20 April 2013

Trilogue on Single Common Market Organisation (sCMO)

Decision on sugar must champion EU competitiveness; promoting jobs and growth in the value chain

Throughout the course of the CAP reform negotiations, European sugar users have continued to stress their position that the EU sugar and isoglucose quotas should be abolished in 2015, in line with legislation adopted in 2006. CIUS therefore supports the CAP reform proposal published by the European Commission in October 2011, which provides for elimination of quotas.

The position of the European Parliament adopted in March, aimed at extending sugar and isoglucose quotas until 2020, is a wrong signal for Europe. Furthermore, it is de facto a request for a blank extension to quota without any clear end date, as 2020 is yet another CAP reform year. This position conflicts with the over-riding objective of promoting jobs and economic growth in Europe. The European Parliament should facilitate, not hinder, expansion of production and export of high value added products made in Europe. Restricting beet sugar production in Europe to 80% of European demand and applying conditions that have artificially raised prices for this important ingredient to more than twice the EU reference and world market prices, undermines European competitiveness throughout the food supply chain.

While we still see no solid justification for any extension beyond 2015 we welcome that the Council has acknowledged the need for change and are glad that the compromise date of 2017 proposed by the Council is earlier than the one proposed by Parliament.

We encourage decision-makers to consider the latest data on European competitiveness which clearly indicates the negative effects of the sugar and isoglucose quota system. The current sugar market structure has resulted in an unreasonably tight market and high prices over the last two years, as indicated in a recent French study explaining how France's competitiveness is undermined by the quota system[1]. Sugar quotas have contributed to some German sugar using company closures and led to the first decline in exports from Germany in this sector since 2005[2].

This is particularly damaging for SMEs trying to maintain and grow their sales in increasingly price sensitive markets, both domestic and export. Europe should not be denied the opportunity to benefit from growing global demand for sugar containing products. The European food and drink industry needs a modern, competitive and fair sugar market and food supply chain.

CIUS is now looking to the EU institutions to fulfill the 2006 commitments to completing reform of the EU sugar sector and agreeing a "once and for all" end date for quotas. The sugar industry was granted a 9 year transition period, from 2006 to 2015, to adapt to a new, more open market environment, which is sufficient time to implement necessary changes.

CIUS also stresses the need for transparent, proactive and fair market management during the remaining transition period. Europe must guarantee sufficient sugar supply at competitive prices based on prevailing market forces.

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[1] The future of the European sugar sector, Institut Choiseul, Feb 2013, with a good summary "Think Tank slams EU sugar regime" in ConfectioneryNews.com; see www.choiseul-editions.com/documents/Note%20Stratégique%20-%20L'avenir%20de%20la%20filière%20sucrière%20en%20Europe.pdf and www.confectionerynews.com/Commodities/Think-tank-slams-EU-sugar-regime.

[2] Confectionery industry in 2012: a sector under pressure, Jan 2013: http://www.ism-cologne.com/en/ism/presse/presseinformationen/index.php?aktion=pfach&p1id=kmpresse_isme&format=html&base=&tp=k3content&search=&pmid=kmeigen.kmpresse_1359118500&start=0&anzahl=10&channel=kmeigen&language=e&archiv=.