate-Energy Package, in particular the Renewable Energy and the Fuel Quality directives with the aim of promoting the development of biofuels and biogas, including beet based bioethanol and biogas.

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



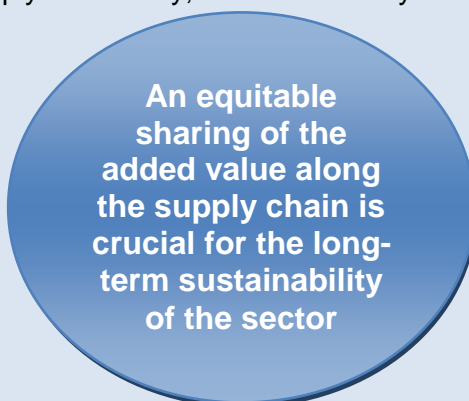
- 32) EU beet growers insist that the development of bioethanol uses must firstly benefit European producers, and that it is **necessary to limit and control ethanol imports (through appropriate customs' tariffs, appropriate trade agreements and anti-dumping measures)** to the EU domestic market, in order to meet production and sustainability requirements.
- 33) CIBE asks the **research institutes** and relevant authorities to continue to **promote**

innovation and technical progress which reduces the impact of beet growing on the environment and improves its already significant positive energy balance and economic competitiveness in favour of the consumer and society.

- 34) CIBE welcomes the significant recent **investments in ongoing medium-term research projects** whose full benefits are expected around 2020.

■ **INTERPROFESSION**

- 35) A properly functioning supply chain is indispensable for EU beet growers: to that end, **the contract model in the EU beet sector is crucial**. Firstly, the setting of a minimum beet price as a floor price corrects the asymmetry and fragmentation in beet supply. Secondly, compulsory interprofessional agreements negotiated on a regular basis between growers and processors redress the balance of power in negotiations to enable an efficient functioning of the beet and sugar supply chain.



are guaranteed the minimum beet price for all quota beet.

- 38) EU beet growers, in accordance with Annex II of the Sugar Regulation, point out the need for **balanced rules** on how any difference between the reference price and the actual selling price of sugar is to be allocated between growers and processors.

- 39) EU beet growers ask the European Commission to **guarantee the EU beet growers' associations' capacity to reinforce and to negotiate all the terms of the interprofessional agreements and in particular their price components**.

- 36) In this respect, CIBE is concerned by the **imbalances of power in the food chain** and the pressure exerted by international food companies to have access to ever lower agricultural commodities' prices on agricultural markets.

- 40) EU beet growers welcome **the Resolution 2009/2237(INI) voted by the European Parliament in September 2010** which highlights the main issues so as to ensure a better functioning of the supply chain in Europe, of which price transparency (price monitoring tool), relationship between the CAP and competition rules, balance of bargaining power and fair contracting scheme.

- 37) In a context of further concentration of the European sugar industry and adjustments of inter-professional agreements, EU beet growers stress the need to **scrupulously respect the framework conditions provided for** in Annex II of the Sugar Regulation (Commission Regulation (EC) n°952/2006) in particular as regards the sharing of the added value and to make sure that all growers in all circumstances

- 41) EU beet growers emphasise the need to **modernise beet reception rules and the need for the beet crown to be recognised – and paid – for what it is worth**.

■ TRADE RELATIONS WITH THIRD COUNTRIES

42) To ensure the viability of beet growing and the European sugar industry, EU beet growers consider indispensable that the Commission respects its economic and financial commitments and the European reform. Our fears on this are founded; the repeated opening up of a duty free import quota for industrial sugar, the granting of additional import quantities at reduced duty, the intensive negotiations on bilateral agreements (ex. with Mercosur) which follow the slowdown of the Doha Round negotiations are real and unacceptable threats to our sector.

43) CIBE draws attention to the risk in terms of security of supply of increasing the vulnerability and dependence of the EU sugar market by enlarging EU market access concessions to third countries. Bilateral Free Trade Agreements (FTAs) which aim to grant further access at zero duty to the EU sugar market to third countries are not consistent with the 2006 sugar reform which granted preferences to ACP and LDC countries. Such FTAs constantly undermine the restructuring of the EU sugar beet sector towards improved competitiveness. The EU should not be the only part of the world continuing to reduce crop area and close factories.

44) The preferences granted to traditional partners, the ACP and LDC countries, which had to adapt to the new European context, remain valuable only within a stable and remunerative European sugar market. To fulfil the investments in long-term development programmes in these developing countries, the EU must

respect the preferential agreements concluded with ACP and LDC countries.

45) CIBE points out that the unrestricted EU sugar market access to LDCs and ACP was introduced in 2009 as part of the EBA and EPAs with the aim to promote trade and improve standards of living in the world poorest and most vulnerable countries.

46) EU beet growers welcome the EP resolution 2010/2110(INI) voted in March 2011 which calls on the Commission to abide by its commitments regarding the EU sugar sector and to end systematic concessions on sugar in bilateral and multilateral

trade negotiations and notes in this context the initiatives of the sugar sector, which have increased its competitiveness while improving its environmental sustainability and contributing to the EU development agenda via the preferences granted to ACP countries and LDCs.

47) EU beet growers request that sugar, isoglucose and sweetened products be excluded from the free trade agreements negotiated with different groups of countries, since the import tonnages of sugar covered by the tariff concessions granted to ACP, LDC, the Balkans, and due to the enlargement of the EU as well as to recent concluded bilateral FTAs, have already considerably reduced the prospects for beet growing and sugar production in Europe.



■ ENLARGEMENT OF THE EUROPEAN UNION

48) CIBE notes the enlargement of the EU to include Croatia.

49) CIBE notes the continuation of the EU enlargement process with candidate countries (Turkey, FYROM, Serbia,

Montenegro, Iceland), as well as the ongoing discussions with the potential candidate countries (Albania, Bosnia and Herzegovina, and Kosovo under UN Security Council Resolution 1244).