

# ACP Sugar Industries Group

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## EU Voluntary Coupled Support Revisited 2015 to 2021 Data

9 November 2021

# EU Domestic Sugar Support: VCS is Material

## Decoupled Subsidies

Impact resilience  
more than volume

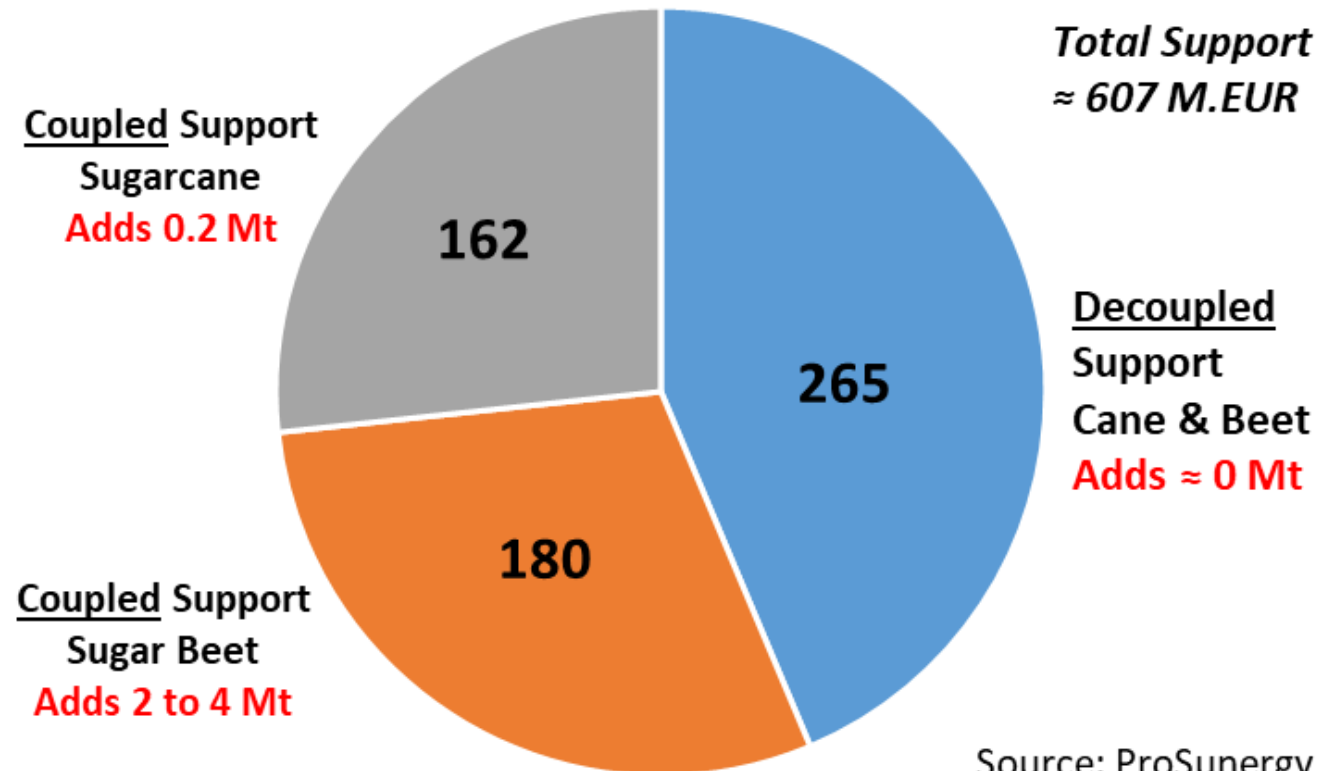
## Coupled Subsidies

Impact volume,  
competitiveness and  
foreign suppliers

## Without VCS

EU imports need to  
grow 12 to 20%

Estimated EU Sugar Subsidies in 2019 (M.EUR)



# EU Sugar Volumes Sustained by VCS

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
<b>Voluntary Coupled Support for Sugar Beet</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>
<b>Subsidy (EUR)</b>	<b>170,063,855</b>	<b>171,614,772</b>	<b>178,668,497</b>	<b>179,270,656</b>	<b>182,478,835</b>	<b>182,352,149</b>	<b>180,646,587</b>
<b>Area Supported (ha)</b>	<b>381,351</b>	<b>392,644</b>	<b>485,991</b>	<b>437,269</b>	<b>426,769</b>	<b>418,169</b>	<b>413,269</b>
<b>Subsidy (EUR/ha)</b>	<b>446</b>	<b>437</b>	<b>368</b>	<b>410</b>	<b>428</b>	<b>436</b>	<b>437</b>
<b>Sugar Produced with VCS (Mt)</b>	<b>3.2</b>	<b>4.1</b>	<b>4.7</b>	<b>3.8</b>	<b>3.7</b>	<b>3.5</b>	<b>3.8</b>

Note: EU Commission published average beet VCS per hectare are lower than the amounts shown above because the subsidy is divided by the declared maximum area, not by the area actually harvested.



# VCS: the EU View



## Voluntary coupled support

Member States' support decisions  
applicable for claim year 2021

*The synthesis presented in this document reflects the content of  
Member States' notifications available to the Commission services as  
they stood on 30 June 2021.*

*It is made available without prejudice to any finding in respect of their  
compliance with the regulatory framework.*

*Informative note  
September 2021*

VCS is € 4.2 Billion, of which 4.4% subsidises sugar beet.

“Member States may ... grant VCS in sectors or regions where ... specific agricultural sectors particularly important for economic, social or environmental reasons undergo certain difficulties. *Coupled Support is a production-limiting scheme ... based on fixed areas and yields ... and shall respect financial ceilings.*

...

Each member State may only use a limited part of its national ceiling for direct payments to grant VCS. This budgetary limit is 8+2%, which ... may be increased to 13+2% ...

...

Member States ... may review their support on an annual basis.”



# VCS is ...

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- **Not “a production-limiting scheme” allowed under the WTO “Blue Box” rules of the Agreement on Agriculture\*. It does not limit:**
  - **EU production – the EU is the party to the AoA, not individual Member States.**
  - **Member States’s production – thanks to a retroactive Omnibus regulation (n°2017/2393) the only effective limit is budgetary.**
- **Illegal under the WTO Agreement on Subsidies and Countervailing Measures.**

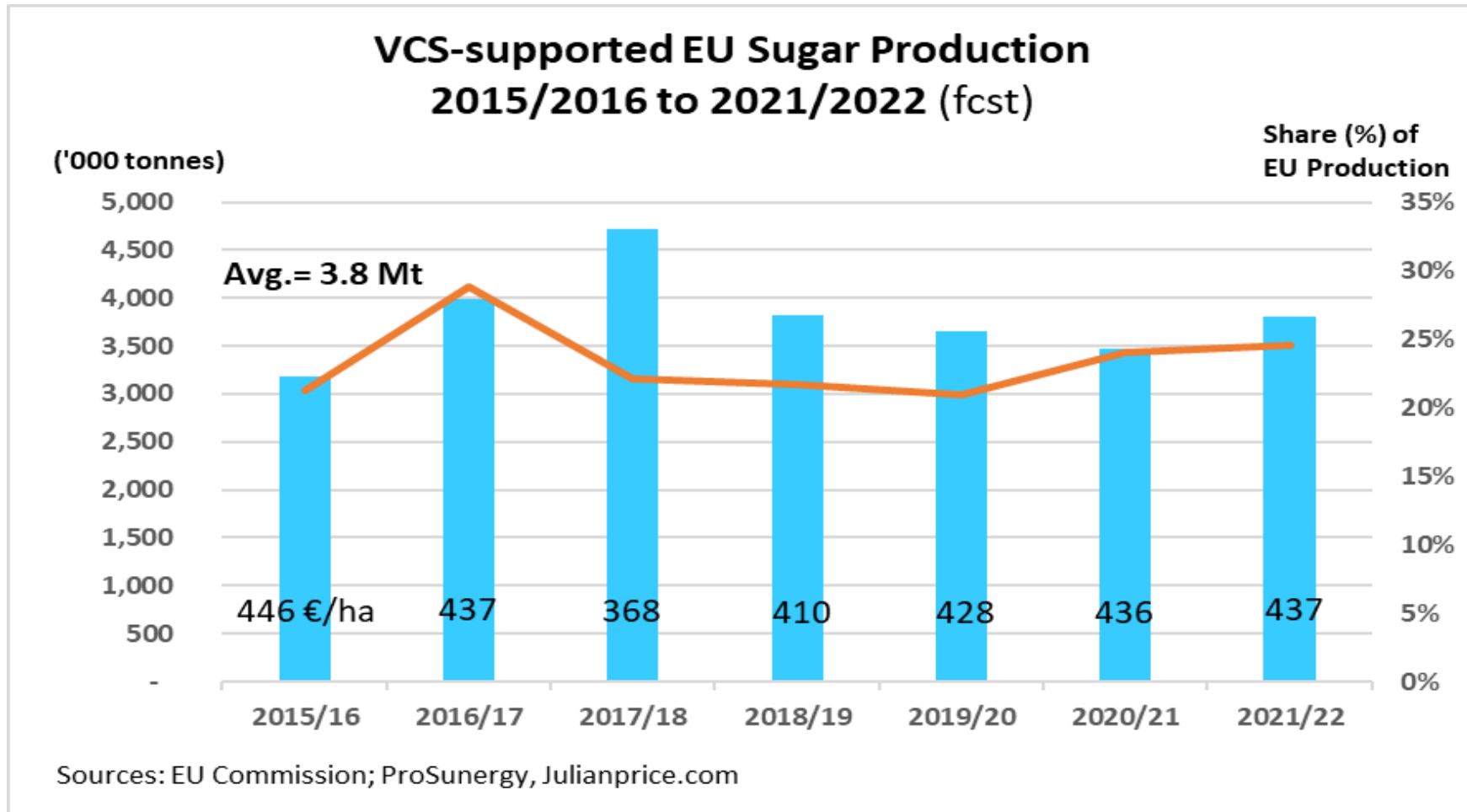
VCS is:

- **a subsidy (Article 1),**
- **specific (Article 2),**
- **causes adverse effects to the interests of other members (Article 5)**
- **and serious prejudice (Article 6).**

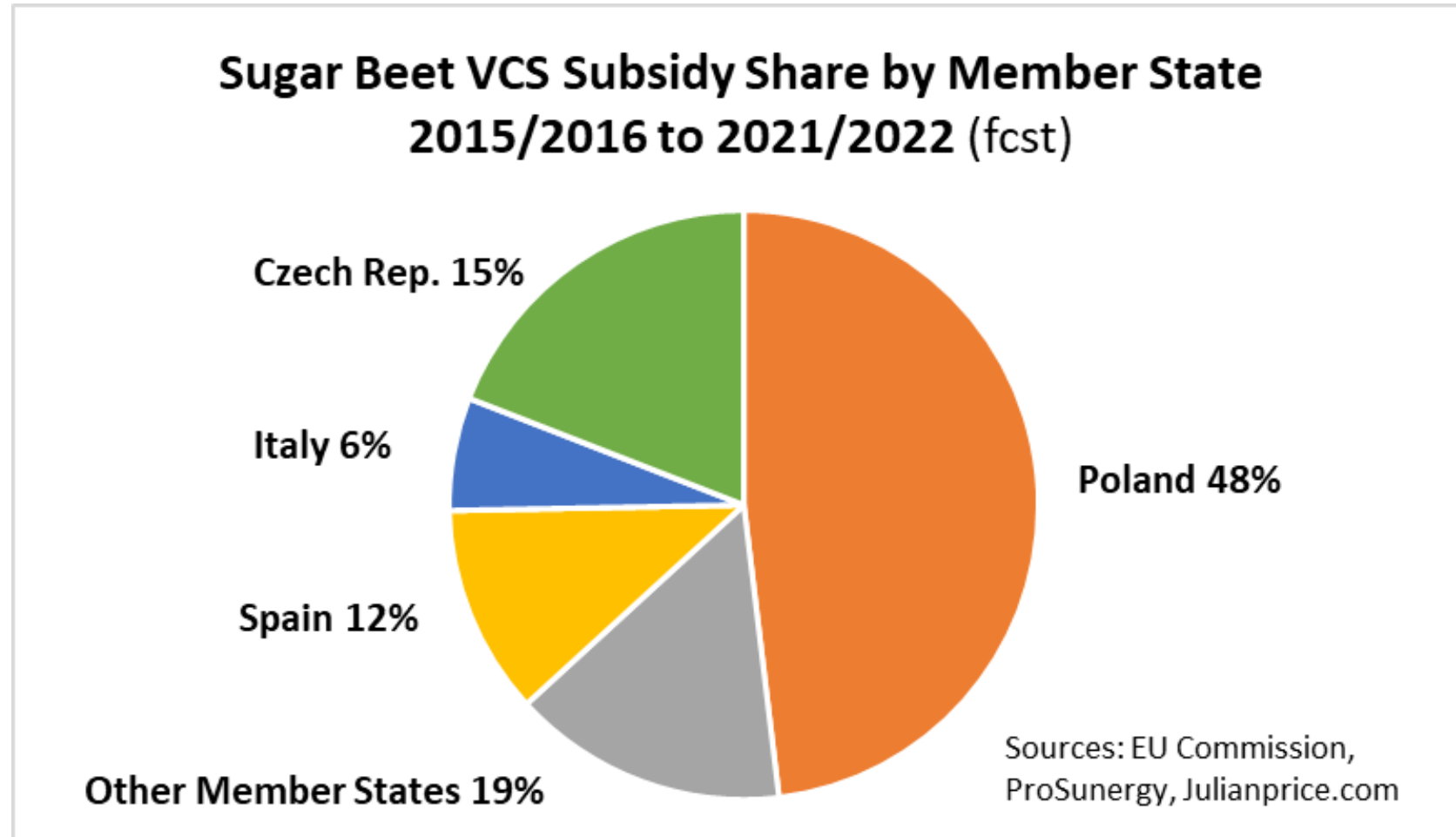
\* For any domestic support to be termed as Blue Box, it has to be “direct payments made under production limiting programme” with such payments being based on either “(i) fixed areas and yields; or (ii) up to 85% or less base level of production; or (iii) fixed number of livestock”.



# EU Sugar Volumes Sustained by VCS



# Sugar Beet VCS Main Beneficiary Member States



# VCS & ACP Sugar

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**By maintaining EU sugar production which otherwise largely would disappear, Voluntary Coupled Support:**

- *A posteriori*, damages EPA-negotiated preferences
- Decreases available EU market share for ACP sugars
- Inevitably lowers EU *and* international prices
- Threatens alternative markets for ACP & LDC sugar
- Contradicts EU “Policy Coherence for Development”





# VCS & the ACP: What Can Be Done?

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- **WTO: the main VCS weakness**
  - **Re-connect with Global Sugar Alliance**
  - **Seek ACP Group & individual country support**
- **EU: funding**
  - **Target trade and development issues & institutions.**
  - **Green energy funds**
- **UK**
  - **EU sugar exports to the UK are subsidised**
- **General: spread the word: VCS damages poor countries.**



# Why Sugar Matters: Economic Development

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Together with independent sugarcane out-growers, a typical sugar estate and mill will provide between 5 and 10,000 direct jobs for decades, of which many are skilled and well-paid.

In rural areas, a sugar operation also brings:

- Clean energy
- Communications
- Community services (health, training, security)
- Clean water

For a country, the sugar industry brings bio-energies and improved foreign exchange balances.



# VCS

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