

PRESS STATEMENT

THE EU SUGAR SECTOR: A PILLAR OF FOOD SECURITY

On 23 March 2022 the Commission published its Communication "Safeguarding food security and reinforcing the resilience of food systems". The Communication presents options to address rising food prices and the issue of global food security accelerated by Russia's invasion of Ukraine. It aims to support European farmers and consumers and enhance the transition towards sustainable and resilient food systems in the EU.

The Communication recognises the contribution of sugar to the EU's food security. It notes that "the EU is largely able to cover its consumption for staple crops such as sugar". But EU sugar production risks coming under severe strain.

Beet sugar production is highly energy-intensive. In normal years energy makes up 20% of factory production costs (EU average). In the 2022/23 campaign energy is expected to become the single biggest cost factor in some countries, overtaking sugar beet. Although sugar is recognised as a carbon leakage sector, the continuous fall in free allowances provided by the Emissions Trading System has encouraged a shift from the use of coal to gas in our factories. As such, EU sugar manufacturers are more exposed than ever to high gas prices.

CEFS Director General Marie-Christine Ribera said: "EU sugar prices will need to rise substantially to compensate the increase in input costs for sugar manufacturers and beet growers. Otherwise sugar production during the coming campaign (beginning in September in most countries) will be unviable. This will gravely impact the EU's food security, as well as the resilience of sugar beet growers and sugar manufacturers, at a highly uncertain time."

The document identifies a number of measures to support businesses. A new Temporary Crisis Framework for State aid allows support for undertakings affected by the energy price crisis in the form of aid for increased gas and electricity costs (including direct grants). Member States are encouraged to cut VAT on food to protect consumers. And the

 Avenue de Tervuren 268, B-1150, Brussels, Belgium

European Association of Sugar Manufacturers
Marie-Christine Ribera
Director General
+32 2 762 07 60
mariechristine.ribera@cefs.org



Communication includes a call for Member States to “to enhance investments in biogas from sustainable biomass sources, including in particular agricultural wastes and residues”.

CEFS Director General Marie-Christine Ribera said: “These measures are only a first step. The Temporary Crisis Framework caps aid for additional costs resulting from higher gas and electricity prices at 30% of eligible costs unless operating losses can be proven. A list of sectors is eligible for more favourable treatment, but it does not include a single food sector. As for biogas, we’re waiting for the European Commission and Member States to put money on the table.”

The Communication supports Member States “in using possibilities to reduce the blending proportion of biofuels”, linking this to reduced pressure on food and feed markets. However, the most recent European Commission Renewable Energy Progress Report found no correlation between food prices and biofuel demand in the EU in recent years.

CEFS Director General Marie-Christine Ribera concluded: “Reducing blending obligations will increase our dependence on Russian oil, without a doubt. But it is questionable that it will bring down food prices in any measurable way.”

 **Avenue de Tervuren 268, B-1150, Brussels, Belgium**