



Council of the
European Union

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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Situation in the sugar market after the abolition of quota system
- Information from the Polish delegation

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 29 January 2018.

Situation in the sugar market after the abolition of quota system

Poland is concerned by the continuing strong downward trend in the sugar prices in the EU market. The low prices contribute to the deterioration in the sugar industry's financial situation, which will have an adverse impact on the profitability of cultivating sugar beet, since the sugar beet buying-in prices in delivery contracts are mostly dependent on the sugar prices.

In Poland, in November 2017, the selling prices of bagged sugar fell to PLN 1.80/kg and were by 29.4% lower than the year before. The selling prices of packaged sugar fell to PLN 1.69/kg and were by as much as 38.3% lower than the year before.

In Poland's opinion, in this context it is necessary to carefully analyse the development of the market situation and consider the possibilities of using market support instruments.

In addition, given the difficult situation in the EU internal market as a consequence of abolition of production quotas and the particular social and economic importance of the sugar sector, Poland requests not to grant further preferences in importing sugar to the EU as part of the ongoing trade negotiations. Particular concern is raised by the issues of preferences for the MERCOSUR group countries in the above-mentioned regard.

In Poland's opinion, the sugar market should be treated as sensitive, therefore, it should be properly protected against the import from third countries, in particular with a view to the high production potential of the EU sector significantly exceeding the demand for sugar in the EU.

The beet sugar production in many EU Member States is a strategic section of the food sector and is of major economic, environmental and social importance. The sugar beet production and processing in the EU create jobs and play an important role in the regional development. The number of growers in the EU is about 139.5 thousand and the number of employees in the sugar industry is about 30 thousand. Moreover, growers and the sugar industry use the services provided by other companies (e.g. transport, mechanisation, seed production, plant protection and fertilisers). It is estimated that the sugar industry employs, directly or indirectly, about 180 thousand people. At the same time, the sugar beet cultivation area in the EU is decreasing steadily. This is alarming, since the sugar beet cultivation is an important part of the sustainable agricultural development and facilitates maintaining the utilised agricultural area in good culture.

By presenting the above, we are requesting to cover the EU beet sugar production market with special protection and monitoring.