Sugar mounds and wine lakes? Not likely, quota advocates say

Published: 15 March 2013 | Updated: 15 April 2013

Butter mountains and milk lakes. Those were the images invoked in the European Parliament this week by opponents of extending vineyard planting limits and protections for sugar beet farmers.

Background

The European Commission’s CAP recommendations for 2014-2020 were unveiled in October 2011.

The package called for harmonising the direct payments system for farmers, linking 30% of direct payments to compliance with environmental measures, and capping payments for big farmers.

It also recommended carrying through with the previously-agreed end to quotas for sugar beets and planting rights for grape growers over the next two years.

Britta Reimers, a German liberal MEP, was among a number of lawmakers debating the future of the Common Agricultural Policy (CAP) who drew on the surpluses of the past to oppose the revival of quotas and, in the case of grape production, limits on how many vines can be cultivated.

“History has demonstrated that we have made mistakes and that we have seen things go wrong,” she told the Parliament on Tuesday (12 March).

“We don’t want milk lakes and butter mountains. European farmers over the last few years have shown that they can cope with market conditions, they are to a very large extent able to compete and we have to help them take that final step rather than going back to the old world.”

Dearth of sugar

The throwback to the wasteful practices in the early years of the CAP was not successful. The European Parliament voted, by a margin of 375 to 277, on Wednesday (13 March) for the market support measures that will carry the sugar quota through 2020 and planting limits for grape producers until 2030.

And the analogy doesn’t necessarily hold today.

There are no sugar mountains and the EU must import sugar to meet demand, angering confectioners and the food and beverage industry who say the protectionist system drives up prices. Since the start of 2013, the European Commission’s sugar management committee has authorised the import of
584,000 tonnes of raw sugar - nearly half the 1.2 million tonnes the EU is expected to approve this year.

Europe does produce far more wine than it can consume and domestic consumption is falling, but it has a lock on the world market where demand is growing, according to the Comité Européen des entreprises vins (CEEV), a wine trade association. Land under cultivation in the EU has also fallen, down 12% from 2001 to 2011, International Organisation of Vine and Wine figures show.

Daniela Ida Zandonà of the European Federation of Origin Wines (EFOW), one of the groups fighting to keep vine planting rights, said the comparison to EU-funded wasteful surpluses of the past is a convenient “slogan” that is not relevant today.

“That is a very easy short-cut,” she said. “I think it’s very dangerous for Europe to forget about the need for stable agriculture.”

The Parliament’s vote in favour of supporting specific agricultural sectors “sent a very, very positive message” that will give it a strong position in the forthcoming negotiations between the EU’s decisionmakers, said Zandonà.

Vineyards are among the last areas of farming left to be liberalised after years of Commission efforts to erase protections for dairy and other farm products. The end of the planting restrictions stems from reforms during the last CAP overhaul that also called for the end of sugar price supports.

Drafted by French centre-right MEP Michel Dantin, the protections were endorsed by the Parliament’s agricultural committee in January, reversing the earlier liberalisation efforts.

Negotiators from the Parliament, the Irish EU presidency, national leaders and the European Commission must now hash out the details, along with broader proposals contained in the 2014-2020 Common Agricultural Policy (CAP) that was approved by Parliament on Wednesday.

**Liberalisation in reverse**

Opponents say using the CAP to support specific sectors is unfair, hurts competitiveness and affects consumers by forcing them pay higher prices.

“At a time when the European economy desperately needs clear policy decisions towards competitiveness and more jobs and growth, maintaining the disruptive sugar quotas until 2020 and potentially beyond is the wrong signal”, said Muriel Korter, who heads the European Sugar Users Association, or CIUS.

“This vote does not give us confidence that the European Parliament understands its key responsibility to promote a modern, competitive agricultural sector and food supply chain in Europe,” she said in a statement.

The market protections pitted the two dominant political groups, the European People’s Party and Socialists and Democrats that overwhelmingly supported restoring protections, against parties drawn from left and right, big food and beverage companies, confectioners and grass-roots environmental campaigners.
Given the relatively close vote in Parliament and divisions among EU national leaders over market interventions, the CAP negotiators are likely to find middle ground. On sugar, that could mean splitting the difference between the existing 2015 end to quotas and the 2020 deadline approved by the Parliament.

"In general we are absolutely disappointed by the headline result," said Jamie Fortescue, managing director of the Association des Amidonniers et Féculiers (AAF), which represents 23 starch companies and manufacturers of the sweetener isoglucose.

But, he told EurActiv, "I know the Irish are very keen to get a deal during their presidency, so I wouldn't be surprised if we see a date in between."

AAF expects that 11 countries oppose the sugar quota, while 13 are in favour. That leaves three countries – Cyprus, the Czech Republic and Luxembourg – on the fence.

The starch industry is affected because the sugar quota limits isoglucose production to 5% of the sugar market, or annual production of 670,000 tonnes. The Parliament, however, boosted the production cap to 700,000 tonnes.

The market protections approved by MEPs also give temporary support to tobacco farmers, despite criticism that this would defy EU efforts to reduce smoking.

**Positions**

**European Coordination Via Campesina**, which represents small farmers and agricultural trade unions, welcomed the Parliament's action.

"Extending sugar quotas and the rights for vine-growers to plant more vines is a credit to parliamentarians. It is far better to take preventive action and avoid sectorial crises by regulating markets than taking curative measures," the group said in a statement. "It will also cost far less."

**British MEP Julie Girling, Conservative** spokeswoman on agriculture in the European Parliament, said the majority of protection measures approved by the Parliament would be "retrograde".

"One thing is already clear. This was a golden opportunity so set up a fairer and less wasteful system, but that opportunity has been squandered," she said. "The whole reform package needed to be more market-oriented and less interventionist."

**Next Steps**

- **18-19 March**: EU Council discusses CAP general agreement
- **11 April**: Negotiations on CAP scheduled between Parliament, Council and Commission
- **30 June**: Irish presidency of the EU Council ends
- **2014-2020**: Next phase of the Common Agricultural Policy
- **2014-2020**: Next EU budget