CONTRIBUTION ON THE ABOLITION OF SUGAR QUOTAS POST 2015 FROM THE JOINT OIREACHTAS COMMITTEE ON AGRICULTURE, FOOD AND THE MARINE [IRISH PARLIAMENT] IN THE CONTEXT OF POLITICAL DIALOGUE

JANUARY 2013

CONTRIBUTION ON THE ABOLITION OF SUGAR QUOTAS POST 2015 FROM THE JOINT OIREACHTAS COMMITTEE ON AGRICULTURE, FOOD AND THE MARINE [IRISH PARLIAMENT] IN THE CONTEXT OF POLITICAL DIALOGUE

The following contribution considers the Commission proposal to abolish sugar quotas on 30 September 2015, when the current regime ends.

The Committee has taken careful consideration of the ongoing negotiations on the reform of the Common Agricultural Policy and, most recently, has submitted a political contribution, dated 14th December, to the European Commission, European Council and the European Parliament, outlining its concerns.
On 10 July 2012, the Joint Oireachtas Committee on Agriculture, Food and the Marine met with representatives of Sugar Beet Ireland and the Sugar Beet Bio-Refinery Study Group to discuss the potential redevelopment of the Irish Sugar Industry

Abolition of sugar quotas has also been raised with the Minister for Agriculture, Food and the Marine, Mr. Simon Coveney, MEPs, officials from the European Commission and officials of the Department of Agriculture.

The total EU production quota of 13.3 million tonnes of sugar is divided between nineteen Member States. Ireland currently has no sugar quota after it relinquished its sugar beet quota under a compensation package negotiated in November 2005 in the context of the reform of the EU sugar regime, as modified in 2007, in a deal that will expire when the current regime ends in 2015.

The EU is now approximately 80% self-sufficient in sugar production. When Ireland exited the industry in 2005-06, the EU had a surplus production of about 25%.

The current EU sugar quota system hampers the functioning of the EU sugar market by restricting sugar supplies, making it particularly difficult for small food processors to source sugar. As EU within-quota sugar production does not meet EU needs, processors cannot satisfy all demand and prefer to conclude sales contracts with the largest users.
Sugar quotas are artificially limiting sugar production and severely restricting competition in the sugar sector, thus preventing these industries from growing.

At present every grain of sugar used in Ireland is being imported at a cost of approximately €200 million annually and as an island nation on the periphery of Europe, the marginal cost of transport affects Ireland much more than those countries on the mainland. There would be significant start-up costs involved in reestablishing the sugar industry in Ireland but in the medium to long term, the benefits would be significant.

Redevelopment of the Irish sugar industry is vital to complement current targets set for the development and expansion of the Irish food sector, which is currently on a growth trajectory due to its strong competitive advantages in terms of quality and branding. This industry can only sustain its current growth targets and maintain competitiveness if it has equal and secure access to sugar supplies.

From a farmer's perspective, sugar beet can play a critical role in crop rotation, leading to improved cereal yields as well as providing additional animal fodder in the form of beet tops and beet pulp, which is a by-product of the sugar production process.

In the context of the broader value-added food industry, guaranteeing the security of supply of Irish sugar will deliver benefits for existing and future enterprises that have sugar as a key ingredient in their production processes - for example, confectionary, chocolate and drinks manufacturers.

On the value-added side of the industry, an Irish supply of sugar will provide a secure and cost-effective supply of sugar to food and retail enterprises in Ireland. The link that Irish customers had with this most fundamental of Irish products will be re-established and will lead to new food enterprise opportunities. Overall, investment in Irish sugar production will have a strong multiplier effect for the domestic economy. Once re-established, it will provide a stable industry that will not readily exit the country again.

By 2020, the Irish food industry is targeting growth of in excess of €1 billion across the dairy, beef, pig, sheep and poultry sectors. The redevelopment of the Irish sugar industry, in addition to recapturing the domestic Irish sugar market and developing a new bioethanol industry, will also help to supply the animal feed demands of a growing agri-food sector.

Beet tops were traditionally used as a very cost effective source for fattening sheep for slaughter. The loss of the sugar industry has brought about a resultant decline in sheep numbers with further knock on effects on the industry supplying medicines into the sheep industry. A revival of beet production would greatly assist the revival of these two industries.

The Committee is particularly enthused by two studies drawn up by the Irish Sugar Beet Bio-Refinery Group and Beet Ireland respectively.

The creation of a bio refinery plant in Ireland could process 154,000 tonnes of sugar annually, close to the total imports of circa 160,000 tonnes annually on the island of Ireland and create close to 5000 new jobs. In the current economic climate the creation of these new jobs would be a major boost to the Irish economy.
The Joint Committee notes that it is predominantly sugar producing Member States that are lobbying for an extension of the EU sugar production quota system. Post 2015 there will be no compensation for Irish beet growers and it is only fair and equitable that if sugar quotas are not abolished, then Ireland will be in a position to acquire an appropriate sugar quota – somewhere in the region of 250,000 metric tonnes per annum.

The EU should do what is in the best interests of all its citizens and all its Member States rather than bowing to the demands of those already in possession of lucrative sugar quotas.

The Joint Committee supports the Commission proposal to abolish sugar quotas when the current regime ends. If however, quotas do not end in 2015 as planned and the regime is extended until 2019/20, the Committee is of the opinion that the revised system should allocate all member states, wishing to do so, a quota equivalent to what they relinquished, with preference given to those Member States who have ceased production completely. The Commission should also be empowered to adopt delegated acts concerning the conditions under which a Member State may re-institute its quota.

Andrew Doyle

____

Andrew Doyle T.D.
Chairman