US starch producers are at an insurmountable advantage

From Mr Jamie Fortescue.

Sir, Your editorial “Eyes on the prize in EU-US trade” (June 18) seeks to advocate the benefits for both sides of a comprehensive deal. But the focus on creating a freer market between the EU and the US ignores the lack of a free market that exists today in the EU itself.

Take the impact of the existing EU sugar regime as an example. The EU starch industry produces about one-third of the amount of starch of its US counterparts. In a highly competitive market where economies of scale are paramount this puts US starch producers today at an insurmountable competitive advantage. This is due, first and foremost, to the fact that US starch producers have had unlimited access to the US sugars market – high-fructose corn syrup (HFCS), the US cereal-based sugar, commands up to 40 per cent of the US sugars market – and have also benefited from government support to the ethanol market. In the EU, the sugar regime restricts isoglucose, our own EU-cereal based sugar, to just 4 per cent of the EU sugars market, and government support for ethanol production has been minimal.

The net result is that in the US, two-thirds of starch production goes to HFCS and ethanol, whereas in the EU, less than 10 per cent does.

This situation may start to be redressed if the EU institutions can agree on an early end date to EU sugar quotas at the agriculture council meeting on June 24 and 25; but even if they can, a level playing field between EU and US starch producers remains a long way off.

Jamie Fortescue, Managing Director, Association des Amidonniers & Féculiers, Brussels, Belgium

Representing the EU starch industry

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