**CAP towards 2020:**
**Can it ensure a smart, sustainable and inclusive future for the sugar sector?**

(Brussels, 6th November 2012) EU beet farmers, sugar producers and workers' unions together with the African, Caribbean and Pacific (ACP) and Least Developed Countries (LDC) sugar producers believe that the sugar sector can significantly contribute to Europe 2020 and the Millennium Development Goals (MDGs), supporting a smart, sustainable and inclusive future for both Europe and the ACP/LDC sugar suppliers. In order to do so, the EU's future Common Agricultural Policy (CAP) should be consistent with the objectives of the Europe 2020 strategy towards economic, environmental and social sustainability, as well as the EU's development policies. For this reason, CIBE, CEFS, EFFAT and the ACP countries request that the Single CMO for sugar be extended until 2020. This would provide essential support to guaranteeing decent employment, securing the sector's stability and providing sufficient sugar supplies at sustainable prices for farmers, processors, suppliers, workers and consumers at a time of social and economic crisis.

**A smart future**

A robust and competitive sugar industry is a driver of economic activity, especially in rural areas with a long tradition of beet or cane growing. Both the EU and ACP/LDC countries are committed to a more competitive sugar sector. They are making considerable investments to improve their core business, sugar production, and are engaged in diversification and added value initiatives (e.g. co-generation). They are continually making improvements to increase their efficiency, for example, through investments in innovation and industrial infrastructure. In the EU, this is contributing to the innovation union – a flagship initiative of Europe 2020 – for instance in better agricultural practices meant 16% more sugar was obtained from one hectare of land as a five year average before and after 2006.

<u>"While the sector is becoming more competitive, it needs more time to ensure its investments bear fruit, particularly in the ACP/LDC sugar supplying countries."</u>

**A sustainable future**

The sector is contributing to the shift towards a resource-efficient, low-carbon economy. It is improving agricultural and industrial practices in order to protect the environment, improve soil conservation, respect biodiversity and enhance water management. The sector also has a part to play in the EU's bio-based economy which presents new opportunities, while it already produces bio-energy as well as bio-chemicals and, in the near future, bio-plastics. Similarly, the land in most ACP/LDC sugar producing countries has a long tradition of sugar cane farming and the multifunctionality of the industry has been widely recognised as reality.

<u>"The sector is contributing to the shift towards a resource-efficient low-carbon economy but this takes time and needs stability and predictability."</u>

**An inclusive future**

The income from sugar is widely distributed along the chain: The ACP/LDC sugar exporters include some of the world's least developed countries. Many are long standing trading partners of the EU with generally small and vulnerable economies and there are very few alternative activities on such large scales in these countries. In terms of EU employment, beet sugar is produced in 18 Member States by 106 factories, supporting 160,000 beet growers and 180,000 direct and indirect jobs – the sector is the driver behind a large number of European employers ranging from research institutes to machinery manufacturers – while the specific contractual framework ensures the added value is shared between farmers and processors. The EU sugar industry invests in employee skills and training, as well as research and development, and has a particularly positive impact on rural communities. It is also a sector with a long-standing tradition of EU social dialogue with remarkable achievements (see www.eurosugar.org).

“To ensure it remains inclusive, the Single CMO for sugar should be conceived in a way that unlocks the potential of rural areas to contribute to Europe 2020.”

**CAP towards 2020: Extending the current EU CMO for sugar until 2020 will support stability, guarantee supply, maintain decent employment and contribute towards development goals at a time when it is most needed**

Since the 2006 reforms and 83 factories (almost one in two) have closed – more than 22,000 direct jobs have been lost and more than 150,000 farmers have ended beet cultivation. The 36% price cut has also had a serious negative impact on ACP/LDC sugar suppliers. The EU and ACP/LDC sugar industries have been through a major restructure and now need stability; they need time to absorb the social shock, consolidate and invest in the future. This is particularly important given the high-capital intensity of the industry and the role it plays for social inclusion in rural areas.

Moreover, the EU has become one of the world’s largest net importers of sugar, as the 2006 reform intended. As a result, raw cane sugar imports for refining and the refining industry in Europe contribute to the EU market and we support the continuation of the current EU legal framework (i.e. preferential access for ACP/LDC suppliers and the current refiner privilege which determines access to import licences). Any additional concessions undermining the future competitiveness of the sector as a whole must be prevented. This includes maintaining a plurality of potential buyers for ACP/LDC sugar introduced in the 2006 reform.

The EU has also become more vulnerable to the dynamics of the world market and the Single CMO for sugar provides a buffer against world market volatility. The abolition of the flexible tools to manage supplies to the internal market (i.e. the tools to withdraw sugar in situations of surplus and release sugar in situations of deficit) would increase EU market volatility. Such instability would seriously undermine ACP/LDC preferences, making access to the EU market less attractive.

**Policy coherence is needed to achieve these goals**

Finally, there is a need for coherence between the EU’s agricultural, social, development and trade policies. The European market must remain stable to maintain a viable market for suppliers, particularly those in ACP/LDC countries. This is already being undermined through further concessions to third countries in bilateral trade agreements and unless the Commission can demonstrate that new TRQs can be accommodated without affecting the current delicate market balance it should not allow additional (duty free) imports (other than specified annual adjustments) because to do so would endanger the market and undermine stability to the clear detriment of all stakeholders. In particular, this should not entail further hardship for those working in the sector, especially at a time of considerable economic and social uncertainty with record unemployment and harsh austerity measures.

**In short, EU beet farmers (CIBE), sugar producers (CEFS) and workers’ unions (EFFAT) together with the African, Caribbean and Pacific (ACP) and Least Developed Countries (LDC) sugar producers call for an extension of the current Single CMO for sugar until 2020. This is the best way to ensure that the sugar sector can contribute to a smart, sustainable and inclusive future for Europe by preserving decent employment and guaranteeing stability while providing sufficient sugar supplies at sustainable prices for growers, processors, suppliers, workers and consumers.**