



**Cukorrépa Termesztők Országos Szövetsége**

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**CTOSZ' s position  
regarding  
the EU Commission's  
reform plan  
in sugar sector**

Budapest, September 2004

The decision of presidency of the Sugar Beet Growers Association on 17<sup>th</sup> September 2004:

On 14<sup>th</sup> July 2004 the EU Commission published the reform plan in sugar sector as part of the CAP reform.

**1., The current regulation was announced by the EU Commission until 30th June 2006. , therefore the legality of implementation of the changes on 1st July 2005 is disputable.**

**At the time of signing the Accession it did not even come up that a current sugar regulation will not remain valid until 30th June 2006.**

**2., We do not agree with the merging of the A and B quotas into one quota and the reduction of the one quota, even though the reduction of quotas is inevitable.**

We are of the opinion that, the reduction of B quota should be proportional in each Member State. As it was written in collective letter to Agriculture Commissioner Franz Fischler signed by the presidents of the Sugar Beet Growers Associations of the 7 new Member States concerned in the beet production.

Member State	SUGAR (in T of sugar white)		
	A Quota	B Quota	Maximum Quota
Austria	314 028.9	73 297.5	387 326.4
Belgium-Lux	674 905.5	144 906.1	819 811.6
Denmark	325 000.0	95 745.5	420 745.5
France	2 970 359.4	798 632.0	3 768 991.4
Metropolitan*	( 2 536 487.4)	(752 259.5)	(3 288 746.9)
French Overseas Depts.**	(433 872.0)	(46 372.5)	(480 244.5)
Germany	2 612 913.3	803 982.2	3 416 895.5
Greece	288 638.0	28 863.8	317 501.8
Finland	132 806.3	13 280.4	146 086.7
Ireland	181 145.2	18 114.5	199 259.7
Italy	1 310 903.9	246 539.3	1 557 443.2
Netherlands	684 112.4	180 447.1	864 559.5
Portugal	72 428.4	7 242.8	79 671.2
Mainland	63 380.2	6 338.0	69 718.2
The Autonomous Region of the Azores	9 048.2	904.8	9 953.0
Spain	957 082.4	39 878.5	996 960.9
Sweden	334 784.2	33 478.0	368 262.2
UK	1 035 115.4	103 511.5	1 138 626.9
Cyprus	-	-	-
Czech Republic	441 209.0	13 653.0	454 862.0
Estonia	-	-	-
Hungary	400 454.0	1 230.0	401 684.0
Latvia	66 400.0	105.0	66 505.0
Lithuania	103 010.0	-	103 010.0
Malta	-	-	-
Poland	1 580 000.0	91 926.0	1 671 926.0
Slovak Republic	189 760.0	16 672.0	207 432.0
Slovenia	48 157.0	4 816.0	52 973.0
<b>Total EU-25</b>	<b>14 723 213.3</b>	<b>2 717 321.2</b>	<b>17 440 534.5</b>

**3., We do not agree with the gradual stopping of the national quotas, because the plan of EU Commission would make it possible for the sugar producers who stop the production to sell their sugar quotas to the EU at price of 250 EUR/t.**

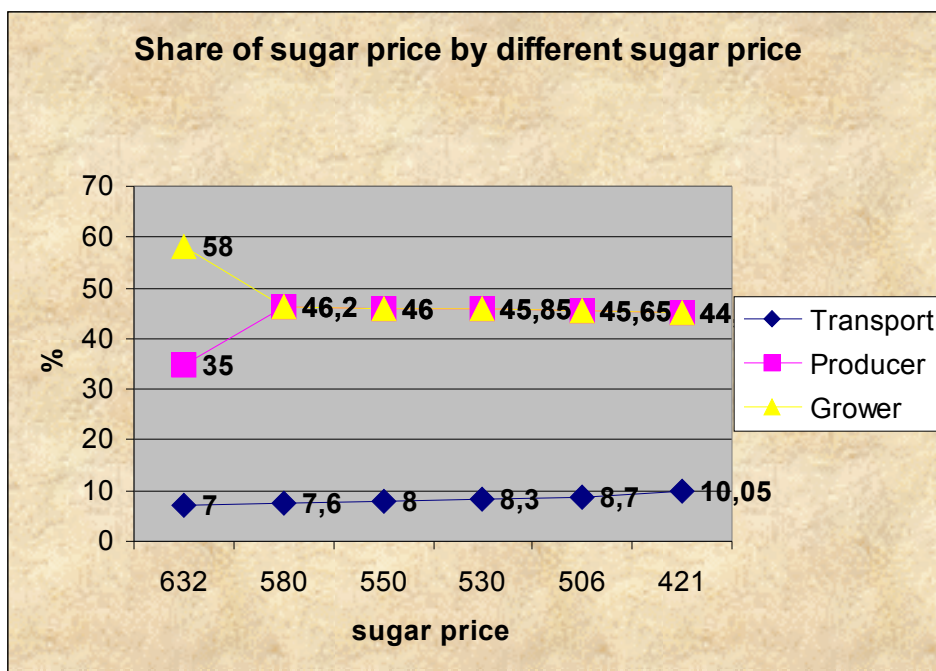
At present in Hungary the Ministry of Agriculture and Regional Development has the disposal of the national quota in the name of the Hungarian Republic.

The domestic sugar producers are foreign – Austrian, German, British – owners, who had the possibility to buy the factories during time of privatization.

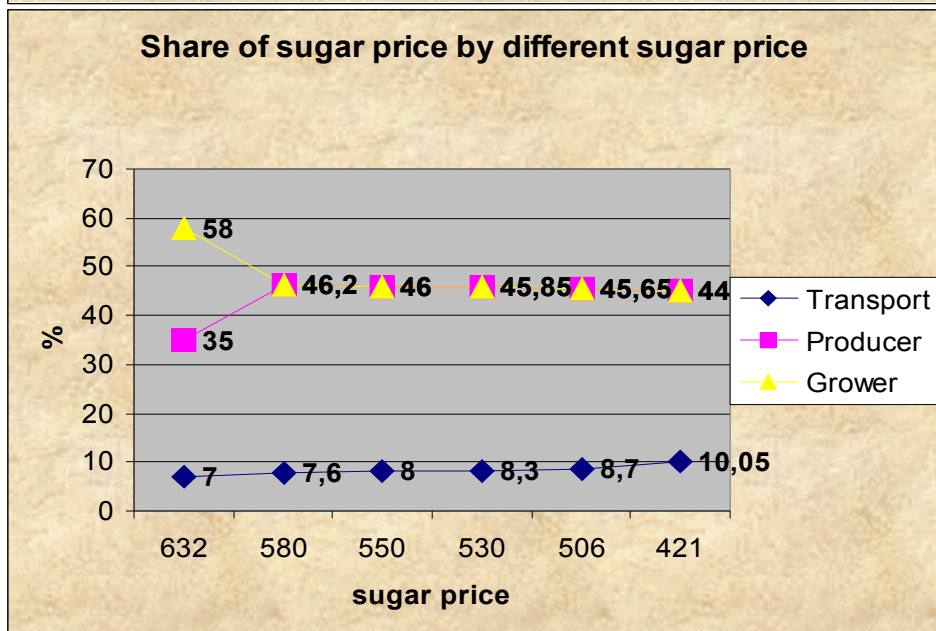
The Hungarian agricultural growers were not given the real possibility to obtain ownership in sugar factories. We insist on keeping the national quotas.

**4., The question of price reduction:**

At present the sugar intervention price is 632 EUR/t from which the following sharing rates were determined: sugar producer: 35%, sugar grower: 58%, transport: 7% .



EU Commission's plan



Position of Hungarian beet growers

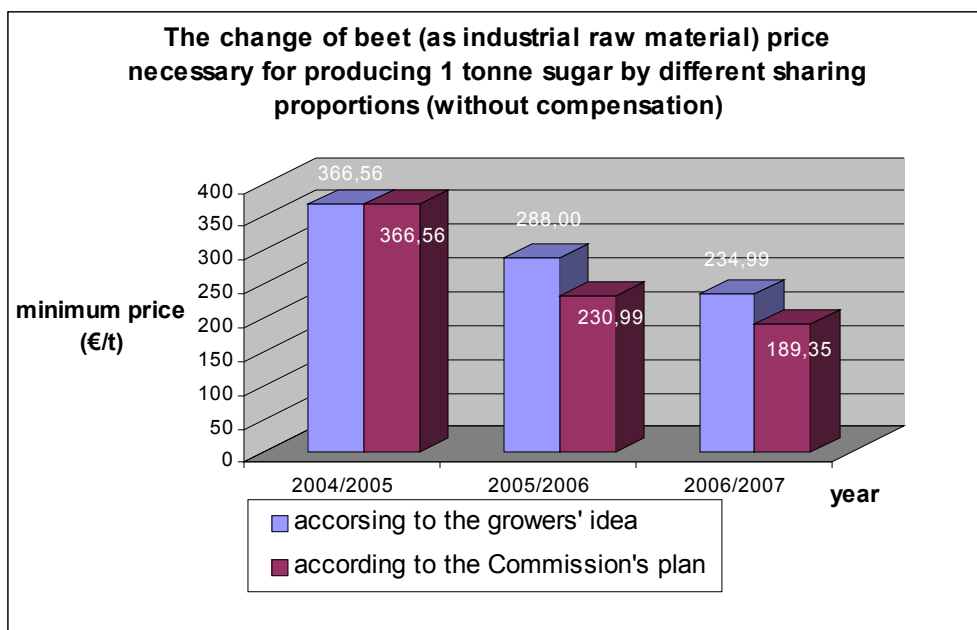
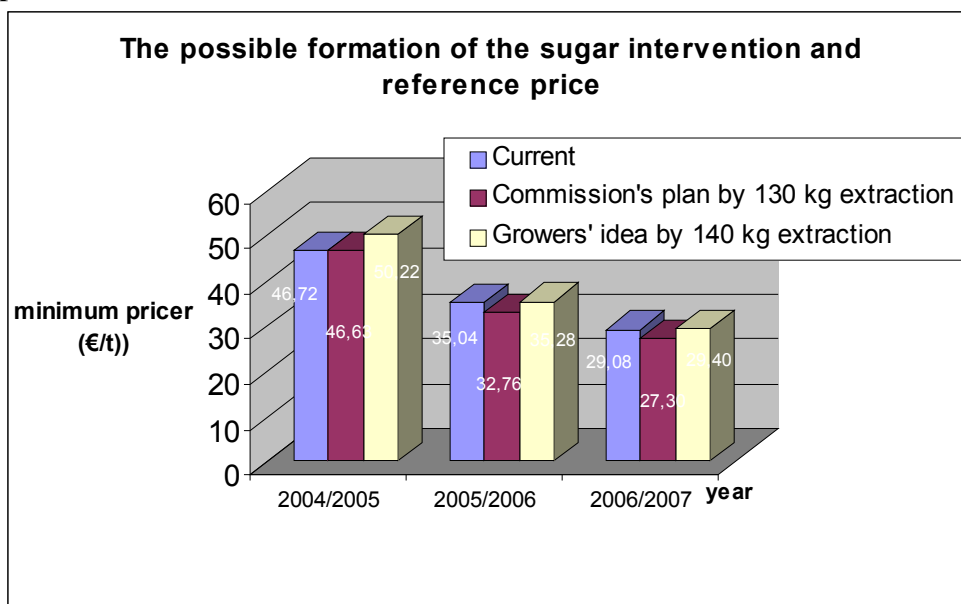
By 130 kg/t sugar extraction the sugar beet minimum price has to be 46,72 EUR/t in case of A beet at 16% sugar content.

In connection with merging the A and B quotas the EU Commission calculates with an average price of 43,4 EUR/t instead of 46,72 EUR/t .

By deducing the price reduction from the two prices going to be introduced by the Commission would certainly give another result as if the current minimum price of A beet, which is 46,72 EUR/t, would be the basic point of the price reduction.

According to the plan of EU Commission, the sugar price will be reduced from 632 EUR/t to 506 EUR/t in the first two years and to 421 EUR/t in the third (2007/08) year. The beet minimum price determined from the sugar price would be calculated with 130 kg/t sugar extraction.

At present each Hungarian sugar manufacturer works with a technology to produce more than 140 kg sugar from 1 tonne beet. (It also exists in Europe). We insist that the beet minimum price to be determined on the basis of the real sugar extraction proportion.



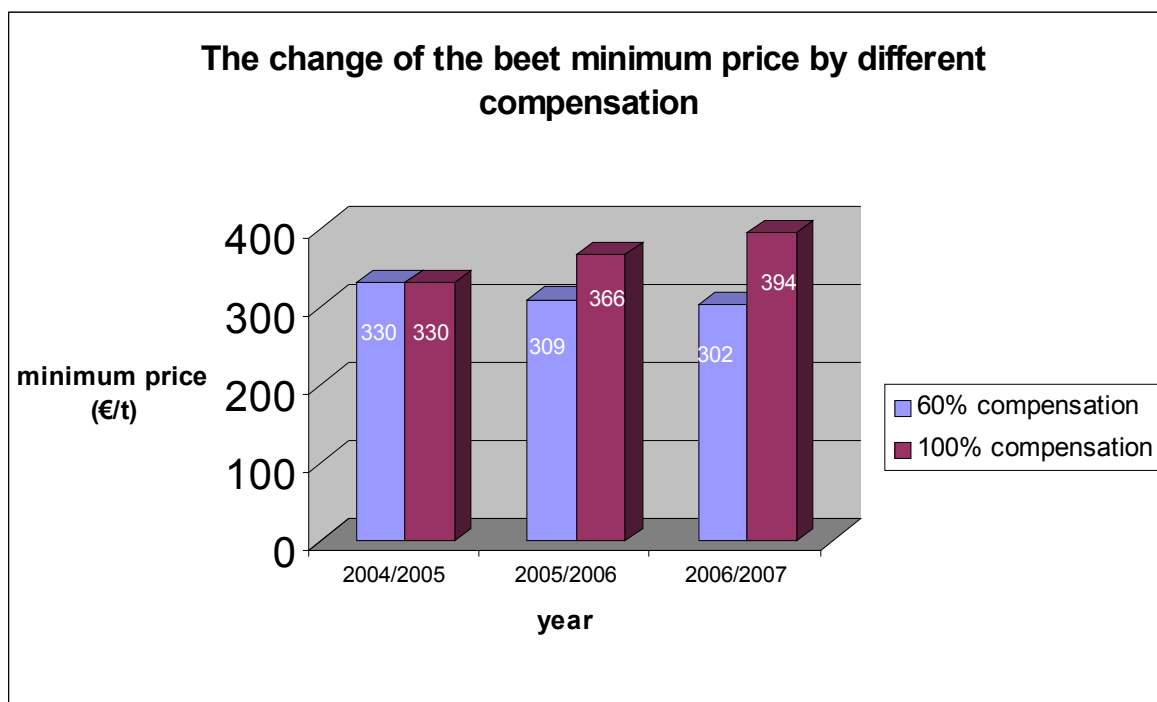
## **5., Compensation:**

The EU Commission wants to determine a compensation for growers to compensate price cuts. The compensation payments would be 60%.

The Hungarian growers first of all want to receive the price of the product for their products and they do not want the compensation payments.

The sugar price can decrease from the current 632 EUR/t not more than to 580 EUR/t, because in this case the beet production is sustainable.

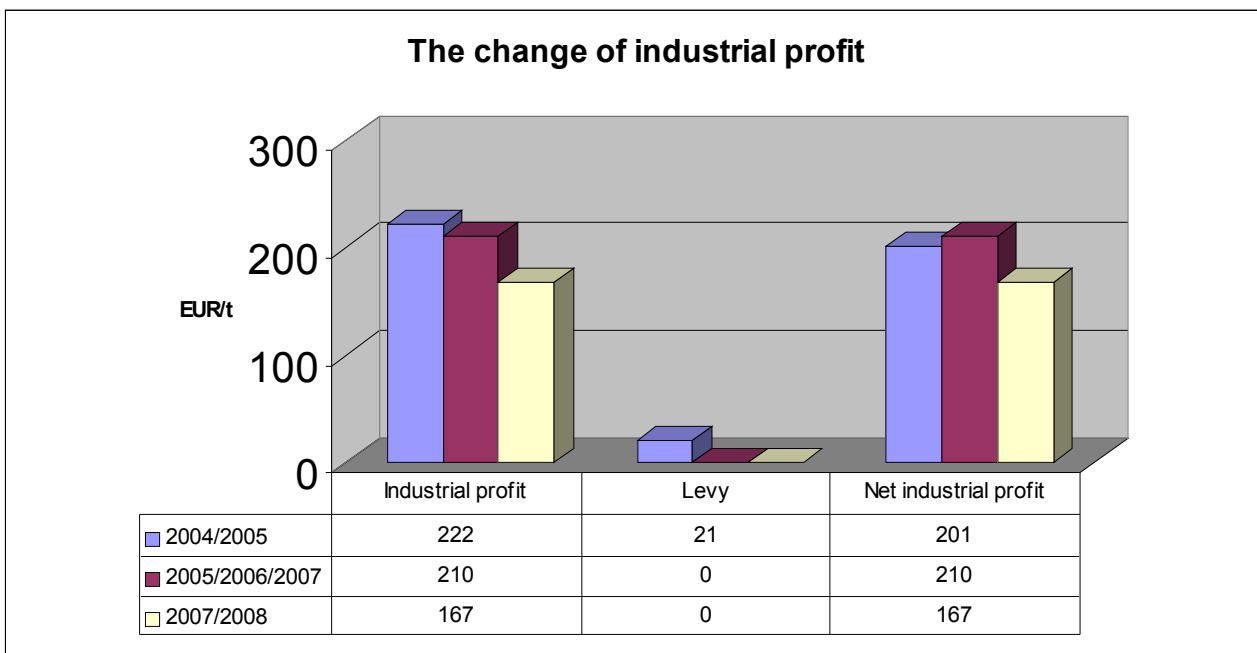
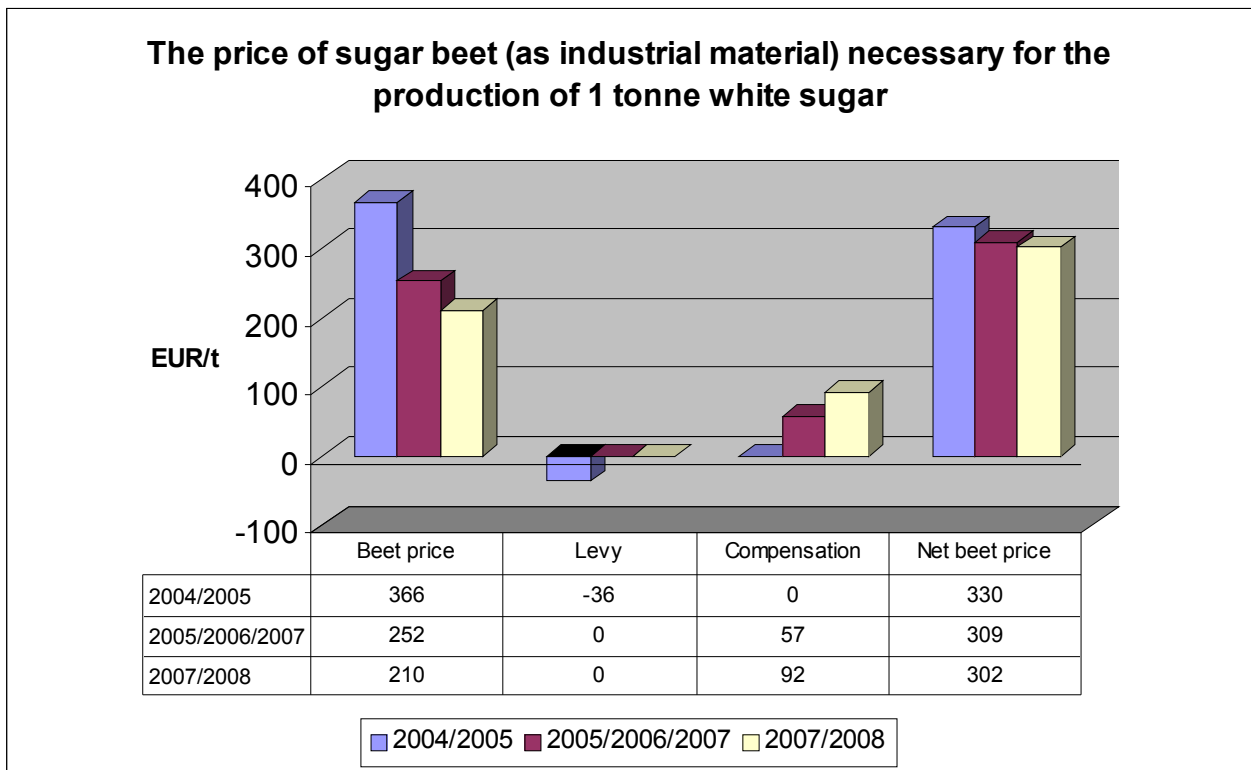
If the price reduction is inevitable (e.g. owing to the WTO agreement) we insist on the compensation of 100%.



**6., The sugar beet growers are the organized group of agricultural individual and collective enterprises, which produce other field plants (e.g.: cereals, oil crops, protein crops, fodder crops) They cultivate the 8,5 - 9% of tillage of country and they till the soil on 340 000 ha.**

**One part of the beet growers is interested in animal husbandry in whole they give the 14-15% of the production value of agriculture.**

**7., Changes in costs of production of sugar according to the EU Commission's calculations.**



## 8., The compensation has to be within the competence of national authorities

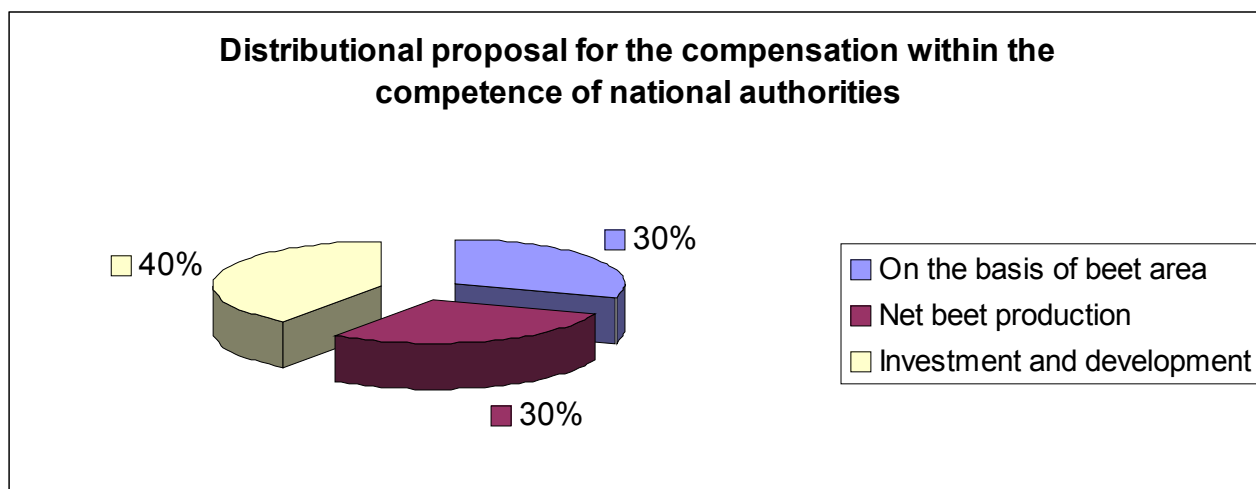
The compensation would be separated for growers only.

30% - on the basis of beet area (according to the cultivated land EUR/ha )

30% - on the basis of net beet production (16%) EUR/t

40% - for development and investment, on the basis of competition, depending on the grower's own resources:

- 1. irrigation investment
- 2. for buying machinery
- 3. infrastructural investment



**9. Below 35 EUR/t sugar beet minimum price only 100% compensation is reasonable. Above this beet price the compensation is proportionally reducible.**

Beet minimum price	Compensation
35 €/tonne	39 million €
34 €/tonne	42 million €
33 €/tonne	45 million €
32 €/tonne	48 million €
31 €/tonne	51 million €
30 €/tonne	54 million €
29 €/tonne	57 million €
28 €/tonne	60 million €
27 €/tonne	63 million €

Budapest, 30.09.2004.

Géza SZŐKE  
President of CTOSZ