



Brussels, 20 March 2020

**RE: COVID-19 and the EU Beet Sugar Sector**

Dear Commissioner Wojciechowski,

Voicing the hope that you and your team are doing well under these exceptional circumstances, CIBF, the International Confederation of Sugar beet Growers, CEFS, representing the European Association of Sugar Manufacturers, and EFFAT, the European Federation of Agriculture, Food and Tourism Unions would like to alert you on the highly worrying situation our European beet sugar sector will have to face in the coming weeks and months following the outbreak of the Covid-19 pandemic.

Firstly, we would like to stress the commitments of both the European sugar beet growers and the European sugar manufacturers in this unprecedented crisis. They respectively continue their work in the fields during the sowing period and are fully engaged under very strong pressure to deliver continuous supply of their products to the EU domestic market, contributing to food security. As the demand for sanitary equipment is increasing in response to Covid-19, the EU sugar sector is committed to shift its ethanol production from fuel to pharma-grade ethanol.

Secondly, we take this opportunity to express our support to the Commission's efforts to uphold the transport of goods within the Single Market and remind that sugar is an essential food, for which continuing cross-border deliveries is critical. The Commission – in coordination with Member States – should do its utmost to facilitate the fluidity of cross-border transportation within the EU and with Switzerland. This is currently proving highly challenging.

Thirdly, we would like to stress our strong concerns vis-à-vis the rapid evolution of sugar markets (see detailed technical note attached, which will be regularly updated). As a consequence of the outbreak, a strong bearish market sentiment triggered a severe and sudden drop of commodity prices, which put a damper on the positive trend on global sugar markets. This occurs just at a moment where prices were eventually recovering thanks to supportive fundamentals such as a substantial global production deficit in the current marketing year.

The world raw sugar price is now at an 18-month low. The linear upward trend of the last six months has been severely reversed. Since mid-February, sugar has dropped by more than 25% on global markets. This dangerous price development occurs alongside the global depreciation of oil prices, emerging markets' currencies, and dry bulk carrier shipping rates.

Altogether, these elements present a serious threat to the EU sugar sector. Making things worse, notably Brazil as major exporter of sugar is capitalizing substantially on this environment. The Brazilian real has depreciated sharply against the dollar and posted on 19 March a new record low of 5.2041 reals/USD. It is forecasted that Brazil will use more of its cane crushing capacity to divert production

from bioethanol to raw sugar because the weaker real encourages production and export selling by Brazil's sugar producers, putting additional pressure on the World price.

As you know, the EU sugar market is now more linked to the world market. The lower the World price will be, the higher the pressure will be on the EU market, translating into lower levels of sugar and sugar beet prices.

After three years of crisis, the hope among EU sugar beet farmers, sugar producers and workers in the sugar industry that their situation will significantly improve this season is now vanishing. Therefore, we call on you to minimize the impact of Covid-19 on all sugar-beet outlets, i.e. to be ready to trigger all the available exceptional measures, safety net - aid for private storage - and also import safeguards to prevent the European sugar price to slump again forcing a new wave of restructuring.

These measures are critical to preserve the 360,000 jobs associated with European sugar production, 80 percent of which are based in rural areas and protect the livelihoods of 123,000 sugar beet farmers.

Yours Sincerely,



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