Brussels, 24 April 2017

TEMPORARY MEASURES: A RECKLESS GAMBLE

The EU sugar sector faces its biggest change in decades. On 1 October 2017 EU sugar production quotas will end. At this sensitive and uncertain time, the European Commission has proposed to vote in the Management Committee of 27 April 2017 on the introduction of 'temporary' measures (tenders for imports at reduced duties) to increase the supply of sugar on the EU market.

EU sugar producers (CEFS), sugar beet growers (CIBE) farmers (COPA), cooperatives (COGECA), cane sugar refiners (ESRA), trade unions (EFFAT), and ACP suppliers demand that no vote on temporary market management measures take place on 27 April 2017.

As a result of large stocks, EU white sugar prices have experienced a long period of stagnation during which they sank to their lowest level since records began. Prices remain low today. Not only does this not suggest a market shortage, but it leaves the sector particularly vulnerable to supply shocks in advance of the momentous change that will take place on 1 October 2017.

The effects of the implementation of temporary market management measures to import and re-classify out-of-quota sugar are unpredictable, as seen in past interventions. Such measures could fuel a crisis situation, the effects of which could persist beyond the measures themselves. EU prices would come under downward pressure, preferential imports would be discouraged, and stocks would rise excessively. Just proposing such measures has encouraged speculation and affected prices negatively. The Commission should retain the lessons from past experiences in order to prevent further crisis in our sector.

Brazil's CXL import quota currently remains unfilled due to persistently low EU prices that have fallen below world prices in recent months. The EU sugar market needs to reach a price at which CXL sugar including the 98 EUR/tonne import tariff is competitive before any claims can be made that the market is in short supply and new supplies are necessary. Adding more sugar to the market at this stage will simply discourage the entry of sugar via preferential import quotas.

Sugar beet and cane growers and sugar producers have worked hard to prepare for the end of quotas. In 2015/2016 contracted areas for the cultivation of sugar beet increased by more than 10 per cent, as the sector strived to respond to market signals. The introduction of temporary market management measures would be a betrayal of this effort, as well as of the sector's longer term endeavours to prepare for the end of production quotas on 1 October 2017.

By supporting sugar users, the Commission is promoting commercial calculations to get sugar at the lowest possible price and risking a sugar market crisis that will be left to the sector to manage. This crisis could have serious and long-lasting consequences for workers, growers and undertakings within the sector, as well as for preferential suppliers from the African, Caribbean and Pacific group of states.