



Council of the
European Union

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NOTE

From: General Secretariat of the Council

To: Delegations

Subject: Request from the Polish delegation to the European Commission to present the forecast situation and the available instruments for the market stabilisation in the EU after the abolition of the production quota system in the sugar market

Delegations will find attached in Annex a note from the Polish delegation on the above subject, concerning an item under "Any other business" at the Council ("Agriculture and Fisheries") on 10 October 2016.

Request to the European Commission to present the forecast situation and the available instruments for the market stabilisation in the EU after the abolition of the production quota system in the sugar market

Bearing in mind the experience from the milk market related to the abolition of the quota system and the ongoing work on the adaptation of the existing legislation in the sugar market due to the abolition of the quotas from 1 October 2017, Poland requests the EC to present the forecast situation in this sector and the available instruments for the market stabilisation in the EU after the abolition of the sugar production quotas.

In Poland's opinion, there is a need to carry out an in-depth political discussion about this sector in the EU forum, as the regulations proposed so far are insufficient. For this reason, in order to avoid difficulties similar to those occurring in the milk sector, the existing production quota system should be maintained, in Poland's opinion.

The production quotas are a mechanism stabilising the sugar market in the EU and guaranteeing both safety of farming by sugar beet growers and sugar producers as well as food security for the EU. The EU milk market is an example of how the abolition of this mechanism may result in the destabilisation of the sector. Ensuring the balance in the sugar market in the EU is possible thanks to maintaining the production quota system in the sector after 30 September 2017. According to the European Commission's forecasts, after the abolition of the production quota system, sugar will be even cheaper. Therefore, there will be a great pressure on reducing the prices of sugar beet. There are concerns that both the sugar industry and beet growers could not withstand such price pressure, which would result in a risk of shutting down sugar factories and liquidating regions of the cultivation of raw material.