EuropaBio Position paper on the Reform of the EU sugar regime

About EuropaBio
EuropaBio has 55 corporate members operating worldwide, 7 associate member organisations, 2 bioregions and 25 national biotechnology associations representing some 1500 SMEs involved in research and development, testing, manufacturing and distribution of biotechnology products. For more information: http://www.europabio.org

Background
On 22 June 2005, EU Agriculture Commissioner Mariann Fischer Boel published a proposal for a far-reaching shift in EU sugar funding. The core of the proposal is a 39% price cut over two years, starting in 2006-2007, and sugar for non-food uses for the chemical and pharmaceutical industries and for the production of bio-ethanol to be excluded from production quotas. European farmers will receive a 60% compensation for the losses incurred in exchange for the cuts. This regime will remain valid, without review, for nine years.

Industrial/white Biotechnology is dependent on sugar

Industrial or white biotechnology is the application of biotechnology for the processing and production of enzymes, chemicals, materials and bioenergy. It uses enzymes and micro-organisms to make products used in sectors such as chemistry, detergents, food and feed, paper and pulp, textiles, the pharmaceutical industry and energy. Industrial biotechnology is making an increasingly important contribution to the development of a sustainable, bio-based economy, and Europe is still one of the leading regions in this field.

One of the basic feedstocks for many industrial biotechnology fermentation processes is sugar. As non-European competitors have access to much cheaper raw materials, access to world market prices for sugar is a condition for many European industrial biotechnology companies to stay in business and maintain operations in Europe.
Today sugar in Europe under the present European Sugar Regime is still much more expensive compared to the world market price, and it is becoming more and more evident that companies involved in industrial/white biotech business will be forced to move their production to places outside of the EU, such as China, where sugar is less expensive. These companies are not drawn to China because of the cheap labour but because of the cheap sugar.

Access to world market prices for sugar is and will continue to be a precondition for many of these companies to stay in business and maintain operations in Europe.

**EuropaBio Position**

EuropaBio welcomes the proposal of the EU Commission to reform the sugar regime and we consider it to be a step in the right direction. However it should be feasible to go even further. EuropaBio proposes a two tier pricing system, whereby sugar for all industrial (industrial/white biotechnology) use would already be priced at world market levels now, while food-grade sugar could follow the plan set out in the proposal.

**Sugar is a vital raw material for sustainable industrial production**

To find out more about white biotechnology, please visit the EuropaBio web site: www.europabio.org

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