



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate G. Markets and Observatories Director
Director

Brussels,
G4 – AD/ck (2.1.2.1) D-19-2351135

MINUTES

***Meeting of the Expert Group for Agricultural Markets, in particular concerning
aspects falling under the single CMO Regulation***

High Level Group on Sugar

Date: 19 March 2019

Chair: Mr J. Plewa, Director General of DG Agriculture and Rural Development

Delegations present: All Member States were present, except Luxembourg.

1. Nature of the meeting

The second meeting of the High Level Group on Sugar aimed at deepening the analysis of most relevant issues affecting the sugar sector, by means of presentations from experts and main EU stakeholder associations involved in the sugar chain, all followed by fruitful discussions.

2. List of points discussed

1. WELCOME BY JERZY PLEWA, DIRECTOR- GENERAL, DG AGRI

The Chairperson welcomed the Member States' representatives and expressed gratitude for their active participation during the first group's meeting. The Chairperson also introduced the agenda and speakers of the day and announced the date of the next meeting.

2. EXPERTS PRESENTATIONS ON SUGAR MARKET ISSUES

Several presentations were made during the morning session concerning key issues highlighted by Member States' representatives during the first meeting of the High Level Group on Sugar. In particular, academic experts were invited to present updated views on price transmission in the sugar sector, long-term analysis of the EU sugar market evolution and the impact of health policy and nutrition trends on sugar consumption.

Concerning the vertical price transmission (i.e. between different levels of the supply chain), Mr. Mauro Bruni from Areté Research & Consulting pointed out that speed at which changes in the ex-works prices are reflected in the retail price of sugar depend on the structure of the sector and competition level. In terms of horizontal price transmission (i.e. between different geographical regions), the convergence of EU and international prices is strong in an net exporting situation and tends to weaken in the case of a balanced EU market.

Ms Marlene Hass, from Thünen Institute, focused her presentation on the long-term analysis of the EU sugar market evolution, between 2018 and 2030. The forecasts show a sugar production increase over the projection period, mainly in the EU-15 and an isoglucose production increase, mainly in the remaining EU-13. Consumption will decline in the EU 28, which will remain a net exporter for the period studied.

On the impact of health policy and nutrition trends on sugar consumption Mr, Michele Cecchini from the OCDE summarised the main policies in relation to sugar consumption, such as food reformulation, labelling, advertising regulation or media promotion of healthy lifestyles. The main conclusion of his presentation is that sugar taxes do not reduce consumption, however serve as trigger for food reformulation in the food industry, which has by far the most important impact on consumption levels.

Following these presentations, Commission experts analysed other issues highlighted by Member States during the first meeting of the High Level Group. DG AGRI gave a presentation on Voluntary Coupled Support explaining its main principles, current application by Member States for sugar beet and the main elements included the Commission's proposal for the post-2020 reform, mainly its defined aim of addressing difficulties by improving competitiveness, quality and/or sustainability.

The next presentation, from DG SANTE, focused on plant protection products, in particular the impact of the 2018 ban of three neo-nicotinoids, the state of play of the emergency authorisation of these products by certain Member States and Commission's planned actions to prevent their unjustified use.

Finally, the DG COMP expert underlined that after the end of the quota system, increased competition may lead to an increased concentration in the sugar sector. Both, the Commission and the National Competition Authorities will ensure that the EU competition rules are complied with through the review of any planned acquisitions in the sugar sector.

3. COMMISSION PRESENTATION OF THE CURRENT SUGAR MARKET SITUATION (IN PRESENCE OF STAKEHOLDERS REPRESENTATIVES)

The afternoon session started with a short presentation of the latest developments in the EU sugar market from DG AGRI with the latest data on production, external trade, EU and world prices, and the latest balance sheet. The presentation also included recent news about developments in the EU sugar sector.

4. STAKEHOLDER STATEMENTS

During the second session of the High Level Group on Sugar stakeholders' associations, representing the sugar beet growers, sugar producers, refiners, traders, sugar users and workers, have presented their organisations' views on the current situation of the sugar sector and replied the questions raised the Member States.

There was an agreement among stakeholders on the importance of the sugar beet cultivation for economic, environmental and social reasons and the fact that the current market situation is unsustainable, with prices at a record low.

Opposite views were expressed on the appropriateness of activating safety net measures to alleviate the pressure on the market. Requests were made for DG AGRI to carry out a comprehensive analysis of these measures' effectiveness in case of market crises, mainly on private storage aid, public intervention and the temporary derogation from the competition rules during periods of severe imbalance.

There was also a shared interest in increasing market transparency, although different stakeholders put the emphasis on different parts of the value chain. Better spot price information was considered key to make adaptation to market signals more effective, and with this to allow the sector to better operate in a market oriented environment.

There was also concern about the ban of new breeding techniques, authorised in other countries, which could impact the competitiveness of the EU sector in the coming years. In relation to plant protection products, a scientific approach was demanded.

Other issues raised by stakeholders included increasingly difficult contractual relations due to a lack of collective negotiation of the selling price of the sugar beet, no implementation of risk managements tools targeting price / income risk incurred by the sugar beet growers (i.e. Income Stabilisation Tool), the need for a common level playing field within the EU and in world markets, support for the increase of EU exports and sector's reorientation towards alternative, bio-economy related markets (i.e. bioethanol or bio plastics).

Concerns were also expressed about additional financial support necessary to mitigate the negative impact on employment in rural areas resulting from the current market situation.

Finally, in relation to international trade, some stakeholders asked for more market access for low duty or duty free imports while others insisted on the need to limit preferential market access for raw sugar.

5. DISCUSSION ON THE STRUCTURE/CONTENT/RECOMMENDATIONS OF THE HLG'S REPORT TO COMMISSIONER HOGAN (TO BE ATTENDED ONLY BY THE MEMBER STATES REPRESENTATIVES)

An outline of the structure and the content of the High Level Group's report was presented to Member States, followed by a discussion during which Member States representatives actively provided feedback and made suggestions.

3. Conclusions/recommendations/opinions

This meeting did not lead to any conclusions. The overall conclusions and recommendations to be included in the High Level Group's report will be discussed during the third and last meeting of the High Level Group on Sugar on 12 June 2019.

4. Next steps

The Chairperson announced that a draft report will be sent to Member States by the end of May, in advance of the third meeting, in order to allow for their comments to be reflected in the version of the report that will be discussed and completed with conclusions and recommendations during the third meeting of the High Level Group on Sugar.

5. Next meeting

The third meeting of the High Level Group on Sugar will take place on 12 June 2019.

6. List of participants (see Annex)

< e-signed >
Michael Scannell
Director

List of participants– Minutes

Meeting of the High level Expert Group on Sugar

19 March 2019

MEMBER STATE	Ministry Or Organisation	NUMBER OF PERSONS
BE	Vlaamse overheid	2
	Service public de Wallonie	2
BG	P.R.	1
CZ	Ministry of Agriculture	1
	P.R.	1
DK	The Danish Agricultural Agency	2
DE	Federal Ministry of Food and Agriculture	2
EE	Ministry of Rural Affairs	1
IE	Department of Agriculture, Food and the Marine	1
EL	P.R.	2
ES	Ministry of Agriculture, Fisheries and Food	2
FR	Ministère de l’Agriculture et de l’alimentation	1
	R.P.	2
HR	P.R.	1
IT	Ministero delle politiche agricole alimentari, forestali e del turismo	3
	P.R.	1
CY	P.R.	1
LV	Ministry of Agriculture	2
LT	Ministry of Agriculture	2
LU		
HU	Ministry of Agriculture	1
MT	P.R.	1
NL	Ministry of Agriculture, Nature and Food Quality	2
AT	BMNT Bundesministerium für Nachhaltigkeit und Tourismus	1
	P.R.	1
PL	Ministry of Agriculture and Rural Development	2

MEMBER STATE	Ministry Or Organisation	NUMBER OF PERSONS
PT	MAFDR-GPP	2
RO	P.R.	2
SI	Ministry of Agriculture, Forestry and Food	1
	P.R.	1
SK	Ministry of Agriculture and rural Development	2
FI	Ministry of Agriculture and Forestry	2
SE	Swedish Board of Agriculture	1
UK	DEFRA	2
	European Council	1
	European Association of Sugar Traders	2
	International Confederation of European Beet Growers	2
	CIUS European Sugar Users	1
	European Federation of Food, Agriculture and Tourism Trade Unions	2
	European Association of Sugar Manufactures	2
	European Sugar Refineries Association (ESRA)	2
	Areté Research & Consulting in Economics	1
	OECD Principal Administrator (Public Health)	1
	Thünen Institute	1