



# Study on the adaptation strategies of the sugar supply chain after the end of sugar quotas – Statement by Germany

Joint Meeting GREX Arable Crops & CDG

BMEL 413 – Plant Products Unit



# The focus of the Study

1. Structure and competitiveness,
2. Threats and risk management strategies,
3. Institutional setting and policy instruments ('current' and 'prospective')
4. Risks



# The storyline of the Study (1)

1. heterogeneous productivity levels in sugar beet farming across Member States, combined with handicaps affecting the processing stage;
2. Vertical integration, business alliances among producers + contracts [resilience in crisis];
3. Removal of the quota/minimum price system, trade policy (FTA–quotas + tariffs), decoupled direct payments, voluntary coupled payments,



# The storyline of the Study (2)

3. ... , new-CAP-strategic-plans interventions (coupled payments), nutrition-, bioenergy-, environmental/plant-protection policy
4. Agro-ecological ('weather', pests), interaction with competitors or 'systemic risks' (volatility), policy-risks (\*)
4. Risk-management/adaptation toolkit:



# The storyline of the Study (3)

4. “what works” (§ 2.2.1.1) :  
farming practices, crop insurance, hedging based on  
futures and options, product/sector diversification,  
Technical and product innovation, ethanol production  
(blending in fuel)  
*+ voluntary coupled support, decoupled direct payments,  
supply agreements and contracts, Price monitoring and  
reporting systems*



# The storyline of the Study (4)

## 4. “wait and see” (§ 2.2.1.2)

Mutual funds against pest and diseases, Income Stabilisation Tool, hedging based on futures and options (farmers),

+ *instruments foreseen by the CMO Regulation*

“what does not work” (§ 2.2.1.3) *CMO-toolkit:*

*Aid for private storage; measures against market disturbance; measures to resolve specific problems; derogation from Article 101(1) TFEU under Art. 222; safeguard measures under Art. 194 and 195.*

→ no practical application in the EU sugar sector in the post-quota period.

→ since no concrete evidence was available to conclude on their actual effectiveness in addressing the risks faced by the EU sugar sector in the post-quota period the

contractor filed them in the category “wait and see”.



# Qualifications

1. Main shortcoming of price monitoring in the Sugar Market Observatory → fact that it does not capture the dynamics of the spot market [fixed!];
2. Regarding the relationship between producer and processors new contractual settings could be elaborated in order to strengthen farmers position;
3. Further measures for the broader supply-chain could also be considered;
4. We understand that the last CAP-revision of the crisis measures in the CMO strengthened the toolkit of measures available for crisis situations in the sugar sector.



# Our Position

- We are aware of the overall importance and strength shown by the sector
- We advocate a market-oriented policy in the sugar sector
- We advocate fair competition for the EU and the international sugar markets
- We are still aware of the international (WTO) pressure on the ‘old CAP’ sugar market system – the phasing out was needed.
- We are aware of the pressure perceived by concessions given through FTAs and recognizes the success of the negotiations conducted by the EU-Commission.
- The “what works” elements showed suitable and should be taken on board as core of the “toolkit” to address the upcoming challenges of the EU sugar sector  
[→ F2F + agri-food system transformation]





# Thank you for your attention