EU reaches deal on CAP reform

By Caroline Scott-Thomas+, 27-Jun-2013

European institutions reached a deal on reforming the Common Agricultural Policy (CAP) on Wednesday, including a compromise that will end sugar quotas by 2017.

Sugar users had pushed for the quotas to be scrapped by 2015, claiming that they keep sugar prices artificially high at about twice the world price while sugar growers had hoped for a 2020 deadline.

The European Sugar Users association (CIUS) welcomed the compromise, as well as moves to find a better market management solution until the quotas end, instead of the current system of releasing tranches of either out-of-quota or imported sugar when needed.

"The end of sugar production quotas in 2017 will enable the supply chain to operate in a more market-oriented environment," said CIUS president Robert Guichard. "This is an important step in achieving supply security, which is a prerequisite for economic growth. It will also allow the EU sugar sector to play an increasingly important role on the world market."

CIUS secretary general Muriel Korter called for the EU to bring extra sugar onto the market to avoid shortages.

"The additional supplies need to be balanced between imports and out-of-quota release, respecting the different local supply needs across Europe," she said.

The European Starch Industry Association, AAF, said it was 'relieved' that the EU Parliament, Council and Commission had agreed to end the quotas, which also apply to isoglucose (also known as glucose fructose syrup), a cereal based sugar derived from maize or wheat starch.

AAF managing director Jamie Fortescue said: "This long-awaited decision to end quotas will unleash production, investments and growth in the European starch industry, a sector recognized for its innovative applications. This is also good for European farmers and for our customers."

The CAP accounts for about 40% of the total EU budget, and several attempts at reform have been made in the past. In 2003, production was decoupled from direct payments to farmers, in an effort to avoid the 'mountains' and 'lakes' of surplus products that resulted from over-production.

The latest package focuses on being 'fairer', by distributing direct payments more evenly between member states, and 'greener', by emphasizing farmers' role in sustainable land management. More than €100bn from 2014 to 2020 will be invested in helping farmers address environmental issues of soil and water quality, climate change and biodiversity.

However, environmental groups have condemned the deal, after 'greening' requirements included in the deal were watered down.

European Environmental Bureau's senior agricultural policy officer, Faustine Defossez, said: "EU negotiators have agreed to ask taxpayers to keep on spending hundreds of billions for the next seven years on a policy which will continue to damage our natural resources and threaten our long term food security."

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