



The President

Brussels, 26 September 2011

**Mr Dacian CIOLOS**

Member of the European Commission  
Agriculture and Rural Development  
EUROPEAN COMMISSION  
Rue de la Loi 200  
1049 Bruxelles

Dear Sir,

CEFS has been looking at the revised sugar balance-sheet presented on 15 September to the Member States and would like to make the following comments and requests, in particular as regards the management of the 2011/12 campaign.

The 2011/12 campaign sugar production has started much earlier than usual<sup>1</sup>, and we can confirm that it will be a bumper production year.

Our confidential survey suggests that the above mentioned balance sheet underestimates the level of out-of-quota sugar production. Because of the unusually favourable weather conditions, CEFS latest estimate has increased to 5 million tonnes. This is 400.000 tonnes higher than the 4,6 million tonnes indicated in DG AGRI document. As a result, the ending stocks of out-of-quota sugar, after deducting the quantities dedicated to traditional uses and already decided measures<sup>2</sup>, will substantially increase from 1.3 to 1.7 million tonnes.

On top of this, we have noted that your forecast for imports assumes cautious figures. We already have indications that for 2010/11 imports from ACP-LDCs will be higher than foreseen in DG AGRI balance-sheet (up to 1.75 million tonnes). The level of imports for 2011/12 will surely exceed that level, whereas the Commission is keeping them at 2010/11 level.

Moreover, the quota sugar production for some Southern Countries also exceeds the Commission forecast, leading to an ending stock of quota sugar well above 1.15 million tonnes.

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<sup>1</sup> And also much earlier than the legal start of the campaign which is 1<sup>st</sup> October

<sup>2</sup> Industrial sugar of 2 million tonnes plus exports of 1,4 million tonnes -second export tranche 2010/11 and first export tranche 2011/12- equals 3,4 million tonnes

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This leads CEFS to formulate 3 requests:

1. Based on the available volumes of out-of-quota sugar, you can in all confidence, Mr Commissioner, propose to grant an **out-of-quota export volume up to the WTO ceiling**, i.e 0.7 million tonnes as from 1<sup>st</sup> November 2011.
2. **The release of out-of-quota sugar onto the EU domestic market proved to be an extremely reliable source of additional supplies in 2010/11**, allowing greater fluidity in the market. **CEFS requests that this tool is used again in 2011/12**, subject to market requirements, and that the Commission should make an early announcement to this effect. The exact timing and quantity to be released in 2012 should be confirmed later once the EU balance, including imports, is clearer. By increasing its sugar production as a reaction to the tight situation of the sugar markets in 2010/11, the European sugar industry has been proving again to be a **reliable player**. The release of out-of-quota sugar must have the priority over extra imports.
3. Finally, **exceptional** out-of-quota sugar **exports**, as done in 2009/10, should be **considered** and not excluded.

Yours sincerely,



Johann MARIHART

Copy: Mr Madre, Mr Silva-Rodriguez, Mr Hoelgaard, Mr Pacheco, Mr Versteijlen, Mr Borchardt, Mr Buffaria, Mr Carazo-Jimenez

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