EU sugar quota supports ‘quasi monopoly’

By Rud Audy, 30-Jul-2012

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The EU sugar industry benefits from a “quasi monopoly” situation as a result of the current EU sugar quota system, according to the European Starch Industry Association, Association de Amidonniers et Feculiers (AAF).

The organisation has nailed its colours to the mast, saying the quota, which is one of the controversial elements of the current Common Agricultural Policy, also limits overall sugar supplies. Confectionery and beverage firms also oppose extending it. The AAF claims it disadvantages starch-based sugar manufacturers in their competition against processors of other sugars, such as beet sugar.

The quota system sets minimum prices to farmers for the sugar they produce in an effort to encourage production. The European Commission is debating calls to extend the system past 2015, which would reverse previous plans to end it in 2015.

Artificially limits production

“Today’s current quota regime artificially limits production of isoglucose (cereal-based sugar) to a tiny fraction (4%) of the overall EU sugar and isoglucose consumption market,” an AAF spokeswoman told FoodNavigator.

“With a 96% guaranteed market share, the sugar industry benefits from a quasi-monopoly situation, to the detriment of isoglucose producers and in violation of the fundamental principle of fair competition enshrined in the EU Treaty. It is high time that the outdated, unfair and discriminatory treatment of isoglucose comes to an end in 2015.”

She said the AAF believes the abolition of the quota system in 2015 as proposed by the Commission would boost the European economy and enhance competitiveness. “Today the current sugar regime does not allow growth in the European sugar and isoglucose industries because it imposes production quotas on both products.”

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