

Brussels, 26. February 2008

## **No preventive withdrawal of sugar in 2008/09; possible final quota cut in 2010 of 1.16 million tonnes**

*The EU sugar sector faces a possible final quota cut of 1.16 million tonnes in 2010, based on renunciations at this stage under the revised sugar Restructuring Fund. This week the breakdown between Member States for this possible final cut will be delivered to Member States and to the stakeholders with a view to facilitate companies' decision in the second step for 2008/09. The restructuring scheme was drawn up to achieve the structural balance of the sugar market in the medium term where exports are limited to the WTO commitment (1.374 millions tonnes) and imports from LDCs should increase substantially. The reduction objective is set at 6 millions tonnes. Until now, 4.8 millions tonnes have been renounced within the restructuring scheme: 2.2 millions in 2006 and 2007; 2.5 millions tonnes in the first step for 2008/09 and 0.1 million tonnes for 2009/10. If, by 2010, insufficient quota has been renounced within the restructuring scheme, the Commission is mandated to make compulsory quota cuts, with no financial compensation. Based on the 4.84 millions tonnes of renunciations at this stage, the quantity to be cut in 2010 would be 1.16 million tonnes.*

These cuts would vary depending on how much each Member State and each company had renounced under the voluntary restructuring scheme. This week, in the Sugar Management Committee, the Commission services will indicate the probable breakdown of the possible final cut of 1.16 million tonnes between Member States. A letter with the same information will be sent to C.E.F.S., the European Committee for Sugar Producers, and C.I.B.E., the European association of sugar beet producers, in order to raise the awareness of the economic actors.

It will be up to the companies to decide either to renounce the quantity before 31 March 2008 under the generous conditions for 2008/09 or to renounce them next year under less attractive conditions or to take the risk of a final cut with no compensation.

Further reductions in the restructuring scheme will reduce any final cut. Moreover the Commission would have to take its decision in February 2010 on the basis of the data available until then and in view of the market balance at that time.

### **No preventive withdrawal**

Having reviewed all of the available information, including the opinions of the various stakeholders, and considering that 2.5 millions tonnes of sugar and isoglucose quotas have been renounced in the first step of the 2008/09 restructuring scheme with additional renunciations expected in the second step for 2008/09, Commissioner Mariann Fischer Boel has decided that there is no justification for a "Withdrawal of Sugar" at this time for 2008/09.

Each year, before 16 March at the latest, the Commission may decide on a (mandatory) withdrawal of quota sugar and isoglucose, if the forecast market situation were to show this to be necessary. The deadline for this decision is to allow producers to adjust areas sown to beet in order to avoid the production of surplus stocks.

Under the improved restructuring scheme, sugar and isoglucose producers have renounced 2.5 millions tonnes of quotas in the first step for the 2008/09 renunciations which ended on 31 January 2008. Following specific provisions for the 2008/09 restructuring scheme, companies which renounced in the first step at least the level of their 2007/08 preventive withdrawal are entitled to take part in the second step until 31 March 2008 and to further reduce their quota under the attractive conditions for 2008/09. Additional quantities are expected to be renounced in that second step. Based on these expectations, a "preventive" withdrawal decision in March is judged not to be necessary. However, if the results of the second phase of the restructuring for 2008/09 are not sufficient so that the market suffers from huge oversupply the Commission might have to come back on the withdrawal in October this year.