

Sugar & Climate Change: Anticipating the effects of the EU Emission Trading System (ETS) 2013-2020.

Sectoral Social Dialogue Committee in the Sugar
Industry, 26.02.2010.

Oscar Ruiz, Deputy Director-General, CEFS.



Sugar beet processing & ETS...

- An activity not like others when it comes to ETS. (slides 3-15)
- An extra cost of 1 to 2.5 million Euros per factory, per year... ! (slides 15-16)
- The challenge of defending beet processing in an ETS system designed for 'classical' industries. (slides 17- 20)

Beet sugar processing & ETS...

- An activity not like others when it comes to ETS.
- An extra cost of 1 to 2.5 million Euros per factory, per year... !
- The challenge of defending beet processing in an ETS system designed for 'classical' industries.



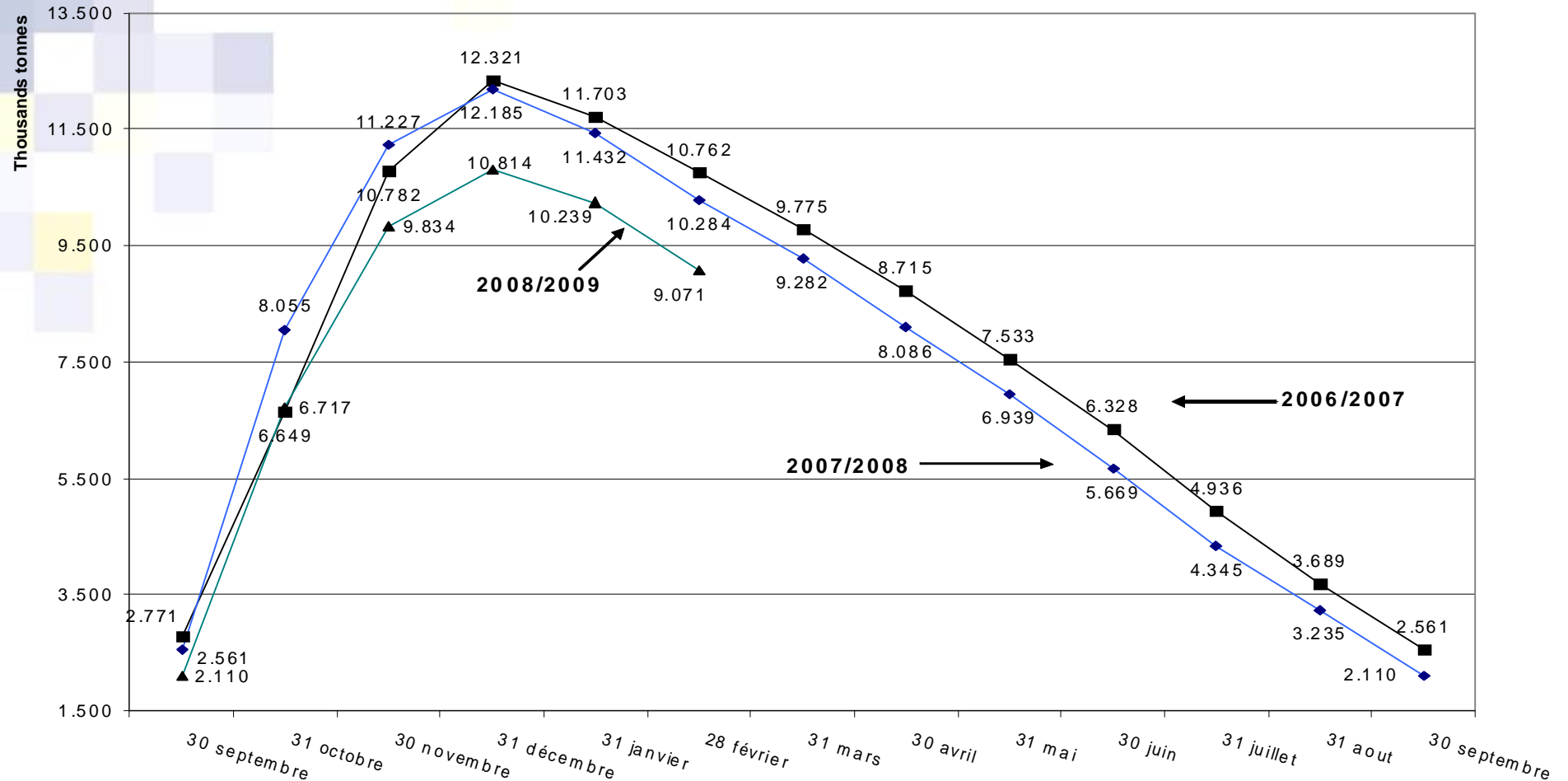
Beet processing is...

- an **energy intensive**,
- **seasonal** activity,
- located in **rural areas**.

A lot of **energy** needed in a short period of **time**...

- Sugar beet is a **seasonal crop** generally harvested and processed during just **3 to 4 months** per year.

Sugar Stocks (EU-27)

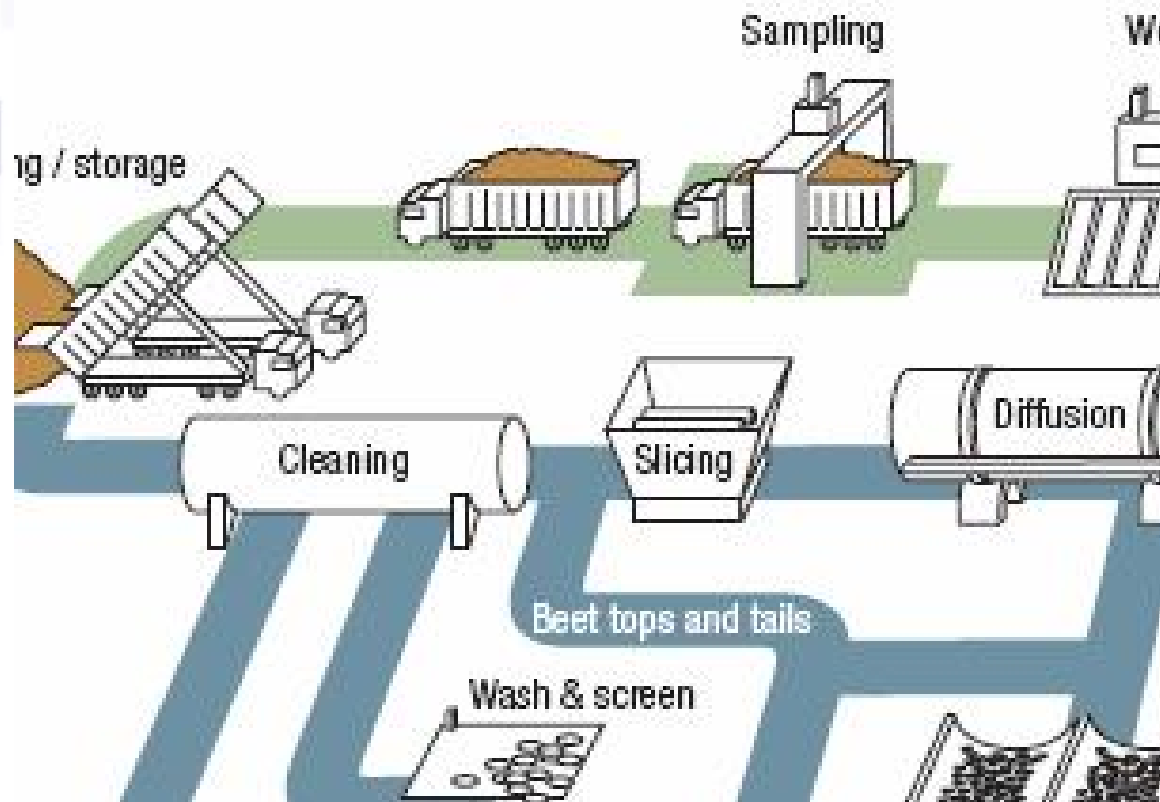


Source: DG AGRICULTURE. Extracted from a presentation made at CEFS General Assembly on 19 June 2009.

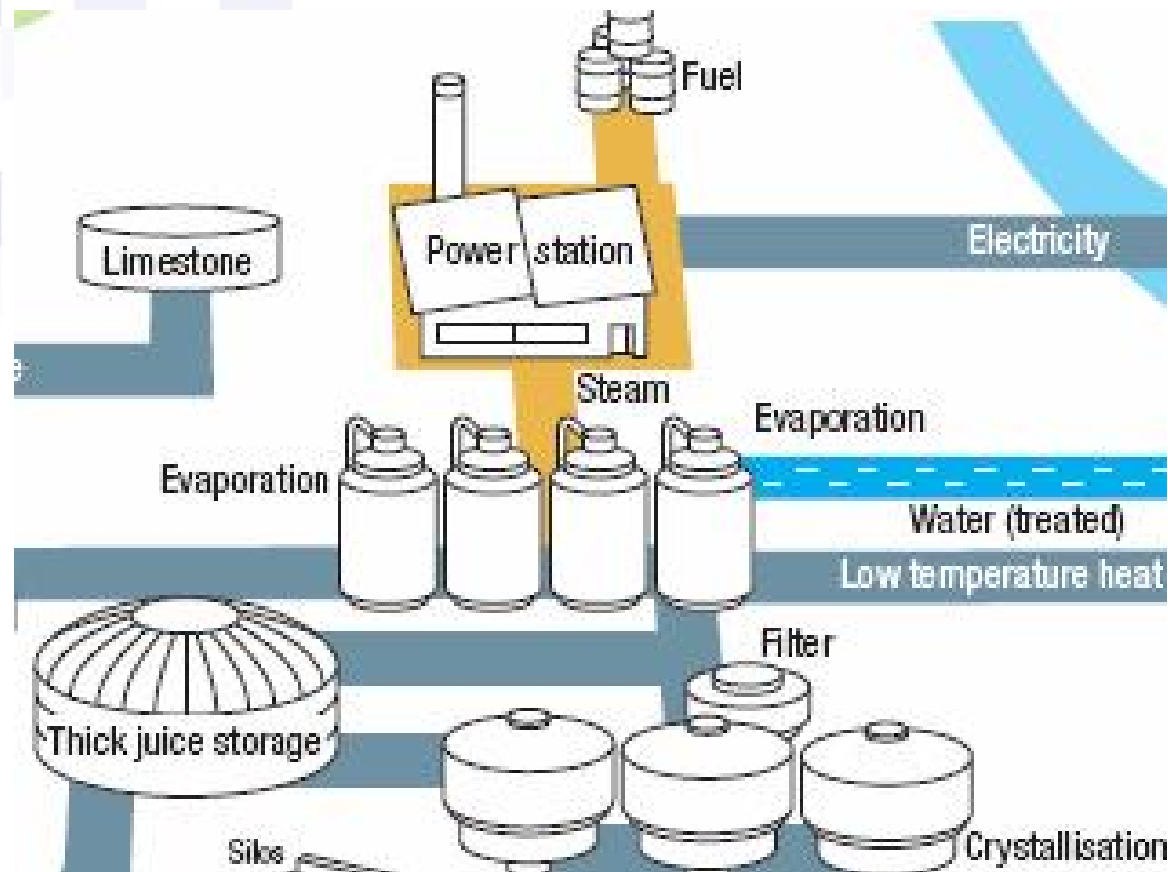


A lot of **energy** needed in a short period of **time**...

- Sugar beet is a **seasonal crop** generally harvested and processed during just **3 to 4 months** per year.
- The sugar extraction process essentially requires **hot water and steam**.



Beets need to be washed and sliced. Then, sugar is extracted via diffusion with hot water (65-75°C).



The water in the juice is then removed by evaporation (at 130°C). Beets are 75% water !



A lot of **energy** needed in a short period of **time**...

- Sugar beet is a **seasonal crop** generally harvested and processed during just **3 to 4 months** per year.
- The sugar extraction process essentially requires **hot water and steam**.
- About **100 Million tonnes** of beets are processed each campaign.

A lot of **energy** needed in a short period of **time**...

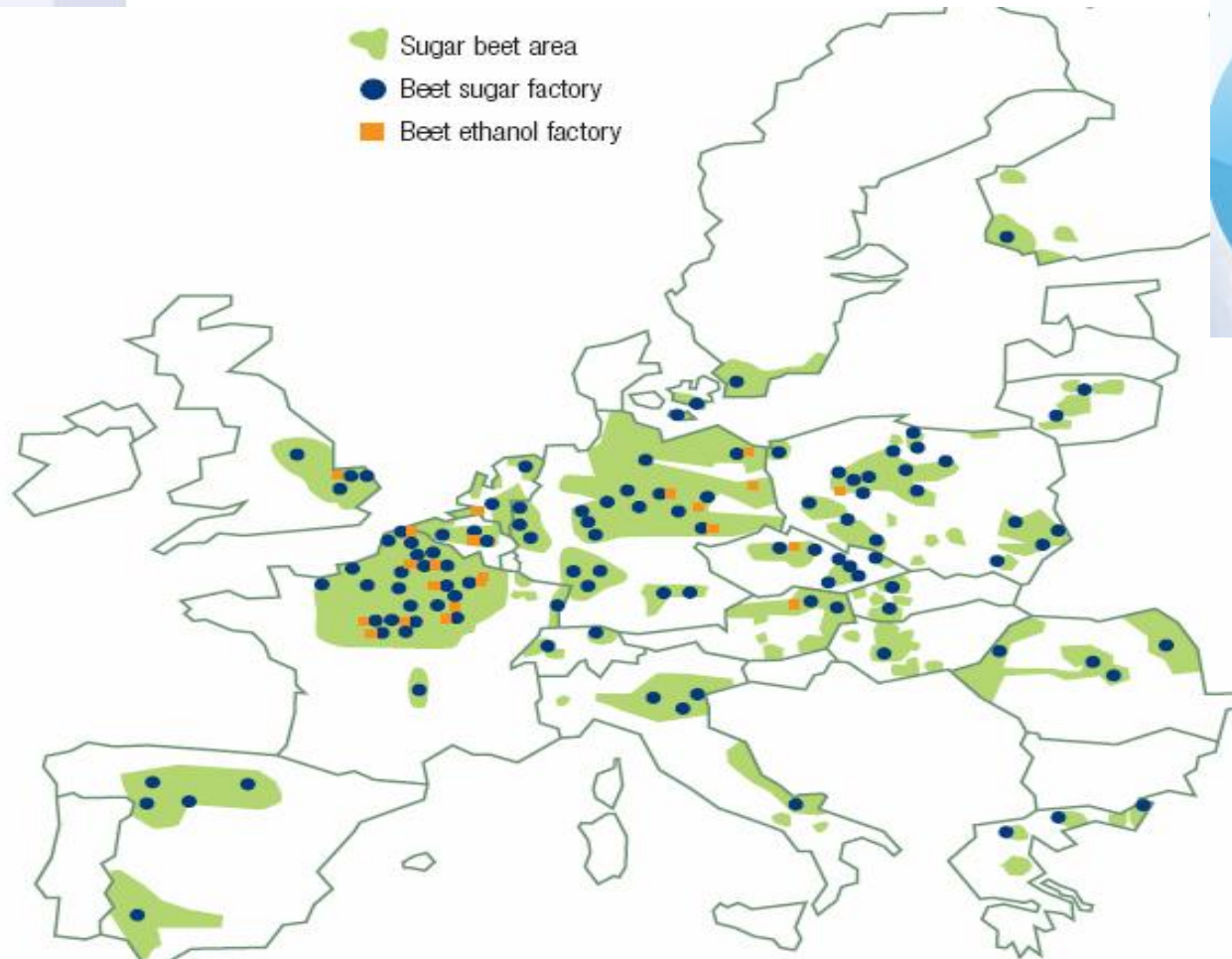
- Sugar beet is a **seasonal crop** generally harvested and processed during just **3 to 4 months** per year.
- The sugar extraction process essentially requires **hot water and steam**.
- About **100 Million tonnes** of beets are processed each campaign.



Beet processing is...

- an **energy intensive**,
- **seasonal** activity,
- located in **rural areas**.

Factories must be near **beet fields**, in **rural areas**.



DID YOU KNOW?
44 km is the average transport distance between beet field and factory in the EU!

Sugar beet processing & ETS...

- An activity not like others when it comes to ETS.
- An extra cost of 1 to 2.5 million Euros per factory, per year... !
- The challenge of defending beet processing in an ETS system designed for 'classical' industries.

An energy-intensive, seasonal activity located in rural areas

- No alternative to **self-generation** of energy on-site. Eligibility for MS aid to big Grid users and/or compensate for self-made electricity.
- A **gas** benchmark is unfair for sugar factories in isolated areas, far from main gas pipelines
- **Limestone** emissions in the sugar industry are also different: >95% of CO₂ trapped into SFL
- Factories **past emissions** to be based on 2009 or later: 2005-2008 reference period doesn't reflect CMO Reform activity transfers

Sugar beet processing & ETS...

- An industry not like others when it comes to ETS.
- **An extra cost of 1 to 2.5 million Euros per factory, per year... !**
- The challenge of defending beet processing in an ETS system designed for 'classical' industries.

A high economic impact

- Despite being a 'carbon leakage' sector, factories will still need to pay for 20 to 50% of their actual emissions.*
- Depending a.o. on boiler efficiency and fuel used (e.g. coal vs. gas) factories to pay 1 to 2.5 Mio. € per factory, per year.*
- EU sector: €100 Mio/year; €800 Mio overall for 2013-2020 *

* Internal CEFS estimates provided as an order of magnitude.



Sugar beet processing & ETS...

- An industry not like others when it comes to ETS.
- An extra cost of 1 to 2.5 million Euros per factory, per year... !
- **The challenge of defending beet processing in an ETS system designed for 'classical' industries.**

Support at every level can make a difference

- Sector stakeholders can influence EU process via **national authorities**. Both technical and political arguments should play a role.
- **Alliances** to be sought for a greater impact at the right moment.
- A formal **position paper** and basic documentation kit could be available early March for external use.



*Join us
in raising awareness for the
sector !*



Sugar beet processing & ETS...

- An activity not like others when it comes to ETS. (slides 3-15)
- An extra cost of 1 to 2.5 million Euros per factory, per year... ! (slides 15-16)
- The challenge of defending beet processing in an ETS system designed for 'classical' industries. (slides 17- 20)



Thank You !

Visit our website www.cefs.org

