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**NOTE**

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From: General Secretariat of the Council  
To: Delegations

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Subject: Difficulties on the EU sugar market  
- Information from the Italian delegation

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Delegations will find attached in Annex a note from the Italian delegation on the above subject, concerning an item under "Any other business" at the Council ("Agriculture and Fisheries") on 15 October 2018.

Difficulties on the EU sugar market

Since the discussion held on the Council on last June, the market situation of sugar has unfortunately further worsened.

The last official data released by the European Commission shows an average EU sugar price at very low values of €346/t, never reached before, which registers 14% below the reference price threshold of €404 /t.

The spot prices are even lower and quoted about €300/t.

Looking at the trend of the last 12 months, according to the official data of the European Commission's Directorate-General for Agriculture, average EU prices have fallen by over 30%.

The drastic drop in the price of sugar is generating a strong negative impact to both producers and industries. This situation has also been confirmed by the European sugar producers' associations (CEFS), the beet growers (CIBE), and by authoritative international press; the current sugar prices are not consistent even for the most competitive European producers.

Since the end of the quotas on October 2017, the sugar production has increased in several Member States and this situation has caused an excess of offer estimated, for the campaign 2017/2018, to about 3,5 mln tonnes. This trend will continue for the future.

On last Council on June 2018, the Commission confirmed his awareness of the sensitivity of the EU sugar market and about the price situation that is becoming increasingly fragile due to excess of production and that it will continue to monitor carefully the trend of the market.

On the 19th of last September, European beet growers (CIBE) stressed the current heavy situation of the beet-sugar sector, asking urgent answers to the EU Commission and stating that the only winner of the reform are the sugar-using food and beverage industries, to whom around €1.5 billion value was transferred at the expense of farming families within one year.

The difficulties have been also discussed during the last CMO Management Committee on the 27th of September 2018 and several delegations have requested to the Commission to activate proper measures to face this situation.

The prolongation of this situation is generating negative irreversible effects in particular in the sugar sectors of those Member States, as Italy, in which the margin of incomes are already under pressure.

The operators have expressed their strong concern about the future of the sugar sector. Indeed, this scenario can lead to a concrete risk of the abandoning of sugar production in a lot of EU rural areas, with heavy negative consequences for the agro-environment and for the employment.

Maintaining a beet production appears undoubtedly strategic: for preserving its recognized social, agricultural and environmental value in the rural areas and for guaranteeing an adequate supply to the many small and medium-sized enterprises in the agri-food sector and to counteract the volatility of the market.

According to this situation we call the Commission to recognize the state of crisis in the sector and to activate the necessary measures needed for balancing the market in the short and medium term, in particular by the private storage and to assess also the possibility for activating the exceptional measures stated in the EU regulation nr. 1308/2013.