

Daily News 29 / 09 / 2017

Juncker Plan: €700 million for SMEs in Greece

The Investment Plan for Europe – the Juncker Plan – is supporting small businesses in Greece. Piraeus Bank will lend €700 million to SMEs in Greece thanks to an agreement signed today with the European Investment Bank (EIB), the European Investment Fund (EIF) and the European Bank for Reconstruction and Development (EBRD). This deal is backed by the Investment Plan's European Fund for Strategic Investments (EFSI). Commissioner **Moscovici**, responsible for Economic and Financial Affairs, Taxation and Customs, said: *"Today's agreement with Piraeus Bank under the Juncker Plan means €700 million in new financing is now available for Greek SMEs. This will give a huge boost to the economy and it shows the Commission's continued commitment to supporting growth and development in Greece."* As of September 2017, operations approved under the European Fund for Strategic Investments (EFSI) are set to trigger €236.1 billion in total investment across the 28 Member States. The EIB estimates that by 2020 the Juncker Plan is set to increase EU GDP by 0.7% and create 700,000 jobs. (For more information about any of the projects and the latest Investment Plan results see the new [Investment Plan website](#) or contact Annika Breidhardt – Tel.: +32 229 56153; Siobhán Millbright – Tel.: +32 229 57361)

Drones: fresh efforts by the Commission to put safety first

The European Commission is today giving a push to speed up the implementation of EU-wide rules for the use of drones in the European Union. More than [1200 safety occurrences](#) – including near-misses between drones and aircrafts – were reported in Europe in 2016, which underlines the pressing need for a modern and flexible EU regulatory framework. The Commission is therefore calling on the European Parliament and the Council to agree on its [proposal from December 2015](#) establishing an EU-wide framework for drones. Pending this adoption, the Commission's [Single European Sky Air traffic management Research Joint Undertaking \(SESAR\)](#) is today making [half a million euro available to support the demonstration of "geo-fencing" services](#). These can automatically prevent drones from flying into restricted zones, such as the vicinity of airports. Commissioner for Transport Violeta **Bulc** said, *"Drones offer tremendous opportunities for new services and businesses. That is why we want Europe to be a global leader. I am confident our modern and flexible regulatory framework will give rise to new European champions in this sector. But safety always comes first. If we don't move fast enough, the near misses between drones and airplanes could one day have disastrous consequences. I am therefore calling on the European Parliament and the Council to swiftly agree on our proposal from December 2015."* More information is available in [a press release](#). (For more information: Enrico Brivio – Tel.: +32 229 56172; Alexis Perier – Tel.: +32 229 [6 91 43](#))

Maîtriser la mondialisation: les régions vont bénéficier d'un nouveau soutien

de l'UE pour bâtir des économies robustes

Les régions peuvent dès maintenant [candidater](#) pour participer à [deux projets pilotes](#) présentés par la Commission en juillet 2017. Si elles sont sélectionnées, elles pourront bénéficier d'un soutien personnalisé de l'UE pour transformer leurs économies et moderniser leurs industries. Ces projets pilotes visent à aider les régions d'Europe à davantage investir dans leurs domaines d'excellence (le processus dit de «[spécialisation intelligente](#)») et à générer l'innovation, la robustesse et la croissance nécessaires [dans une économie mondialisée](#). La commissaire à la politique régionale Corina Crețu a déclaré: *“Une région qui veut se hisser au sommet de la chaîne de valeur dans une économie mondialisée doit franchir cinq étapes: miser sur l'innovation, la numérisation et la décarbonation, développer les compétences des gens et éliminer les obstacles à l'investissement. Les projets que nous lançons aujourd'hui montrent que l'UE est prête à aider ses régions, à chaque étape.”* Le premier projet concerne les régions en transition industrielle et leur propose un accompagnement personnalisé dans leur transformation économique. Le second vise à développer des projets interrégionaux profitables et susceptibles de créer des chaînes de valeur européennes dans des secteurs prioritaires tels que la bioéconomie, la mobilité connectée, la santé ou la cybersécurité. Vous trouverez plus d'informations dans [ce communiqué de presse](#) et cette [fiche](#). (Pour plus d'informations: Lucía Caudet – Tel.: + 32 229 56182; Sophie Dupin de Saint-Cyr – Tel.: +32 229 56169)

Le régime des quotas sucriers européens prend fin

Le tout dernier régime de quotas agricoles en place pour gérer la production de sucre dans l'Union européenne sera supprimé demain, après presque 50 ans d'existence. La décision de mettre fin maintenant aux quotas de sucre avait été convenue entre le Parlement européen et les États membres dans le cadre de la réforme de 2013 de la Politique Agricole Commune (PAC), à l'issue d'un vaste processus de réforme et de restructuration lancé en 2006. M. Phil Hogan, commissaire chargé de l'agriculture et du développement rural, a déclaré: *«La fin du régime des quotas représente un tournant décisif pour le secteur sucrier européen et marque une nouvelle étape importante dans la mise en place d'une politique agricole commune davantage orientée vers le marché. Les producteurs auront désormais la possibilité de développer leurs activités commerciales sur les marchés mondiaux et, avec un soutien adéquat de la Commission européenne – tel que l'observatoire du marché du sucre, qui fournit des informations pertinentes et à jour sur ce marché – ils devraient avoir toutes les chances de réussir. Je suis convaincu que, depuis que la date de fin des quotas de sucre a été arrêtée, le secteur s'est bien positionné pour tirer parti des possibilités offertes par l'abolition de ce régime.»* La fin du régime des quotas donne aux producteurs la possibilité d'adapter leur production aux opportunités commerciales réelles, notamment en explorant de nouveaux marchés d'exportation. Par ailleurs, elle s'accompagne d'une simplification significative de la gestion de la politique et d'un allègement considérable de la charge administrative qui pèse sur les opérateurs, les producteurs et les commerçants. De nombreuses mesures de la PAC restent en place pour soutenir le secteur en cas de besoin. Un [communiqué](#)

[de presse](#) dans toutes les langues et une [Foire aux Questions](#) sont disponibles en ligne ainsi qu'une fiche visuelle d'informations en [allemand](#), [anglais](#) et [français](#). (Pour plus d'informations: Daniel Rosario – Tel: +32 229 56 185; Clemence Robin – Tel.: +32 229 52509)

Commission proposes fresh macro-financial assistance to Georgia of up to €45 million

The European Commission today proposes new [Macro-Financial Assistance \(MFA\)](#) to Georgia, worth up to €45 million. While Georgia has made significant progress with economic reforms, its macroeconomic outlook remains vulnerable. Georgia's economy is exposed to an uncertain regional and global economic outlook, and its international reserves are not yet adequate, not least due to the country's external debt level. This context has formed the basis for the proposal for further Macro-Financial Assistance. Of the total €45 million, €10 million would be provided in the form of grants and up to €35 million in medium-term loans at favourable financing conditions, helping to reduce uncertainties surrounding the economy's short-term balance of payments and fiscal issues. If adopted by the European Parliament and the Council, this assistance would help Georgia cover part of its external financing needs. Pierre **Moscovici**, Commissioner for Economic and Financial Affairs, Taxation and Customs, said: *"Today's proposal for additional assistance is another sign of the EU's strong support for the Georgian people. As Georgia continues its economic transition, we are helping the country to preserve macroeconomic stability and continue the reform process, which is needed to achieve stronger and more inclusive growth."* A press release is available [here](#). For more information: Annika Breidhardt – Tel.: [+32 229 56153](#); Enda McNamara – [+32 229 64976](#))

Extension of trade support to Ukraine enters into force on 1 October

As of 1 October some Ukrainian agricultural and industrial goods will be exported to the EU market tariff-free. This set of autonomous trade measures was proposed by the Commission and supported by the European Parliament and EU member States, in view of the difficult economic situation and the economic reform efforts undertaken by Ukraine. Commissioner for Trade Cecilia **Malmström** and the Trade Representative of Ukraine – Deputy Minister for Economic Development and Trade Nataliya Mykolska have today welcomed the entry into force of the autonomous trade measures of the EU for Ukraine. In [a joint statement](#) they said: *"this is good news for Ukrainian exporters. Several important agricultural and industrial goods will now get better access to the EU market, as they can be exported tariff-free. This is an important sign of the EU's continued, tangible economic and political support for the Ukrainian people, the country and its reform efforts."* The Regulation will be published tomorrow and will come into force on Sunday 1 October. The new measures will top up the quantities of agricultural products that Ukraine can export to the EU under the Association Agreement (AA) without paying customs duties. It will also accelerate the elimination of EU import tariffs

for several industrial products as foreseen in the Association Agreement. More information on [EU-Ukraine](#) trade relations is available on the website of DG Trade. (For more information: Daniel Rosario – Tel.: + 32 229 56185; Kinga Malinowska – Tel.: +32 229 51383)

EU and FAO join forces to take action on food waste and antimicrobial resistance

Today, Commissioner for Health and Food Safety Vytenis Andriukaitis and the Director-General of Food and Agriculture Organisation of the United Nations (FAO) José Graziano da Silva agreed to ramp up collaboration between the two organisations in tackling the problems of waste in food supply chains and antimicrobial resistance. Globally, one-third of all food produce for human consumption – 1.3 billion tonnes – is lost or wasted, each year, causing massive financial losses. The increased use – and abuse – of antimicrobial medicines in both human and animal healthcare has contributed to an increase in the number of disease-causing microbes that are resistant to antimicrobial medicines used to treat them, like antibiotics. This makes AMR a growing threat that could lead to as many as 10 million deaths a year and over €85 million in losses to the global economy by 2050. Speaking at a signing ceremony at FAO's Rome headquarters, Commissioner Andriukaitis said: *"Food loss and waste represent an unacceptable, unethical and immoral squandering of scarce resources and increase food insecurity, while AMR marks a grave societal and economic burden,"* adding: *"We are becoming more united, more efficient and more strategic in how we tackle these issues, and as such, this agreement should be celebrated."* A full press release is available [online](#). (For more information: Anca Paduraru – Tel.: +32 229 91269; Aikaterini Apostola – Tel.: +32 229 87624)

New scientific report shows positive economic trends for EU fishing fleet

According to the latest [Annual Economic Report](#), the overall economic performance of the EU fishing fleet improved again in 2015. While marginally profitable in 2009, the EU fleet registered record-high net profits of EUR 798 million in 2015 and estimates for 2016 and 2017 point towards further increases in profitability. The report also demonstrates that economic performance stagnates where fleets depend on stocks which are still overfished or overexploited. More and more fleets that exploit stocks sustainably see clear improvements in their profitability and salaries. In 2015, the EU fleet's gross value added, i.e. the contribution of the fishing sector to the economy through wages and gross profit, amounted to €3.9 billion. This represents a 16% increase compared to 2013. Average salaries in the EU fleet have also increased while average fuel consumption has decreased. Fuel use efficiency has improved, with fuel costs amounting to 15% of the total revenue in 2015, compared to 24% in 2008. This is largely because fleets tend to operate more efficiently. Karmenu Vella, Commissioner for environment, maritime affairs and fisheries, said: *"It is encouraging to see that the positive trend of the last years has resulted in higher salaries*

for fishermen, bigger profits for the fishing sector and more value added for the EU's fishing and coastal communities. This clearly shows that our joint commitment towards more sustainable fishing pays off. But more efforts are needed to allow also small scale coastal fleets, in particular in the Mediterranean and Black Sea, to fully benefit from this positive trend." The 2017 Annual Economic Report on the EU Fishing Fleet is based on data provided by national authorities and the result of combined work by economic experts from the [Scientific, Technical and Economic Committee of Fisheries](#) and the Commission. (For more information: Enrico Brivio – Tel.: + 32 229 56172; Iris Petsa – Tel.: +32 229 93321)

Trade negotiations: Commission publishes report and text proposals following third negotiation round with Indonesia

As part of its commitment to a more transparent trade policy the Commission today published a [report](#) summarising the progress made during the latest negotiating round for the EU-Indonesia trade agreement. In addition, the Commission [published](#) eight initial text proposals the EU submitted to Indonesia ahead of the round, together with accompanying explanatory memos. The round report includes more details on all areas of the negotiations, including trade in goods, services, investment and technical barriers to trade. The negotiations continue to show good engagement from both partners. The teams have progressed onto text-based discussions on nearly all chapters, meaning that most issues can be covered in greater depth. The talks also provided an extensive to-do list that will be followed up ahead of the next round. The latest round of talks with Indonesia took place from 11-15 September 2017 in Brussels. The next round will be held in Indonesia at the beginning of 2018. The recent Commission proposals made in the course of the negotiations can also be accessed through the dedicated [transparency page](#). More information on [EU-Indonesia](#) talks is available on the website of DG Trade. (For more information: Daniel Rosario – Tel.: + 32 229 56185; Clémence Robin – Tel.: +32 229 52509)

Aides d'État: la Commission autorise quatre régimes d'aide visant à produire plus de 7,5 gigawatts d'énergie à partir de sources renouvelables

La Commission européenne a autorisé, en vertu des règles de l'UE en matière d'aides d'État, quatre régimes d'aides à la production d'électricité à partir d'installations d'éoliennes terrestres et d'installations solaires sur les bâtiments et au sol en France. Ces régimes permettront à la France de produire plus de 7 gigawatts supplémentaires d'énergie à partir de sources renouvelables et atteindre son objectif pour 2020, qui est de couvrir 23 % de ses besoins énergétiques avec des sources renouvelables. Les régimes autorisés sont les suivants: un régime en faveur de l'éolien terrestre, un régime en faveur des grandes installations photovoltaïques sur les bâtiments, un régime en faveur des grandes installations photovoltaïques au sol et un régime d'aides d'une capacité supplémentaire de 200 mégawatts pour les installations éoliennes terrestres et solaires n'excédant pas 18 mégawatts.

La Commission a apprécié les quatre régimes au regard des règles de l'UE en matière d'aides d'État, qui garantissent un recours limité aux fonds publics et l'absence de surcompensation. Margrethe **Vestager**, Commissaire pour la politique de Concurrence, a déclaré à ce propos: «*Les régimes d'aides en faveur de l'énergie solaire et éolienne terrestre à moyenne et grande échelles aideront la France à opérer sa transition vers une fourniture d'énergie durable sur le plan environnemental et à faibles émissions de carbone. Les mesures sont complétées par un appel d'offres neutre du point de vue technologique qui stimulera la concurrence entre les installations solaires et éoliennes et aidera l'UE à atteindre ses objectifs en matière d'environnement.*» Un communiqué de presse est disponible [en ligne](#). (Pour plus d'informations: Ricardo Cardoso – Tel.: +32 229 80100; Yizhou Ren – Tel.: +32 229 94889)

ANNOUNCEMENTS

Future of EU finances – Commissioner Oettinger discusses the next Multiannual Financial Framework in Belgium today and in Sweden on Monday

Commissioner Günther H. **Oettinger** in charge of Budget and Human Resources is visiting Belgium today and Sweden on 2 October as part of his stakeholder consultations on the future of EU finances and the post-2020 Multiannual Financial Framework (MFF). In Belgium, the Commissioner will meet with Mr Didier Reynders, Deputy Prime Minister and Minister for Foreign and European Affairs and with Mr Johan Van Overtveldt, Federal Minister for Finance. He will also visit the Federal Parliament and meet members of the bi-cameral Federal Advisory Committee for European Affairs and the Committee for Finances. In Sweden, Commissioner Oettinger will meet with Prime Minister Mr Stefan Löfven, Minister for EU Affairs and Trade Ms Ann Linde and Minister of Finance Ms Magdalena Andersson. He will also visit the Riksdagen (Swedish Parliament) and speak with members of the Committees of EU Affairs and of Finance. Commissioner Oettinger will also discuss the challenges ahead of the EU budget with citizens and business representatives: at a Citizens' Dialogue event and at an informal meeting chaired by Ms Eva Sjögren, Director of the Swedish Institute for European Policy Studies, and Ms Carola Lemne, Director-General of the Confederation of Swedish Enterprise, respectively. The meetings in Belgium and Sweden follow the visits of Italy, Greece and Luxembourg in July 2017. These were the first countries the Commissioner visited in the context of the discussion on the future of EU finances. The Commission kicked off this debate on 28 June 2017 with the publication its [Reflection paper on the future of EU finances](#). Following its release, Commissioner Günther H. Oettinger initiated a series of meetings with stakeholders, whose views are to feed into the next MFF. Click here for the [French](#), [Dutch](#), [German](#) and [Swedish](#) versions of the Reflection paper. (For more information: Alexander Winterstein – Tel.: +32 229 93265; Andreana Stankova – Tel.: +32 229 57857)

Commissioner Malmström in Sweden to participate in a Citizens' Dialogue on trade and protectionism

Commissioner for Trade Cecilia **Malmström** is in Stockholm today, where she is participating in a [Citizens' Dialogue](#) on the EU trade policy's role in shaping globalisation, entitled "Protectionism does not protect". She will be joined onstage by several business leaders. This will feed into the ongoing debate launched by the Commission last May with the publication of the [Reflection Paper on harnessing globalisation](#), followed by the presentation of a significant trade package for a balanced and progressive trade policy. Openness and protection should go hand in hand. The EU is open for business, but there should exist a level playing field in a rules-based global trade system. At the occasion of her visit in Sweden, Commissioner Malmström will also deliver a keynote speech at the European Dairy Association Annual Convention "Global trade for global dairy". The Citizens' Dialogue is web-streamed as of 10:30 [here](#). (For more information: Daniel Rosario – Tel.: +32 229 56 185; Clémence Robin – Tel.: +32 229 52509)

Commissioner Hahn in Armenia to prepare for the Eastern Partnership Summit

Johannes **Hahn**, Commissioner for European Neighbourhood Policy and Enlargement Negotiations will visit [Armenia](#) on 2 October in preparation of the [Eastern Partnership Summit](#) (Brussels, 24 November 2017). Commissioner **Hahn** will meet with President Serzh Sargsyan, Prime Minister Karen Karapetyan, Minister for Foreign Affairs Edward Nalbandian, to discuss the priorities of the Eastern Partnership Summit and the deepening of EU-Armenia relations. This is reflected in the new EU-Armenia Comprehensive and Enhanced Partnership Agreement and Partnership Priorities which will set the joint policy priorities for the coming years. Ahead of the mission, Commissioner **Hahn** said: *"This is a very important year for EU-Armenia relations as we broaden and deepen our cooperation based on mutual interests. The EU is ready to sign the new Comprehensive and Enhanced Partnership Agreement with Armenia. This, together with the agreed Partnership Priorities will shape our cooperation where we plan to invest, among other areas, in education and innovation, as skills development will be key for Armenia's future. My visit will also prepare for the next Eastern Partnership Summit by discussing our joint progress on the "20 deliverables for 2020", which aim to bring tangible benefits to the daily lives of Armenian citizens."* Accompanied by the Armenian Minister of Education, Commissioner **Hahn** will also meet young Armenian students. Videos and photos of the visit will be available on [EBS](#). (For more information: Maja Kocijancic – Tel.: +32 229 86570; Alceo Smerilli – Tel.: +32 229 64887)

[Calendar](#)

Commissioners' weekly activities

[Upcoming events](#) of the European Commission (ex-Top News)

Drones: fresh efforts by the Commission to put safety first

More than 1200 safety occurrences – including near-misses between drones and aircrafts – were reported in Europe in 2016, which underlines the pressing need for a modern and flexible EU regulatory framework. The Commission is therefore calling on the European Parliament and the Council to agree on its [proposal from December 2015](#) establishing an EU-wide framework for drones. Pending this adoption, the Commission's [Single European Sky Air traffic management Research Joint Undertaking \(SESAR\)](#) – whose role is to develop the next generation of European Air Traffic Management – is today making half a million euro available to support the demonstration of “geo-fencing” services. Geo-fencing can automatically prevent drones from flying into restricted zones, such as the vicinity of airports.

Commissioner for Transport Violeta **Bulc** said: *“Drones offer tremendous opportunities for new services and businesses. That is why we want Europe to be a global leader. I am confident our modern and flexible regulatory framework will give rise to new European champions in this sector. But safety always comes first. If we don't move fast enough, the near misses between drones and airplanes could one day have disastrous consequences. I am therefore calling on the European Parliament and the Council to swiftly agree on our proposal from December 2015.”*

Ensuring that drones can safely integrate the airspace alongside other users (such as aircraft) is fundamental. This is why the [Commission proposed in November 2016](#) to create an automated traffic management system for drones operating at low-level, referred to as the [“U-space”](#). Geo-fencing is a key component of the U-space.

The call for proposals announced today by SESAR aims to select one project demonstrating the active geo-fencing of drones flying below 500 feet (around 152 meters). It requires that drones users are provided with up-to-date information on no-fly zone as well as real-time alerts if they enter one. The project will build on the geolocation capabilities which are built-in in many drones today.

Today's funding comes on top of an envelope of 9 million euros that has already been earmarked for exploratory projects [to speed up the development of the U-space](#), such as the automatic identification of drones or drone-to-drone communication.

Background information

In December 2015, the Commission proposed to create an EU-wide framework for drones as part of its [Aviation Strategy](#). It tabled a legislative proposal establishing standards for drones and drone operations, which is still being examined by the European Parliament and the EU Member States.

In addition, it is necessary to ensure that drones can safely integrate into the airspace. Following the Commission's proposal to create the U-space, the Single European Sky Air traffic management Research Joint Undertaking (SESAR) produced a ["blueprint"](#) fleshing out the concept. Geo-fencing is one of the basic principles identified. It uses satellite positioning to create a virtual geographic boundary and automatically prevent drones from flying close to certain areas, such as airports.

Over the past years, an increasing number of 'near misses' – where a drone flies very close to a civilian aircraft – has been recorded across Europe. While it is very difficult to collect reliable data, evidence from the European Aviation Safety Agency (EASA) suggests that there could have been more than 2100 safety "occurrences" involving drones between 2010 and 2016. Of these, 1200 were recorded in 2016 alone. More information is available [here](#)^[1].

The funding which is announced today has been requested by the European Parliament as a specific preparatory action. It will last for 15 months. More information is available [here](#).

More information

[An Aviation Strategy for Europe](#)

[U-Space blueprint](#)

[SESAR Joint Undertaking](#)

[Geo-fencing call](#)

[Newly launched U-space projects](#)

[\[1\]](#)Starting on page 55

The end of the sugar production quotas in the EU

Why did the EU have a sugar quota system and why is it ending now?

Sugar is the only agricultural sector in the European Union where production is subject to a quota system. It was introduced with the first rules on the sugar common market organisation (CMO) in 1968, along with a support price for producers at a level significantly above the world market price. At the time, the recently introduced Common Agricultural Policy (CAP) had as one of its main objective the self-sufficiency of the continent for its food production by encouraging agricultural production with remunerative and stable prices for farmers. Quotas, together with a support price, gave a

welcome incentive to achieve these goals in the sugar sector.

The CAP is a dynamic policy which has constantly adapted over time to fit with the evolving challenges and realities of food production, farmers' needs, environmental concerns and market demands. Following the shift from product support (through prices) to producer support (through income support via direct payments), initiated in 1992, an additional reform in 2003 consolidated this transition by decoupling the direct payments from the production of any particular product.

In the case of sugar, the way for the transition was paved with a significant reform in 2006. This reform agreed by the Member States included the progressive reduction of support prices for beet and sugar, the phasing out of public intervention until 2008/2009, ceasing paying export refunds as from 2008, including a mechanism to support the restructuring of the whole industry that took place between 2006 and 2010. At that same occasion, Member States agreed on the principle of the end of quotas in 2015. A system of voluntary compensation (worth €5.4 billion) for ceasing the activity resulted in the reduction of the quota production by roughly 6 million tonnes and led to the creation of a more competitive EU sugar sector ready to compete on a deregulated EU market closer to international prices, and to benefit from market opportunities, both in the domestic and the world markets.

Following this important transition, and after initially agreeing the end of the quota system for sugar in 2015, the European Parliament and Member States decided in the 2013 CAP reform to postpone this landmark by two years until the end of the 2016/17 sugar marketing year, i.e. from 30 September 2017.

There is also a long established and wide consensus among European Parliament, Member States and agricultural stakeholders that the CAP needs to be simplified. The price and quota management required complex monitoring and administrative resources both for the operators and the authorities.

How did the quota system work?

The total EU production quota of 13.5 million tonnes of sugar is divided between 20 Member States. Production in excess of the quota is known as "out-of-quota" sugar and strict rules govern its use. It can be exported up to the EU's annual World Trade Organisation (WTO) limit of 1.374 million tonnes, sold for biofuel or other industrial non-food uses, or be stored and counted against the following year's sugar quota. There is also a small quota of 0.72 million tonnes for an alternative sweetener called isoglucose (also known as Glucose Fructose Syrup) and surplus production of isoglucose is subject to similar restrictions.

If there were signs that there would be an excess of sugar on the EU market in the following marketing year – which runs from 1 October to 30 September – a decision could be taken to withdraw some quantities. If, on the other hand, there was the risk of shortage, measures could be taken to increase supplies.

The end of the sugar quotas means that there are no further limits to production or to exports, allowing production to better adjust to market

demand, both within and outside the EU.

How is the sugar sector organised in terms of production, consumption, trade, employment?

The EU is the world's leading producer of beet sugar (roughly 50% of the total). However, beet sugar represents only 20% of the world's sugar production; the other 80% is produced from sugar cane. Most of the EU's sugar beet is grown in the northern half of Europe, where the climate is more suited to growing beet. The EU also has an important refining industry that processes imported raw cane sugar.

EU sugar production in the 2016/2017 marketing year corresponds to 16.84 million tonnes (including 250 000 tonnes of sugar from cane grown in the French Overseas Departments). For the upcoming harvest, no longer bound by the limitations of the quota, it is expected an increase in production by roughly 20% (20.1 million tonnes). This increase results from both, an increase in area and higher yields because of good climatic conditions.

In terms of employment, based on industry sources, there are roughly 145 000 sugar beet growers in the EU in 20 different Member States, plus 28 000 direct jobs in the sugar beet processing, and many more upstream (farm machinery, agricultural inputs) and downstream (food processing, wholesale, retail, transport, logistics). In addition to this, there are 8 000 sugar cane growers in the French Overseas Departments, and full time cane refineries in 9 Member states.

In terms of trade, the EU is one of the largest importers of cane sugar – in particular as a result of the “Everything But Arms” agreement and Economic Partnership agreements with the African, Caribbean and Pacific (ACP) countries which grant many developing countries duty-free access to the EU market. But the EU is also a sugar exporter. Under the current quota system, WTO rules restrict EU “out of quota” exports to 1.374 million tonnes a year (see previous question). EU exports almost only out-of-quota sugar and mainly to neighbouring countries in North Africa and Middle East.

The bulk of sugar produced under quota and the sugar imported from third countries is used by the EU food and drink industry for both the domestic market and the export of processed products. Only a minor part of the sugar production is marketed and directly consumed as such. Out-of-quota sugar production is used for exports (until the limit of 1.35 million tonnes), a variable volume goes for bioethanol production (1.35 million tonnes in 2016/2017) and to specified chemical uses (800 000 tonnes estimated for 2016/2017). The remaining volume of out-of-quota sugar (749 000 tonnes in 2016/2017) will be carried forward to the next marketing year and then released on the market as quota sugar.

What are the tools provided by the Common Agricultural Policy to the EU sugar sector after the quotas end?

- Member States have the option of providing **voluntary coupled support** linked to production to address sectors in difficulties, including sugar

beet production. This is an option taken up by 11 Member States – Croatia, Czech Republic, Finland, Greece, Hungary, Italy, Lithuania, Poland, Romania, Slovakia and Spain – with overall coupled support for sugar beet amounting in 2017 to roughly €179 million.

- The Commission re-introduced a **far-reaching system of collective bargaining** in the legal provisions applicable post quota that help the position of beet growers when negotiating with the other elements of the food chain. This system improves the negotiating powers of beet growers towards their sugar producers when concluding agreements regarding the delivery of beet. Collective negotiations or written agreements within the chain are compulsory and provide predictable terms for delivering and buying beet. The sugar sector is the only area where such far reaching agreements without competition scrutiny. However these agreements cannot involve the collective negotiation of the selling price as was the case under the quota regime. The scheme applicable after the quota end includes the possibility of voluntary value sharing arrangements.
- The Commission is constantly providing **market information and transparency** to enable the sector to respond to market developments. A [Sugar Market Observatory](#) is fully operational, with the aim to provide the sugar sector with more transparency by means of disseminating market data and short-term analysis in a timely manner.
- **Private storage aid** can also be granted if necessary taking into account market prices, reference thresholds, costs and margins.
- Like other agricultural sectors, the sugar sector is covered by several **disturbance clauses** available in the CMO Regulation that would allow the Commission to take action in case of severe market crisis involving a sharp increase or decrease of market prices.

How will the end of quotas reflect on the EU trade, in particular with developing countries?

The EU will export around 8% of the total production in 2016/2017. With the end of the quota system, these exports will no longer be limited by WTO rules, allowing producers to fully explore new markets and possibilities.

As for imports, the EU goes further than any developed economy to cater for the needs of developing countries. The EU will continue to offer trade preferences and remain the world's foremost provider of assistance to developing countries.

Sugar can be and will continue to be imported into the EU duty-free and quota-free under the [Everything-But-Arms agreement](#) for the least-developed countries and from countries that have concluded or implemented Economic Partnership Agreements with the EU. Most of that sugar will need to be refined in the EU. These preferential imports have declined in the recent years because of lower EU prices and other markets having become more attractive during the last two years. These imports will most likely further decline after the end of quotas as domestic prices will closer align to world prices.

In agreements with a range of Latin American countries (Central America,

Colombia), South Africa, Balkans countries and Moldova the EU has also granted sugar concessions in the form of tariff import quotas with reduced duties. Some additional import tariff quotas in the sugar sector are part of the WTO agreement.

In addition to these import agreements, the EU has been extremely attentive to the situation of cane farmers in developing countries, allocating over €1.2 billion for restructuring or diversification in the 18 countries that traditionally supplied raw sugar to the EU. These funds allowed countries to invest and move up the value chain (as for example Mauritius) or to diversify away from sugar (as for example Trinidad and Tobago).

Are there any new opportunities for the sector following the end of the quotas?

Without regulatory limits on sugar production, sugar producers will optimise the use of their production capacity and reduce the unit costs of producing sugar. This will allow competitive suppliers to sell sugar on the world market which will not be limited anymore when the quotas expire.

Certain starch-based sweeteners, notably isoglucose, were limited until now to 0.7 million tonnes. This sector will be able to expand and generate new employment, notably in rural areas. Isoglucose is typically used for the production of soft drinks.

The quota for inulin syrups is zero, which de facto prohibits production of this sweetener. The end of quotas therefore provides new opportunities if the market is there.

EU sugar consumption is expected to remain stable or slightly decline; however, as much of the increase in output will either compensate for decreasing imports or help to boost export sales.

What is the expected market situation post 2017?

The situation for the coming post quota years is analysed in the Commission's [medium term outlook](#) report. This outlook estimates that between 2016 and 2026 sugar production will increase by 6%. Isoglucose production could triple from 700 000 tonnes to 2.3 million tonnes. Imports will continue to drop from 3.0-3.5 million to 1.8 million tonnes and exports are expected to increase from 1.3 million tonnes to 2.5 million tonnes.

For the upcoming harvest, no longer bound by the limitations of the quota, an increase in production of roughly 20% (20.1 million tonnes) is expected. This increase results from both an increase in area and higher yields because of good climatic conditions. This production, however, follows two marketing years with relatively low production levels.

The increase of production is likely to be compensated by a further decrease of imports, an increase in exports which are expected to double to 2.8 million tonnes and a possible rebuild of stocks which have been at the lowest level ever in summer 2017.

Since spring 2017, international prices have fallen as a result of an estimated sugar surplus at world level after two consecutive years of deficit. In September 2017, world market prices were around €311 per tonne. The EU domestic prices have remained stable in previous months (€501 per tonne in July 2017), however prices will likely drop as from the beginning of the new marketing year and become closer to world trends.

Whilst it is most likely that EU sugar prices will provide a premium compared to world market prices, they are expected to be closer to world market level in the future.

Are there any risks of unbalance and oversupply on the markets?

In spite of an increase of sugar production expected for the current harvest in the EU, the market context as well as the economic structure and drivers of the sugar sector allow for a fast and efficient reaction to market developments. Production decisions in the sugar sector are taken by a limited number of sugar producers that contract beet hectares from farmers and production levels can be adjusted annually.

Supported by €5.4 billion from the EU, the 2006-2010 reform of the EU sugar sector has helped the sector to get ready for the end of the quota system and it should be prepared to properly react to market signals. The increase of production in the first year post-quota is expected to be absorbed by a higher level of exports (no more subject to WTO limit), a likely reduction on imports and a recovery of sugar stocks (currently particularly low). It is however unavoidable that the increase in supply will bring the adjustment of EU prices to a level closer to the world market in order to allow exports.

The Commission is confident that, after one or two marketing years, beet and sugar producers will have fully adjusted to the new market environment. It cannot be excluded however, that production will further concentrate in the most productive regions and, while some producers will successfully secure new market outlets (inside and outside the EU), others will further reduce their production.

The Commission will remain vigilant to these possible evolutions and will not hesitate to make use of the safety net measures available to support producers.

Does the end of quotas mean that EU consumers will consume more isoglucose and run higher health risks?

EU sugar consumption is expected to remain stable or slightly decline. The Commission is aware that there is debate on how exactly the sugar and the isoglucose market will react to the end of quotas and of discussions on the health consequences of high intakes of fructose in diet.

Other names are used for isoglucose such as glucose-fructose syrup, fructose-glucose syrup and high fructose corn syrup. As ingredients, isoglucose may be used to replace, for example, sucrose, this is the name for the simple table sugar coming either from sugar beets or sugar cane. Whether free fructose and

fructose in sucrose have different metabolic effects is a matter of debate. The Commission will continue to follow this subject in the context of efforts to promote healthy diets and physical activity in general and, in particular, to promote product reformulation by industry and in discussions with Member State representatives in the High Level Group on Nutrition and Physical Activity in the future.

In this context, it is relevant to note that according to the European Food Safety Agency (EFSA), there is some evidence that high intakes of sugars in the form of sugars sweetened beverages might contribute to weight gain and the relationship of patterns of consumption of sugars-containing foods to dental caries, weight gain and micronutrient intake should be considered when establishing nutrient goals for populations and recommendations for individuals and when developing food-based dietary guidelines. In the EU, too many people, including children, do not comply with the World Health Organisation (WHO) recommendation of reducing free sugars intake to less than 10% of total energy; a number of EU Member States have established national recommendations for added sugars at this level.

What is the Commission doing to promote healthy eating habits?

The Commission is supporting the Member States' work on reformulating the food products' recipe to lower their increase in certain nutrients. By contributing to removing excess sugars, salt and fat from products that are bought every day in European supermarkets, we are providing real value to citizens. A project to provide a snapshot of the nutritional quality of the food in EU supermarkets and to support the monitoring national reformulation initiatives will be launched in 2017.

The Commission takes a multifaceted approach to reducing sugar intake and healthy diets in general. Since 2007, the Commission has a [Strategy on Nutrition, Overweight, and Obesity-related Health Issues](#) which aims at contributing to reduce the risks associated with poor nutrition and limited physical activity in the EU. The strategy encompasses a range of initiatives covering many policy areas. For example, the [school fruit and vegetables and milk scheme](#), which provides school children with fruit and vegetables on a voluntary basis, encourages school children to replace sugary snacks with healthier options.

In 2014, the [High Level Group on Nutrition and Physical Activity](#) adopted an [Action Plan on Childhood Obesity](#) that aims to halt the rise of childhood obesity by 2020. Improving diet quality, including eating less sugar is a major part of this plan, which includes promoting healthier diets in school and pre-school, and making the healthy option the easy option, amongst its objectives.

In 2011, the High Level Group agreed on an [EU Framework for National Initiatives on Selected Nutrients](#) (a 2008 reformulation framework had been agreed to reduce salt in food by 16% in 4 years). Work then started on reducing saturated fat by 5% until 2016 and by an additional 5% by 2020.

In 2015, work started on Added Sugars Annex, promoting a voluntary reduction

of 10% in added sugars in processed food by 2020. This Annex was validated in December 2015 by the High Level Group.

Summary of Conclusions Board of Supervisors meeting 5 July 2017

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ESMA publishes guidelines on suitability assessment for management body of market operators and data reporting service providers

The Guidelines clarify the criteria to be used to assess whether the management body of market operators and DRSPs, and each of its individual members, are suitable to ensure sound and prudent management of the firms as well as exercise effective responsibility for the activities undertaken by those firms.