

International Confederation of European Beet Growers

CONFEDERATION INTERNATIONALE
DES BETTERAVIERS EUROPEENS

CONFEDERAZIONE INTERNAZIONALE
DEI BIETICOLTORI EUROPEI



INTERNATIONALE VEREINIGUNG
EUROPÄISCHER RÜBENANBAUER

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CIBE, founded in 1927, represents around 400 000 sugar beet growers from 16 EU sugar beet producing countries plus Switzerland and Turkey.

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EUROPEAN BEET GROWERS' FIRST CONTRIBUTION TO THE DEBATE ON THE CAP AFTER 2013

❖ Sugar CMO and CAP

The European sugar beet sector has already undergone the drastic reform of the Sugar CMO of 2006 and has proved its abilities to adapt to new economic conditions and to evolve so as to ensure long-term sustainability. The current Sugar CMO, valid up to 2014/15, has been integrated into the 2003 CAP reform. In particular, the full decoupling of aid (the single decoupled payment scheme) has put sugar beet in line with alternative crops, mainly cereals.

CIBE notes that with the suspension of export refunds since 2008, there are no longer any direct expenses related to the management of the EU sugar market. Furthermore, the European 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 today for CIBE an unjustified tax.

The Sugar CMO is part of the “single” CMO implemented in 2007. CIBE considers that Common Market Organisations are necessary, along with management tools, to address EU agricultural market failures and to deal with different agricultural products, of which sugar. For CIBE, the key objectives and challenges of the Sugar CMO for the future remain the following:

- 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.

❖ Sugar beet is a model of environmental sustainability

The CAP has always evolved and adapted to challenges: in 2003 it was the WTO challenge and the integration into world markets. Today new challenges such as food security, price volatility, environmental and climate change issues, and the production of renewable energy are emerging.

As stated in the recently published CIBE-CEFS brochure on environmental sustainability, sugar beet growing in Europe is a model in terms of environmental sustainability ([Learn more about the ENVIRONMENTAL SUSTAINABILITY of the EU Beet and Sugar Sector!](#)).

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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. 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. This restructuring of sugar beet production in Europe led to a cut in sugar production of more than 5 million tonnes, the closure of 83 factories out of a total of 189 in the EU-27, the loss of over 16 500 direct jobs in rural areas, and the end of sugar beet cultivation for around 140 000 farmers.

In addition, the Sugar CMO honours the EU enlargement process, the “Everything But Arms” arrangement with LDCs (Least Developed Countries), the Economic Partnership Agreements with the ACPs (African Caribbean and Pacific countries) and WTO commitments.

CIBE highlights 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 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. CIBE has expressed strong opposition to the latest FTAs concluded with some Latin American countries and remains extremely vigilant and opposed to further EU market access within the other bilateral negotiations to come, in particular the EU-Mercosur trade negotiations resumed in May 2010. CIBE notes that the world sugar market, which is the most volatile agricultural commodity market, is dominated by one country: Brazil, which accounts for 60% of the sugar traded. However, the structure and the standard of sugar production in Europe cannot be compared with those prevailing in sugar cane producing countries like Brazil.

In addition, CIBE members stress 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).

It is to be noted that the EU is using agricultural market access for concessions in other non-agricultural areas, with major negative impacts for EU agriculture, including a large decrease in farmers’ income, as well as growing environmental concerns in third countries. This remains a big challenge for the EU

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agricultural sector and for the EU sugar beet sector in particular, which faces globalisation and the integration into world markets.

CIBE points out 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

As regards the management tools of the Sugar CMO, CIBE underlines 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 stresses 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

The issue of the supply chain is crucial for CIBE: 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.

Furthermore, CIBE notes that the strong decrease in the EU sugar price which followed the opening up of the European market has not been totally transferred to the final consumer, as seen by the recent evolution in consumer prices in the EU and, contrary to what was forecast by the European Commission, has mainly benefited the food and drink industry and the retail sector. The sharing of added value along the food chain remains therefore of particular relevance in the sugar sector.

CIBE points 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 imbalance between “fragmented” 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.

The new Sugar CMO implemented in 2006 has proved its ability to adapt to changing conditions and to fulfil the objectives of security of sugar supply in the EU as well as balanced sugar beet growing among EU countries. The market management tools of the Sugar CMO are appropriate and necessary instruments for an efficient sugar market in the EU, but only along with a consistent trade policy and as long as EU sugar production capacity is not constantly threatened with downward adjustment.

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Finally, CIBE 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.