



INTRODUCTORY SPEECH

**by Jos van Campen (NL),
President of the International Confederation of European Beet Growers (CIBE)**

Mr President
Ladies and Gentlemen,

On behalf of the International Confederation of European Beet Growers, I would like to thank the President of the Danish beet growers' association, Jørn Dalby, Vice-President of CIBE, for opening this forty-second CIBE Congress. I am pleased to see the large family of European beet growers gathered here in Denmark, at his invitation.

I would also like to thank the City of Copenhagen for its invitation to the Town Hall this evening.

Denmark has a long tradition of farming and after three harmful and difficult restructuring years, beet growing in Denmark is the living proof that a high level of productivity in combination with high environmental sustainability has been achieved in order for it to maintain its tenth place as a European sugar beet producer.

Denmark has an important part to play, not only in providing the Commissioner for Agriculture in Europe (!), but also in being active in improving the sustainability of agriculture in general, and of the sugar beet sector in particular, and in contributing by tackling hot environmental topics.

Since our Congress in Cracow, tension in the world has not calmed down and the current economic crisis which hurt our economies did not spare our sector. Food security and energy security challenges, combined with climate change and environmental challenges, are becoming crucial issues all around the world. Agriculture has a key and vital role to play and is at the crossing point of these challenges. Beet growing is a part of this. And this will be discussed extensively during our Congress.

Our respective countries are now aware of their extreme vulnerability in the face of the extreme volatility of world commodities markets. Our economies are built on the principle of the rapid circulation of raw materials and goods and on the assumption that demand can always be met just in time. But this assumption, based on theoretical perfect competition, does not fit the reality of the imperfect world of commodities markets and it is now a matter of great concern for political leaders. Today, food security and energy security are major political issues.

Since the peak of 2006, world sugar prices have showed high volatility linked to a series of non-sugar specific factors; including the outlook for crude oil, a global commodities' boom, exchange rate fluctuations, developments in ethanol production and its use in Brazil, speculative behaviour and fund activity in sugar futures markets, and the recent credit crunch, which have caused extreme instability, with prices moving up or down despite

fundamentals. In the meantime, because of the brutal and drastic reform of the Sugar CMO, the position of the EU on the world market switched from the position of second largest exporter on the sugar world market to the position of second largest importer. The further concentration of supply into the hands of Brazil, which accounts now for more than 60% of raw sugar world exports, will without doubt increase this price instability. This will be discussed by an eminent expert in world sugar markets Mr. Toby Cohen.

The quota renunciation and the applications to the Restructuring Funds concluded on 31st January 2009. After three years of reform, the renunciation of 5.8 million tonnes of sugar and isoglucose quota led to the closure of 80 factories, the loss of 25 000 direct jobs in rural areas, the end of sugar-beet cultivation for a total of around 138 000 farmers in all European producing countries, and a decrease in sugar beet area by 700 000 ha. All the EU countries have been affected. In particular, beet growing disappeared in Ireland, Slovenia, Latvia, Portugal and Bulgaria, and a drastic decrease occurred in Hungary, Italy, Spain, Greece and the Slovak Republic. In addition, the concentration of the European sugar industry continues to progress; the recent development in the Danish sugar industry is but one example.

Not only Europeans have been affected but also our ACP and LDC colleagues for which the preferential access is challenged by the drastic decrease in the EU sugar price. I am pleased to welcome to our Congress his Excellency Ambassador Patrick Gomes of Guyana and I am looking forward to hearing his view of the EU sugar reform.

25% of the European sugar market is now supplied with imports; we consider this level to be a maximum. We did our job by cutting our production by 30%, we do consider that any further opening up of the European market, to the main benefit of only one country Brazil, and not to the benefit of our ACP and LDC partners, puts at risk the sustainability and viability of the sector and will destroy the huge improvements made in terms of competitiveness. Brazil has already a "foot in the door", because of the dispositions of the enlargement of the EU to Romania and Bulgaria, the EU is currently dealing with a significant TRQ to be granted to Brazil.

The world is changing around us and we have to adapt to it. However, it is legitimate to defend our means of existence and to want to supply the European market with mainly European sugar. We owe the European consumers this security of supply. Therefore we must repeat our demands to the European Institutions (newly elected EU Parliament and new Commission to come), EU Member States and ACP and LDCs partners, as well as WTO partners.

Four questions condition our future:

1. The first issue for us relates to the sustainability of sugar beet and the huge progress in terms of decreasing costs. Beet growers are all specialists in cutting costs. We master our costs and our techniques and we never stop improving our efficiency. But this must be achieved in a fair context. EU beet growers are particularly concerned by the €12/t sugar Production Charge issue. We denounce the iniquitous and uncompetitive character of this Production Charge. This Production Charge is an obstacle, giving rise to unfair competition with our competitors in third countries and discriminatory in comparison with other agricultural products. In addition the funds obtained from the charge are irrespective of the expenditures occurring under the Sugar CMO. Therefore CIBE is against the maintenance of the Production Charge and urgently asks the European Institutions and the Member States to remove this tax.

Moreover, the Restructuring Fund was dedicated to the restructuring of the sector. We do consider that the probable surplus at the end of its implementation should be allocated for its purpose: the restructuring of the sugar beet sector. After having been

used by those who needed it urgently to face the reform, it makes sense today to allocate the possible surplus in the Fund to those growers and processors who have now continuously improved their competitiveness and adapted to new challenges in a more and more difficult economic context. I know the political and financial implications of this, nevertheless, I will ask Mr Borchardt, Head of Cabinet of the EU Commissioner to support this request.

2. With regards to WTO negotiations; we consider that the current WTO discussions are unable to respond to the key issues of food security and future crises linked to the evolution of prices in agricultural commodities and input factors. Furthermore we consider that these proposals will lead to unfair competition for growers in Europe, who are submitted to high social and environmental standards of production, and consequently to an unacceptable further concentration of sugar supply into the hands of Brazil to the disadvantage of European, ACP and LDC countries.

We note today that the US and emerging countries are the main stumbling blocks to the negotiations. But pressure from exporting countries affected by the slowdown in global trade is being revived and the new approach supported by the US is not in our favour. It is to be hoped that the EU and EU agricultural policy, always criticised by our trading partners, will not, in response, give more in the hope of moving the process forward (as it did in the past)...

It is crucial that the European reference prices be respected at all times. That implies limited tariff cuts, an efficient special safeguard clause and treatment that respects our sugar reform.

May I point out at this stage that the evolution of the ex-works sugar price has very little, and probably no influence, on the selling price of processed products to the consumer, through whom 70-75% of sugar is consumed! We are more and more concerned by the imbalances of power in the food chain and the pressure exerted by international food companies to have access to lower and lower agricultural commodities' prices on agricultural markets, of which sugar is but one example.

3. Having pointed out the WTO issue, the management of the EU market is our second main issue. We are concerned today by the risk of sugar quota outlet losses and by strong attempts by the food industry to circumvent our CMO. Moreover the EU Commission is dealing repeatedly with third countries for an opening up of the EU market. We denounce this strongly.

The effective control of the new import flows in order to achieve constructive competition and a balanced EU sugar market is a necessity in the interests of EU growers but also in the interests of ACP and LDC partners who also have to secure their investments.

We trust the EU Member States to remind the Commission about its agreed commitments in terms of safeguard measures.

4. The fourth issue relates to the emerging challenges of our CAP: climate change, biodiversity, water management, green energy production. I know that these challenges are of great importance in Denmark, and also for the Danish Minister of Agriculture. Working towards achieving an optimal synergy between producing food, feed, and energy and at the same time tackling issues concerning environmental impacts and the consequences of climate change is the global question asked today of European farmers. Beet growers have been involved in these issues for a long time now, and their contribution has already been highly valuable as an answer to this question. Progress achieved in the reduction of environmental impacts of beet growing is impressive. Thanks to this progress, doses of fertilisers and plant protection products have been reduced considerably and more environmentally-friendly techniques, as well as safer plant protection products are used, while at the

same time yield continues to progress. Denmark is particularly committed to using existing biomass for energy production and in contributing to developing environmentally-friendly technologies.

Apart from the efforts of beet growing in improving its energy balance and reducing its carbon footprint, climate change also represents challenges and opportunities for beet growing.

On the one hand, beet growing needs to adapt to climate change, and this is done through research on varieties (including varieties with better drought or frost tolerance) and new cultivation strategies. Such research is ongoing.

On the other hand, the demand for bioenergies represents an opportunity to develop non-food outlets using sugar beet and to further contribute to climate change mitigation and to the EU targets in terms of renewable energy, in particular through the sustainable production of biogas or ethanol.

We welcome the recent adoption of the EU Climate-Energy Package, in particular the Renewable Energy and Fuel Quality directives, and we ask Member States to effectively implement them now with the aim of promoting the development of biofuels, including beet ethanol.

This is justified by the advantages and contributions that beet ethanol affords society: mitigation of climate change, energy security and diversification, rural development, sustainable production (including a 60% reduction of GHG (Green House Gas) emissions compared to fossil fuels). Sugar beet produced in Europe is one of the most sustainable raw materials for bioethanol production. Sugar beet is also particularly suitable as a raw material for polygeneration plants, allowing at the same time the production of sugar, ethanol, biogas, district heating and animal feed.

But may I insist that these developments, and in particular, the development of bioethanol uses, must benefit European producers, and that it is necessary to limit and adapt ethanol imports (through customs' tariffs and appropriate trade agreements) to the EU domestic market, production and sustainability requirements.

We do not accept a situation where Europe, to reduce its dependence on fossil energy from the Near East, becomes dependent on something else – such as bioethanol imports from Brazil. We must produce the majority of our bioethanol and biofuel requirements in Europe and limit our imports.

Dear CIBE delegates,

You here, are the most qualified representatives of the beet growers from the 18 countries forming CIBE. These countries have succeeded in organising and developing efficient European sugar and sugar beet production to cover the needs of the European consumer. Despite the difficulties, beet growers intend to pursue this aim, for their families, their countries and for Europe. They want to add new outlets such as bioenergy.

We have to ask our government's representatives, and in particular the Danish representative, to support the European and Danish sugar beet growers, in all the negotiations currently held internationally and in Brussels, and to bear in mind at all times the production and living conditions of European beet growers as well as their commitments towards a sustainable sugar beet sector.

To the Danish beet growers and the beet growers from all the other CIBE countries, I wish you all an excellent Congress!