



Brussels,  
AGRI.E4/AV(2023) 5449751 (1.2.5)

## MINUTES

### *Meeting of the Civil Dialog Group on Agricultural Market - Sugar*

**2 May 2023**

Chair: AGRI.E4

The following organisations were represented: BeeLife, CEFIC CEJA, CIUS, COGECA, COPA, EEB, FoodDrinkEurope, PFP, SACAR.

#### **1. Approval of the agenda and of the minutes of previous meeting**

#### **2. Nature of the meeting**

The meeting was non-public.

#### **3. List of points discussed**

##### **3.1 Market Situation**

###### *a. Overview of the world sugar market situation*

The president of ASSUC gave a presentation on the global sugar market which indicates some tightness on the global market. The biggest suppliers, Central South Brazil and Thailand, are expected to compensate for lower deliveries from India and Europe. The tightness observed results in high sugar prices, with NY11 recording an 11 year high. The situation in the major producing countries was also presented:

- Brazil is expecting thirty-seven million tonnes but is facing difficulties with exports
- India has a poor end of the season which might lead to low stocks and may be negatively affected by El Niño
- Thailand has a late start of the campaign.

On the other hand, Ukraine, despite the Russian aggression, shows an impressive production with estimated exports at 400 000 tonnes. In the EU, the ban on neonicotinoids, the drought and sowing delays may result in the EU continuing to be a net importer for the current marketing year.

On the long-term outlook, global sugar production is not expected to grow, as the incentive for investments and expansions of production capacity is limited.

In response to a question from the representative of CGB France regarding the high energy and fertilisers prices impact on farmers outside the EU, ASSUC's president mentioned that farmers have two options, either use less fertilisers that leads to lower production, or keep the same use with higher input costs resulting in higher product prices.

Responding to a comment from the representatives of CIBE regarding the reliability of the estimated exports to the EU and the controls regarding the proof of the origin of sugar imported from Ukraine, ASSUC replied that indeed it is very difficult to assess how accurate these estimated export figures are. Regarding the origin of the sugar, each sugar import from Ukraine is accompanied by a EUR1 certificate to proof the preferential origin, to be provided to the EU customs authorities.

#### *b. Overview of the EU sugar market situation*

The European Commission (DG AGRI) presented the EU sugar market situation. EU average sugar price for March remained at EUR 804 per tonne (EUR +361 compared to March 2022 and EUR +249 compared to LD5 for the same month). Trade flows for the first six months of the current marketing year show that EU imports have exceeded 1.3 million tonnes (+84% year-on-year), while exports at about 306 000 tonnes (-42% tonnes year-on-year) continue to show the tightness of the European market. According to (provisional) TAXUD data, Brazil and Ukraine are the primary origins of EU imports (59% of total EU sugar imports).

DG AGRI's presentation also included information on inward processing regimes, sugar stocks, isoglucose production and an update of the sugar balance sheet for marketing year 2022/23. According to the balance sheet, EU sugar production is anticipated at 14.7 million tonnes leading to an increase of imports of sugar as such to 2.2 million tonnes while exports are expected to decrease at 0.5 million tonnes. Ending stocks would reach 1.2 million tonnes in this scenario, which is low compared to ending stocks recorded at the end of the marketing year 2021/22 (about -280 000 tonnes or -19%) but considered sufficient. Information was also provided on the EU sugar use. For marketing year 2021/22 the total quantity of sugar used in the EU is 16.5 million tonnes, 1.2 million more than the use recorded in the previous marketing year 2020/21 (+ 7% y-o-y. Further information on the content of the presentation is found in the dedicated Europa webpage: [Agricultural markets \(europa.eu\)](https://ec.europa.eu/agriculture/agricultural-markets/europa).

The representative from CIUS questioned the drivers used for the update of the EU balance sheet that shows demand decreasing and expressed the sector's concerns for the exceptionally low stocks.

DG AGRI replied that the EU balance sheet is based on the information from the notifications sent by Member States and projections of trade (based on TAXUD and COMEXT database) and consumption. CIUS was invited to share with the Commission any additional information that could assist with finetuning the projections made in the balance sheet.

The CEFS representative stated that the current prices reflect the excessive costs of beet production, the competition from other more profitable crops, the high fertilisers and energy prices. The reference price of EUR 404 per tonne is outdated. In case the sugar price drops again, the production will further decrease as the producers will lose their interest to remain in business. In addition, higher imports of sugar in the EU from

Ukraine, where neonicotinoids are allowed and used does not help the competitiveness of the sector.

The representative of COGECA stated in the chat that the last two sugar reforms weakened the profitability of the beet farmers which led to the loss of interest for the beet cultivation among young farmers.

The representative of CGB France mentioned in the chat that the level of sugar used in non-food industry, shown in slide thirty-eight, is very different from the data included in the balance sheets and requested the Commission to explain the reason.

DG AGRI would like to clarify that **Sugar use** means the total quantities, expressed in tonnes of white sugar equivalent, sold by sugar producers and refiners during the previous marketing year. These quantities are split between those sold to the retailers, to the food industry and to other industries excluding bioethanol. Data is gathered by Member States where more than 10.000 tonnes of sugar is produced each marketing year including Member States where such a quantity is totally obtained by sugar refiners. Sugar use includes sugar produced in the EU and sold to the operators and sugar purchased or imported to the EU by sugar undertakings and sold to the operators. It is worth stressing that sugar exported in processed products is also included in this notification. On the other hand, sugar use notification does not include the sugar imported in processed products, sugar imported by traders or directly by food processors and sugar exported as such. In other words, **sugar use is not similar to the consumption figure in the sugar balance sheet**. The purpose of this notification is to gather information on the different uses of sugar in the EU market and their evolution over the years.

### *c. Impact of imports from Ukraine*

Apart from EU sugar market situation, the European Commission (DG AGRI) also provided information in the context of trade between EU and Ukraine. After the adoption of the Autonomous Trade Measure (ATM) in June 2022 imports increased significantly. For the first half of the current marketing year imports of sugar from Ukraine reached 234 000 tonnes.

DG AGRI also informed the members of the CDG that the extension of the ATM still has to be approved by the European Parliament and the Council. The Commission proposal on the prolongation of the ATMs takes into account the concerns of certain stakeholders and frontline countries and features expedited safeguard measures and reinforced monitoring.

In response to a comment from CIBE representative about the problems created by the important sugar imports sugar from Ukraine and possible action to be taken by the Commission, DG AGRI informed that the preventative exceptional measure (article 4(9) of Reg. 2022/870) adopted on 2 May for the imports of Ukrainian maize, wheat, rapeseed and sunflower seeds differs from the safeguard measure referred to by Article 4(1) of the Commission proposal for the prolongation of the ATM Regulation: for the latter adverse affect on the Union market of like or directly competing products has to be proven. In addition, DG AGRI indicated that the Commission monitors the imports from Ukraine and has observed no significant impact on prices at the moment. However, should this be the case, the new ATM Regulation provides the Commission tools to react swiftly. As regards the query on import licences for quotas, these are not in effect at the moment as under the ATM Regulation all imports from Ukraine are quota-free and duty-free.

## **3.2. Sugar beet planting for marketing year 2023/24**

### *a. Planning and Opportunities*

The CIBE representative presented the sugar beet sowing planting for marketing year 2023/24. The sugar beet area is expected to remain the same as in the previous marketing year. There are delays in sowing (2 weeks) due to difficult climatic conditions for the majority of the EU Member States but this does not automatically mean bad yields. The main opportunities for the sector may be considered the high EU sugar prices that are a direct consequence of high world prices. On the other hand, there are concerns of soaring imports in the EU (especially from Ukraine) and the challenge of input costs (energy and fertilisers). In this respect, CIBE requests a one year extension of the fertilisers import duties suspension and the extension of the measure to all mineral fertilisers. Sugar beet prices will reach record in some regions, they are needed to cover increased costs but would not cover a potential significant yield decrease. The main challenges of the sector are: the ruling of the European Court of Justice banning the use of neonicotinoids for which no sustainable alternatives are available, the shrinking toolbox for the farmers making the crop less competitive and attractive and risky to grow in some regions, the lack of support for the sector from the Commission, the unrealistic targets set in the Sustainable Use Regulation (SUR), further potential delays concerning the legal framework for the New Breeding Techniques, the lack of protection of the sector in FTAs and the loss of the UK market. Further information on the content of CIBE's presentation can be found in the dedicated Europa webpage: [Agricultural markets \(europa.eu\)](https://europa.eu/agricultural-markets)

The representative of COGECA stated that due to significant uncertainties, farmers will have no interest in growing sugar beets resulting in factories closures. Biodiversity is important but food security is equally important.

CEFS representative supported CIBE and stated that sugar producers need a stable supply of beets since non stability increases the cost of production of sugar. The sugar producers also face challenges of becoming CO<sub>2</sub> neutral.

The BEELIFE representative stated in the chat that according to scientists, SUR is feasible and needs to be implemented, and that food security is not under threat in Europe. The Green Deal aims to put in place a coherent policy aimed at improving environmental health. In addition, the resignation of the scientists and other stakeholders in France, who were participating to the "Conseil de surveillance" was not really a good sign.

### *b. Follow-up of the implications of the ECJ Ruling on 19 January 2023 on neonicotinoid-treated sugar beet seeds*

The European Commission (DG SANTE) informed the members of the Group that only the Court of Justice can give binding interpretation of the ruling and that this intervention reflected only the views of DG SANTE. Only Member States have the competence to withdraw the emergency authorisations already issued for use of coated seeds with neonicotinoids before the Court's ruling, if possible under national law. DG SANTE considers that the ECJ ruling shall be implemented uniformly to all MS in order to avoid distortion of the internal market. According to DG SANTE, it is not possible anymore to coat seeds with the three neonicotinoids and such seeds shall not be sown anymore. In addition, no emergency authorisations shall be issued for the use of neonicotinoids for the treatment of seeds, and also for other outdoor uses such as spraying. The ruling applies not only to sugar beets but also to any other crops. DG SANTE aims to update

the emergency authorisation guidance document and include the interpretation of the ruling, when available.

DG SANTE also mentioned that there are currently one hundred active substances authorised and 22 Microorganisms that can be used. In addition, acetamiprid (neonicotinoid) is still authorised and there are 14 more active substances that can be currently used until their expiration date. Finally, there are eleven active substances in the evaluation process that could be authorised soon.

The representative from CIBE mentioned that there are no effective alternatives available in the short term. There are four substances used but these are not as effective as the banned neonicotinoids, while the spray applications are more damaging for the environment.

DG SANTE representative informed the members of the group that the evaluation of new active substances depends on the resources available at Member State level. The Commission provided financial support to the Member States to develop their capacities to evaluate the microorganisms. The use of neonicotinoids has been banned for quite a while in the EU. The possibility of using them under emergency authorisations was just an exception to the general rules.

### **3.3. CAP Strategic Plans**

#### *a. Coupled Income Support for sugar beet*

The Commission (DG AGRI) gave an overview of the EU rules concerning the Coupled Income Support (CIS). Its use is limited to a closed list of potential eligible sectors, including the sugar beet. These sectors shall demonstrate difficulties and importance to benefit from CIS. The budget foreseen for this scheme has a limit of 13(+2) % of the direct payments' envelope. It depends on the MS to define whether CIS will be in the blue or amber WTO box. Twenty-six Member States use CIS (except NL) and the total allocation per year is around EUR 4.6 billion for 2.1 million beneficiaries.

The biggest beneficiary of CIS remains the livestock sector (70% of the CIS) followed by protein crops at 14%, cereals at 6%, fruit and vegetables at 5% and sugar beets at 4%. The CIS support is not a crisis measure, it concerns structural difficulties, it is thus not surprising that Member States decisions show substantial continuity. For sugar beet, the 10 Member States that decided to grant CIS are the same that also granted VCS in previous years, the exception is EL that discontinued the aid. The allocated amounts, as well as the areas foreseen are also very similar to VCS. Further information on the content of the presentation can be found on the dedicated Europa webpage: [Agricultural markets \(europa.eu\)](https://agriculture.ec.europa.eu/markets/europa/eu)

In response to a question from CIBE representative regarding possible impacts in case the Member States choose the WTO amber box for the CIS, DG AGRI stressed that CIS aims to provide aid for sectors in difficulty, not to boost production. Indeed, the support area foreseen for sugar beet is expected to remain at the same level in 2023 as it was in claim year 2021 (last year for which implementation data is already available), and no Member State predicted an area increase until 2027. In fact, the potential distortion of the level playing field was an important issue during the Commission assessment of the CAP Strategy Plans and the bilateral meetings with the Member States concerned. CIS is more ambitious than VCS insofar that it does not only aim to compensate for the identified difficulty (as VCS did), but aims to actually address this difficulty by inciting an improvement of competitiveness, quality and/or sustainability. The blue box framework may not be fully consistent with this enhanced performance orientation. Besides, the

amber box classification is also a simplification for the Member States. The Commission will closely monitor the market developments.

#### *b. Eco-schemes*

The Commission (DG AGRI) presented an overview of the eco-schemes practices in the CAP strategic plans. The purpose of the eco-schemes was to deliver on environmental and climate objectives, animal welfare and antimicrobial resistance and support more sustainable farming models. The EU wide and simple legal framework leaves flexibility to Member States while ensuring a level playing field of eco-schemes. The presentation mentioned the new Green Architecture, the distribution of support per type of interventions and the eco-schemes' allocations (ring-fencing). The majority of eco-schemes (47 out of the 158) concern soil conservation practices, following by landscape and biodiversity eco-schemes (30), 23 eco-schemes dedicated to grassland and grazing while 12 on IPM/pesticide management and the remaining of them concerned organic farming, animal welfare, nutrient management, precision farming etc. The presentation listed also the main practices at EU level (relevant for pesticides and fertilisation, soils, landscape, and biodiversity). Further information on the content of the presentation is found in the dedicated Europa webpage: [Agricultural markets \(europa.eu\)](https://agriculture.ec.europa.eu/)

Responding to a comment from the representative of CGB France regarding the comparison of CAP plans among the Member States, DG AGRI replied that the intention of the presentation was to provide an overview of the eco-schemes.

In response to another comment from the representative of CGB France in the chat regarding the number of eco-schemes in France, DG AGRI replied that France has a single eco- scheme intervention with three sub-schemes.

The representative of CIBE mentioned an on-going assessment on which eco-schemes could work well for the sugar beet, however the administrative burden involved is high. Regarding the "non-productive" area, CIBE expressed concerns that this land is taken out of production.

The representative of BEELIFE stated in the chat that the "non-productive" areas are not "non-productive" and need to be renamed. They understand that it can be difficult for a farmer to understand the reason for these "non-productive" areas. In fact, these areas provide various benefits, i.e. production of biomass, small fruits, habitats for fauna etc., The BEELIFE representative mentioned certain practices applied in France, i.e. the no ploughing of permanent grassland, the establishment of green cover orchards and vines, environmental certification, but also the maintenance of a minimum percentage of non-productive features and areas favourable to biodiversity on all types of agricultural land beyond cross-compliance. The representative of CGB France replied that these were just few examples, there are many other practices. Also, the name of these areas is not "non-productive" but "agro-ecological infrastructure" (AEI) – at least for some of them.

#### **3.4. Market Transparency in the Sugar Sector - State of play of the notifications received by Member States.**

The Commission (DG AGRI) gave an overview of the state of play for the new notifications introduced in 2019 that Member States have to provide under the Commission Implementing Regulation (EU) 2017/1185: a) **short-term contract prices**, corresponding to selling prices of contracts with a duration no longer than three months; b) **sugar buying prices** for retailers, food and non-food industry and buying prices for

molasses; c) **the sugar use** which is defined as the quantities of sugar that is sold by undertakings and refiners split by type of use, meaning retailers, food and non food industry and d) **the content of the agreements within the trade** between growers and undertakings and the collective value sharing clauses.

The Commission publishes data for the short – term contract selling prices and sugar use as from October 2021 and June 2022, respectively. The state of play of Member States' compliance was presented for the sugar buying prices and the agreements within the trade. The main obstacles encountered are linked to operators concerns regarding data confidentiality and competition issues. Certain Member States are reflecting on the possibility to implement national legislation in order to oblige operators to start reporting the data and impose fines to ensure compliance. The dialogue with the non-complying Member States is on-going. The Commission expects to receive complete and reliable data in order to be in the position to publish the sugar and molasses buying prices and a compilation of the main elements notified in respect to the agreements within the trade as soon as possible. Further information on the content of the presentation is found in the dedicated Europa webpage: [Agricultural markets \(europa.eu\)](https://agricultural-markets.europa.eu)

In response to a question from the representative of CIBE, DG AGRI informed the members of the group that discussions are ongoing regarding the possibility of resuming the publication of sugar production at Member State level and will keep the sector informed about new developments in this respect.

### **3.5. FTA Negotiations (Mercosur, Australia, India and Thailand) – State of play**

#### *Mercosur*

The Commission (DG AGRI) reminded that the negotiations for a Trade Agreement started in 2000. At the end of March 2023, the Commission submitted to the Mercosur countries an additional instrument (document with limited legal value) in view of establishing a level playing field. The Commission services are now finalising the legal revision of the text.

CIBE questioned the capacity of the instrument to address environmental concerns and the extent to which it will be legally binding for the Mercosur countries. CIBE expressed dissatisfaction with sugar cane not being covered by the deforestation regulation and with the fact that the impact of the ban on neonicotinoids on yields is not sufficiently addressed. ASSUC representative asked whether the Commission has received any response from Mercosur countries regarding the additional instrument and whether it is included in the priorities of the Spanish presidency. The representative of CGB France, requested DG AGRI to better support and protect farmers in the trade agreements, that are negatively affected by the closure of six factories in France and the imminent closure of another one. Further tariff quotas for sugar are not acceptable.

DG AGRI responded that the additional instrument has a certain legal value as it details the expected commitments to be taken by the parties under the future agreement and due diligence does apply. Regarding the ASSUC's question, there is no reaction yet received from Mercosur and no timeframe is foreseen.

#### *Australia*

The Commission (DG AGRI) informed the members of the group that the last round of negotiations (15<sup>th</sup>) took place between 24<sup>th</sup> and 28<sup>th</sup> April and the Commission hopes to finalise the Agreement by July. However, sugar has not been discussed yet, it will be included in the final discussions. Total liberalisation is out of question, but TRQs cannot

be excluded, and Commission's intention is to achieve the most limited volume for the sugar TRQs. The cumulative effect (UK FTA) is also considered.

#### *India*

Currently the negotiations are under the fourth round and no discussions on specific sectors have started. An agreement with India will bring new opportunities to the EU. The negotiations are foreseen to be finalised in April 2024, however DG AGRI is well aware of India's capacities and the impact assessment on sustainability is ongoing.

#### *Thailand*

The negotiations stopped in 2013 and will be relaunched, with a new round after the summer.

The representative of CIBE, supported by the representative of CGB France, thanked the Commission for taking on board the issue of sustainability for the negotiations with India and Thailand and requested that sugar is excluded from these future FTAs, given the fact that India dismissed the WTO ruling on subsidies without caring for the trade distortions caused on the world market. Opening the EU market to India and Thailand will lead to further factory closures and further reduction of the EU sugar sector. The representative of COGECA requested the Commission on the chat to stop granting concessions for sugar, and above all, to give farmers tools to support the European sugar production. Finally, the representative of CIUS stated in the chat that the sugar users do not get the same message from the sugar industry. They hear there is not enough sugar in Europe.

#### **4. Next meeting**

Next meeting is foreseen to take place on 20 September 2023.

#### **5. List of participants**

See in annex.



Pierre BASCOU



List of participants– Minutes  
*Meeting of the Civil Dialog Group Agricultural Markets – Sugar*  
**2 May 2023**

BeeLife - European Beekeeping Organisation
CEFIC - European Chemical Industry Council
CEJA - European Council of Young Farmers
CIUS - Committee of European Sugar Users
COGECA - European agri-cooperatives / General Confederation of Agricultural Co-operatives of the European Union
COPA - European farmers / Committee of Professional Agricultural Organisations of the European Union
EEB - European Environmental Bureau
FoodDrinkEurope
PFP - Primary Food Processors
SACAR - Joint Secretariat of Agricultural Trade Associations