

CIUS is the Committee of European Sugar Users – representing the European sugar-using food and beverage industries. CIUS members purchase and use almost 70% of the European annual consumption of sugar and provide direct employment for over 350,000 people.

CIUS welcomes the European Commission's proposal on emergency measures for additional sugar supply and urges that they are levy and duty free

Despite a second year of record sugar beet harvests in the EU, the European food industry continues to struggle to find sufficient supplies at reasonable prices. The sugar quota – which restrict sales of EU beet sugar to 80% of demand – and the excessively high import tariffs are the obvious cause of this paradoxical situation.

The European Commission has recognised food industry's hardship and announced its intention to release 1.2 million tonnes of additional sugar onto the EU market. CIUS, the European sugar users, have always insisted on the need for additional measures and therefore welcomes the Commission's announcement. 1.2 million T is the minimum volume to improve the stock situation. This should be revised later if consumption is higher and imports lower than expected.

CIUS argues that the measures to be taken should be fair for all partners in the food value chain, including farmers, beet and cane refiners as well as end users. CIUS calls on the Commission and Member States to base their measures on the current market and oppose any levies and tariffs in a tight market situation. In previous years, the Commission has used the difference between the world market price and the EU reported price as a justification of import tariffs and levies on such measures. CIUS strongly opposes such an approach for the following reasons:

- The world market price does not take into account the freight and transport costs;
- The world market price is currently at similar levels to the EU reference price;
- The reported price does not serve as an appropriate basis for comparison.

As the price for imported sugar is the benchmark for all other sugars, adding a duty onto the additional imports will only further increase price inflation. This is exactly the opposite of what the Commission intends and will only further reduce EU competitiveness.

Any additional sugar should be made exclusively available in equal amounts to each sector, beet or cane: a quota reversal at zero duty and imports available to full time refiners only through a zero duty TRQ. Only this will ensure equal treatment and avoid discrimination of one part of the supply chain.

CIUS believes that the current heavily managed market system yet again fails all in the EU sugar value chain. Policy decisions have established a market which does not promote long term management, increases market volatility and reduces market confidence particularly for SMEs. CIUS sees the current CAP reform negotiations as a great opportunity to end this and move to a market structure which meets the current and future opportunities and demands by creating a new EU sugar market without quota and one that gradually reduces import tariffs. This would create a market which benefits all stakeholders by reducing market volatility, promoting EU processing and suppliers (from all sources) and secures true supply chain partnerships.

Background

The European quota system restricts the volume available to the food industry to a total of 13.8 million tonnes per annum, much lower than the annual requirement of about 16.6 million tonnes. The current stock levels are also below an acceptable level.

These two gaps are supposed to be closed by imports from preferential countries. Since these are not exporting enough to the EU, common sense would expect that the gaps would be filled by imports from other countries but high duties prevent this from happening.

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This situation is reflected in the European Commission's latest price reporting dated 8 November 2012 that show an average market price for sugar at 708€/T compared to an world market at 420€/T. The spread between the world market price and the EU average reported price has increased to 64%.

Yet again, evidence from sugar users across Europe show the difficulties for them to be supplied with adequate amounts of sugar responding to their needs

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