



PRESS RELEASE
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European sugar users are encouraged by the Commission's proposal for reform of the EU sugar regime, but call for more competition in the sugar market

The Committee of Industrial Users of Sugar, representing over 3,000 businesses in the European confectionery and drinks industries employing more than 450,000 workers, is encouraged by the plan for sugar reform presented today by the European Commission.

The proposed changes are a real opportunity to increase the competitiveness of the whole of the European sugar chain, including farmers, sugar processing plants and sugar-using businesses. For the sugar users, a deep reform is much needed and is vital to help protect jobs in the European food industry across Europe.

Anything less than this reform will mean continuing with artificially high prices for users and consumers, and dumping of European sugar on world markets.

Alain Beaumont, Secretary General of CIUS, says: *“The price cut is vital for the thousands of European small and medium sized companies producing chocolate, biscuits and other confectionaries. Sugar is a major input for them. These companies make high-quality products with great export potential, which they will be able to exploit with a positive impact on employment thanks to the reform”*.

The Commission also proposes a restructuring fund of about €4-6bn to help the sugar industry and to be financed by sugar users through a levy system. Though we understand that a restructuring fund may be needed, for example to retrain workers and restore factory sites to good environmental conditions, it should not compensate sugar refiners for loss of future revenues generated by a highly distorted system.

CIUS members are also concerned that by maintaining the national quota system in the proposal, tacit price collusion among producers will continue. For years, this collusion has resulted in ‘market’ prices well above the Commission set price. It is crucial that the reform translates into more competition. This means increasing alternative supply sources, in particular sugar imports and isoglucose.



Background

70% - over 10.4 million tonnes - of European sugar is bought and used by over 3,000 European companies producing chocolate, biscuits, confectionaries and non-alcoholic beverages. European sugar users export 680 000 tonnes of sugar as an ingredient in finished goods.

With a total turnover of €70bn a year, these companies make a significant contribution to the European economy and employ more than 450,000 people. They include many innovative firms which have invested heavily to grow their export markets.

But these companies suffer every day as a result of European sugar policies. They are heavily dependent on sugar inputs, and their competitiveness is severely handicapped by an obsolete sugar policy which forces them to buy sugar at over three times the world market price.

Many of these companies are small and medium-size enterprises with slim profit margins, which need to rationalize costs. They have good export potentials because of their expertise and quality track record, but are trapped in the EU sugar regime.

All sugar users ask is that competition and market forces be finally brought to bear in the European sugar sector.

This means:

- fairer and more competitive sugar prices
- effective competition among sugar suppliers
- a more efficient European sugar industry

Contact for further information

Mr. Alain Beaumont, Secretary General CIUS Europe / Union of European Non-Alcoholic Beverage Associations (UNESDA)

Tel. +32 2 743 40 51, Mobile +32 475 41 90 81, abeaumont@agep.be

Mr. David Zimmer, Secretary General CIUS Europe / Association of the Chocolate, Biscuit & Confectionery Industries of the EU (CAOBISCO)

Tel. +32 2 533 94 62, Mobile +32 478 54 88 17, David.Zimmer@caobisco.be

Filippo Cerulli Irelli, Kamps Purchasing Director part of the Barilla Group

Tel. +49 4474 891414, Mobile +49 151 15154877, filippo.cerulli@kamps.de

Leonardo Mirone, Senior Sugar Buyer, Barilla Group

Tel. +39 0521 26 36 59, Mobile +39 335 1339608, L.Mirone@barilla.it

Carl Krefting, Managing Director, Chocolaterie Guylian

Tel. +32 3 760 97 00, carl.krefting@guylian.be