CIBE’S ROLE, ACTIVITIES AND PRIORITIES FOR THE PERIOD 2015-2020

Elisabeth Lacoste
Director, CIBE

Visit Slovenian Delegation, 28 September 2015, Brussels
Presentation of CIBE
History of CIBE

- CIBE conceived in Warsaw in 1925
- CIBE created in Rome in 1927
- CIBE re-established after the war and consolidated in the wake of European reconstruction in 1947
- CIBE worked on the establishment of the 1st sugar regulation and has participated in the drawing up of all subsequent regulations in 1968

CIBE today in 2015
CIBE today

CIBE = International Confederation of European Beet growers

- Sugar beet production **19 EU-Countries + Switzerland + Turkey**
- **23 CIBE members**
- Number of growers: **around 150,000**
- Beet sugar production: average **17.5 Mt**
- Beet area: average **1.5 M ha**
CIBE’s mission

1. To represent and defend sugar beet growers’ interests at European and international level (Representation on the Executive Board of The World Association of Beet And Cane Growers (WABCG)), official representation and lobby before the European Commission, the European Parliament, the Council and other institutions.

2. To monitor, analyse the management of the Common Market Organisation and the EU sugar policy and their regulations and establishes joint positions (Sugar beet experts within COPA-COGECA) (observer member).

3. To promote the sustainability of sugar beet growing (technical progress, environmental issues, good agricultural practices, interprofessional relations etc.). Participation within IIRB (International Institute for Beet Research) and exchanges with other technical institutes.

4. To promote diversification of sugar beet uses & development of bio-based products (associate member of Bio-based Industries Consortium). To provide expertise on the European sugar beet economy (statistics, annual reports and surveys).

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CIBE’s bodies (1/3)

- General Assembly
- Presidium
- Executive staff
- Board of Directors
- Economic and General Affairs Committee (EGAC)
- Technical and Reception Control Committee (TRCC)
- Ad hoc working groups
  (e.g. Working Group on the Sugar CMO post-2017)

EN, FR, DE, PL, IT = working languages of CIBE bodies
EN = working language for CIBE staff and official language for internal and external documents
CIBE’s bodies (2/3)

- Statistics and annual reports on: the harvest, inter-professional agreements, analysis of sugar, ethanol and co-product markets
- Monitoring, analysis and management of the Common Market Organisation and its regulations
- Monitoring preferential agreements with ACP and LCD countries (bi-annual report on trade)
- Monitoring of EU trade policies: bi-lateral free trade agreement negotiations, WTO negotiations
- Monitoring of regulatory framework for biofuels and their development
CIBE’s bodies (3/3)

- Agronomic issues concerning sugar beet growing
- Technical and economic issues linked to the harvest, transport and beet reception
- Environmental issues and the monitoring of the regulatory framework for plant protection products
- The emergence of non-food and energy uses for beet and its co-products
Sugar Beet in Europe: a “small” crop with high economic weigh

- Cultivated area in EU ~ 1.55 million hectares (1.6% of utilised arable area)
- Cultivated area in Turkey ~ 280 000 hectares
- Cultivated area in Switzerland ~ 20 500 hectares

- The EU is:
  - the 3rd largest sugar producer in the world (16.5 – 17.5 million tonnes of sugar equivalent) and the world’s leading sugar beet producer
  - the first or second world’s largest sugar importer (~ 3.5 - 4 million tonnes, of which 75% come from developing countries)
  - the 2nd largest sugar consumer in the world
  - the 4th largest bioethanol producer in the world
The European sugar industry

- Beet sugar is produced in 19 EU Member States by 109 factories and by 2 factories in Switzerland
  - 8 beet factories with status of “full-time refiner” of raw cane sugar
  - 20 raw cane sugar refineries
The European sugar industry

- 6 EU MSs represent more than 80% of the EU beet sugar production

Source: EU Commission, CIBE, 2014
CIBE’s perspectives on the EU sugar market and on the abolition of quota as from 1st October 2017
Why growing sugar beet?

Because:

- ... thanks to the EU sugar regime it allows a good planning security for farmers
- ... it was so far almost always economically profitable (economic advantages over alternative crops)
- ... sugar beet is an excellent rotational crop
- ... beet farms are organisationally and technically well equipped
- ... there is a sugar factory/company nearby which needs beet and pays for it
- ...there is so far a balance in the relationships between growers and manufacturers which has allowed a fair sharing of duties and obligations as well as of added value
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Competition on the EU sugar market as from 2017

- Imports (with or without preferences)
- Isoglucose
- Other sweeteners

Favorable regions may extend beet growing & sugar production

Regions with weaker profitability and market remoteness from the market will have difficult without support (see VCS)

Beet growing will be maintained only where it is sustainable:
  - where it is worthwhile and has a significant margin over other crops (maize, raps, wheat, potatoes/vegetables)
  - where there is a well-functioning beet supply chain and transparency in the market
EU average white sugar price in June 2015: €414/t
Standard deviation: 33

→ Price decline of 34% since January 2014 and 44% since January 2013
According to the EU-COM competition with isoglucose will increase
According to the EU-COM sugar prices and bet sugar prices will collapse.

- Average sugar market price to fall below reference threshold!
- Possible “crash landing” ahead of us!
- Appropriate measures / tools / instruments necessary!

Source: Commission’s Prospects for Agricultural Markets 2014-2024
EU exports increase essential for EU market balance in the future

- EU exports limited to 1.35 Mt up to 30th September 2017
- EU future exports dependent on:
  - EU market balance
  - competitiveness with third competitors
  - world sugar prices
  - exchange rates
  - global (white sugar) demand
  - management of the volatility
- EU net exporter after 2017 ??

Source: Eurostat, CIBE

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World market and Brazilian production costs: how to compete with a dumping price?

Still a gap between EU and Brazilian costs of production
Under 20cts/lb → no real incentive for EU to increase significantly its exports

Source: CIBE
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### Sugar policy and support measures in third countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Sugar Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>Cane Sugar</td>
</tr>
<tr>
<td>India</td>
<td>Cane Sugar</td>
</tr>
<tr>
<td>China</td>
<td>Cane &amp; Beet Sugar</td>
</tr>
<tr>
<td>Thailand</td>
<td>Cane Sugar</td>
</tr>
<tr>
<td>USA</td>
<td>Cane &amp; Beet Sugar</td>
</tr>
<tr>
<td>Mexico</td>
<td>Cane Sugar</td>
</tr>
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</tr>
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<td>Indonesia</td>
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</tr>
<tr>
<td>Guatemala</td>
<td>Cane Sugar</td>
</tr>
<tr>
<td>Colombia</td>
<td>Cane Sugar</td>
</tr>
<tr>
<td>S. Africa</td>
<td>Cane Sugar</td>
</tr>
<tr>
<td>EU (post 2017)</td>
<td>Beet Sugar</td>
</tr>
</tbody>
</table>

#### Transparent Support

<table>
<thead>
<tr>
<th>Policy Type</th>
<th>Brazil</th>
<th>India</th>
<th>China</th>
<th>Thailand</th>
<th>USA</th>
<th>Mexico</th>
<th>Australia</th>
<th>Indonesia</th>
<th>Guatemala</th>
<th>Colombia</th>
<th>S. Africa</th>
<th>EU (post 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Market Controls (Guaranteed Support Prices, Supply Management/Controls, Market Sharing/Sales Quotas)</td>
<td>-</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<td>✓</td>
<td>✓</td>
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<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Import Controls (Guaranteed Import Quota/TRQ, Import Tariffs, Import Licences, Quality Restrictions)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>¬</td>
<td>✓</td>
<td>¬</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Export Support (Export Subsidies, Single Desk Selling, Other (tax credit or refund))</td>
<td>✓</td>
<td>✓</td>
<td>¬</td>
<td>¬</td>
<td>¬</td>
<td>✓</td>
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<td>✓</td>
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<td>✓</td>
<td>¬</td>
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</tbody>
</table>

#### Non transparent support

<table>
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<tr>
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<th>Colombia</th>
<th>S. Africa</th>
<th>EU (post 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Financial Aid (State Ownership, Income Support, Debt. Financing, Input Subsidies)</td>
<td>✓</td>
<td>✓</td>
<td>¬</td>
<td>✓</td>
<td>✓</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Indirect long term support (Programs to Improve Efficiency, Ethanol Programs (mandates/tax breaks), Consumer Demand Support)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<td>✓</td>
</tr>
</tbody>
</table>

Source: CIBE

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The EU Sugar market for food outlets post – 2017: possible pictures?
Based on various sources (EU Commission, ISO...)

**SITUATION 2013/14**

<table>
<thead>
<tr>
<th>Imports *</th>
<th>3.7 Mt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports *</td>
<td>1.35 Mt</td>
</tr>
</tbody>
</table>

Beet sugar 17 Mt
Isoglucose 0.7 Mt

**SITUATION(S) POST-2017**

<table>
<thead>
<tr>
<th>Imports *</th>
<th>1.5 - 2.5 Mt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports *</td>
<td>2 - 3 Mt</td>
</tr>
</tbody>
</table>

Beet sugar 18 - 19 Mt
Isoglucose 1.2 - 2.4 Mt

Source: CIBE
Competitiveness of sugar beet post-2017?
Average sugar yield per hectare (2007-2014) in MSs in t/ha

Source: CIBE, 2015

Significant differences between 2 groups of countries
High beet and sugar yield, low variability

Beet performance vis-à-vis alternative crops

Good logistic from fields to factory

High level of technical skills of beet cultivation

Factory:
- good technical state
- high daily capacity
- high annual capacity (campaign length)
- proximity to markets/customers/consumers

Cooperation between growers/growers’ associations/factories
Competitiveness of beet vis-à-vis alternative crops: an example in an EU beet region

- Higher fixed cost for beet
- Higher risks (clamps, cleaning, loading, transport)
- Limited storage ability (winter time)

Source: CIBE
Evolution of sugar yield per hectare in the EU in t/ha
Source: CIBE, 2015

➢ Thanks to investments & work of beet institutes funded by the sector
➢ On average + 3% increase in productivity over the past decade
Competitiveness of beet: evolution of average beet processing campaign length in the EU in selected countries in days: a big challenge

<table>
<thead>
<tr>
<th>Year</th>
<th>Length (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006/07</td>
<td>89</td>
</tr>
<tr>
<td>2007/08</td>
<td>98</td>
</tr>
<tr>
<td>2008/09</td>
<td>97</td>
</tr>
<tr>
<td>2009/10</td>
<td>109</td>
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<tr>
<td>2010/11</td>
<td>120</td>
</tr>
<tr>
<td>2011/12</td>
<td>133</td>
</tr>
<tr>
<td>2012/13</td>
<td>124</td>
</tr>
<tr>
<td>2013/14</td>
<td>121</td>
</tr>
<tr>
<td>2014/15</td>
<td>145</td>
</tr>
</tbody>
</table>

Source: CIBE 2015

Selected countries: BE, CZ, DK, DE, FR, HU, NL, AT, PL, SK, FI, SE, UK
The future competitiveness of the EU sugar sector

<table>
<thead>
<tr>
<th>Main factors of competitiveness</th>
<th>Potential gains</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beet variety / breeding techniques</td>
<td>++</td>
</tr>
<tr>
<td>Impact of Global warming</td>
<td>+ → -</td>
</tr>
<tr>
<td>Agricultural practices</td>
<td>+</td>
</tr>
<tr>
<td>Land price</td>
<td>-</td>
</tr>
<tr>
<td>Labour costs</td>
<td>.</td>
</tr>
<tr>
<td>Industrial costs campaign length processing capacity</td>
<td>. → + . → +</td>
</tr>
<tr>
<td>Energy costs</td>
<td>-</td>
</tr>
<tr>
<td>Environmental costs</td>
<td>-</td>
</tr>
<tr>
<td>Logistics</td>
<td>. → +</td>
</tr>
<tr>
<td>Trading</td>
<td>. → +</td>
</tr>
<tr>
<td>Exchange rate</td>
<td>????</td>
</tr>
</tbody>
</table>

- EU beet growers in the forefront of competitiveness challenges
- Cost reduction potential by 2020: a further 10% gain in productivity (research projects)?
  - Would it be sufficient to expand on world market (gain could be offset by exchange rates fluctuations)?
  - Further R&D necessary to increase the pace of productivity gains

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EU Beet: a model of sustainability

- Crop rotation culture
- Maintenance of soil quality, preservation of soil biodiversity and field biodiversity
- Use of resistant/tolerant varieties, decision tools (incl. online), soil conservation, harvesting and loading techniques
- Reduced post-harvest losses
- High N efficiency (N uptake up to vegetation end) → optimal use of fertilizers
- Minimized & efficient use of plant protection products
- High energy efficiency (net energy balance): sugar beet is the best natural solar panel in Europe: it produces up to 5 times more energy than it consumes!
- Continuously update documentation on beet cultivation
- Closed loop: 100% valorization of co-products
- Energy efficiency in beet processing
- Reduced carbon emissions
- Local product with optimization of local impacts and participation in local economy
- Existing infrastructure encourages more valorization facilities (biogas)
The EU Beet Sugar Sustainability Partnership: a coalition of 3 partners...

October 2013
Members of the European Beet Sugar chain sign up for a joint sustainability partnership

Spring 2015
The EU Beet Sugar Sustainability Partnership (EU BSSP) establishes the BSSP Good Practices

www.sustainablesugar.eu
EU BSSP stakeholder roundtable
9 September 2015 – Expo Milano, EU Pavilion

Week of DG Agriculture and Rural Development stakeholders at Expo Milano 2015
www.sustainablesugar.eu contact@sustainablesugar.eu
CIBE’s top priority for post-2017
1. Balanced bargaining power between growers and manufacturers → maintenance of beet contractual framework = obligation of collective negotiations of written agreements within the trade and contracts, fair sharing of the added value

2. Appropriate and efficient information tools: sugar and isoglucose price reporting + sugar and isoglucose “detailed” balance sheet = sugar market observatory

3. Risk insurance tools → explore the conditions and modalities of market futures

4. Help the restructuring and the improvement of competitiveness: new restructuring funds (sugar production charge paid by the sector + balance of restructuring funds 2006-10)

5. Improve the resilience of the sector → Efficient safety net → aid for private storage should take specificities of sugar storage into consideration

6. Maintain the tariff duties at WTO + stop the opening of the EU sugar market with FTAs

7. Defend and promote EU sugar exports → be strict on the respect of WTO rules by third countries + defend EU free exports at WTO

8. Promote the bioeconomy & environmental and social sustainability of the sector
Thank you for your attention!

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http://www.cibe-europe.eu

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