



NEWS FROM WABCG

EDITORIAL

WABCG Secretariat has just sent you the details of our annual November event in London, organised together with ISO. I would like to sincerely thank my friend José Orive for making this day possible. Sharing views between growers and government representa-



tives, in an international forum, is a real opportunity for our growers' associations.

The morning session will be dedicated to market and costs, thanks to the high quality of the ISO Economists.

Regarding the afternoon session, WABCG members voiced the view in Colombia last June that

sharing our views on how we see sustainability could be useful. What has already been done in our different countries, what our next challenges are: there are definitely different ways to consider and achieve progress in sustainability. The aim of this session is not to promote our sector – although it would deserve it – but to share knowledge and to take ideas from one another.

We will begin this session with a benchmark on 'carbon farming' applied to our sector. I know the interest in this topic is very diverse around the world and it will be interesting to try to find out more about it.

So, don't hesitate: register now!

David Thompson

David Thompson, President
WABCG

SEPTEMBER 2023

NEWS FROM SOUTH AFRICA

South Africa's sugarcane growers continue to face exponential threats including a milling crisis, changing weather patterns and the ongoing fall-out from a sugar tax legislated in 2018.

Despite these challenges, however, our growers have committed themselves to the evolution of their farming practices to meet the climate threat and to make sure the annual crop meets the sustainability standards expected by international sugar buyers.



At the same time, we are investigating the viability of our biomass supply to produce bio-ethanol and aviation fuel as well as the development of an energy drink made from cane juice among other projects.

In the 2022/23 harvesting season, South Africa growers produced more than 18 million tons of sugarcane with a value of R12 billion (\$673 million) which is significant considering two sugar mills opted for voluntary business rescue towards the end of the season and above average rainfall saw exponential flooding in April 2022 and March 2023.

It is estimated the resultant damage to farm and supporting infrastructure such as roads and bridges totalled more than R500 million rand (\$28 million).

Also, the build-up of silt in the rivers which feed into the UNESCO iSimangaliso Wetland system in northern KwaZulu-Natal – the province which produces most of the country's sugarcane crop - has at least 2 500ha of some of the highest yielding cane fields under water due to back-flooding.

Regardless and in line with the country's transformation agenda, we remain committed to the support and advancement of black sugarcane growers. Our domestic industry supports about 20 000 small-scale previously disadvantaged growers who in the main are women.



These headwinds have neither blunted our commitment to those who are most vulnerable in the face of the current challenges, nor are our growers swayed from their tenacious commitment to the survival of the sector.

The industry has distributed more than R298 million (\$16 million) in support funding to small-scale and black growers in the 2022/23 financial year to secure their continued sustainability in a very difficult operating environment.

Cheap imported sugar from South Africa's nearest neighbour and Southern African Customs Union trading partner, Eswatini has further threatened domestic producers who faced a 16% minimum wage increase in 2022 and a further 9.6% increase in February 2023. And since the invasion of Ukraine by Russia in February 2022 both fuel and fertiliser costs have soared with the cost of diesel fuel having spiked by more than 38.7% a litre between January and December 2022.

The default in annual industry levy payments by the two embattled sugar mills has further rocked our domestic sector which according to industry statistics has lost 250 000 tons in domestic sugar sales or R1.2 billion (\$67 million) in revenue and cut more than 16 000 jobs since the introduction of the government's Health Promotions Levy or sugar tax in 2018.

The rate is fixed at 2.1 cents per gram of the sugar content that exceeds 4 grams per 100ml. In February this year the government pegged the rate at 2.1cents per gram of sugar over the threshold for the next two years.

With future challenges including the prediction of above normal drought conditions come 2024 and proposed reform to the law relating to the more equitable use of water resources by the South African government, the introduction of a campaign to save the domestic sugar industry was an imperative for us.

At our recent Annual General Meeting, SA Canegrowers launched the third phase of its Home Sweet Home campaign.

This third phase is a symbol of hope for the future of an industry which is in severe distress. The first phase of the campaign was to educate consumers on the domestic industry while the second phase was aimed at building relationships with major retailers in the country.

One million livelihoods in deep rural and often poor areas where there are few employment opportunities depend on South Africa's sugar industry. Critical to the survival of our sector is that consumers buy sugar that is produced by domestic farmers. The third phase

of our campaign is geared to educate the public about the threat of imports which could cost our sector over R2 billion (\$112 million)-a-year. We are using digital platforms to build a community of South Africans committed to sustainable rural communities in our cane growing areas.

The Home Sweet Home pledge can be found at www.SaveOurSugar.org.za

**Dr Thomas Funke, CEO
SA Canegrowers, South Africa**





NEWS FROM FINLAND

The agricultural market has recovered closer to the normal level of previous years in Finland. The sharp increase in costs caused by the war in Ukraine has turned to a decrease since the turn of last year. However, the costs have not returned to their previous level. Uncertainty about, for example, the price development and availability of fertilizers is still great. From the point of view of sugar beet, the fact that the prices of competing crops have started to decrease brings relief.

The year 2022 was historically difficult from the point of view of sugar beet as well. Cultivated area fell to its lowest level since 1949. Fortunately, the beet harvest was good, which contributed to the growth of this year's cultivated area. However, the most significant reason for the 30% increase in cultivated area for this year was the significant correction in the price of sugar beet. In this way, the income from cultivation better corresponds to the increased costs.

The spring sowings were done at a more or less normal time, although the sowing period was longer than usual due to the weather. The most significant challenge to the initial development of sugar beets were pests. Last fall, Finland received an emergency authorization for neonicotinoid dressing of sugar beet seeds, but companies in the seed industry and Sucros, which refines beet sugar, stated that neonicotinoids are not used. Without proper seed treatment, pests were able to damage the initial development of sugar beets in many places. Pesticide sprays proved to be insufficiently effective.

The summer weather has been variable. The early summer was hot and dry. In July, the rainier period began, and especially in August, water has been received in some places clearly more than needed. However, the sugar beets are healthy and growing well, so further growth is still expected during early autumn.

The Conviso Smart method has maintained its popular status in Finland. About half of the seeds sown are Conviso varieties. The threat of some major herbicides being removed from the range of agents will probably increase the cultivation share of Conviso Smart varieties in the future. In the 2021/2022 season, beet pulp was sold directly from the factory to cattle farms pressed, not dried, for the first time. It is our intention to continue this method in the future as well.

Juha Wikström
President of MTK's Sugar Beet Committee, Finland



Next meetings

WABCG/ISO Consultation

20 November 2023
London, UK

Registration is open!

WABCG Council

18-21 June 2024
 Fargo, USA

Save the date!



NEWS FROM CIBE

CIBE is an associated member of WABCG. It defends and represents the interests of beet growers vis-à-vis European Institutions and international organisations since 1927. CIBE is composed of national and regional associations from 18 European beet-producing countries.

These include growers from 15 EU countries (Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, the Netherlands, Poland, Romania, the Slovak Republic, Sweden) and growers from 2 non-EU countries (United Kingdom and Switzerland).

The EU beet growing season did not start without challenges: climatic conditions, crop protection, top political issues and challenges caused by the war in Ukraine were again on the menu.

In many countries, the weather played with the nerves of growers. Sowing was on average 2 weeks late (it did not finish until late April/early May) and growing conditions were below average, with dry conditions in many countries up to mid-July. Many parts of southern Europe experienced heat-wave episodes in July before slight cooling in August. In central Poland, Czechia, and parts of Austria, rainfall deficit during the first twenty days of July negatively impacted on summer crops. Many parts of north-western, northern central and northern Europe experienced dry weather in May-June and after a rain surplus, which was most pronounced in the last ten days of July and the first ten days of August. However, the abundant and frequent rains during this period benefited summer crops – particularly in areas previously affected by rain deficit – although they caused delays to the harvesting of winter crops with potential negative impacts on grain quality and yields. Most seriously affected are north-western France, the Benelux countries, and western and southern Germany. In these regions, below-average to average rainfall in the first twenty days of July created favourable harvest conditions, and almost daily precipitation since then seriously hampered



the harvesting of the remaining winter crops (particularly wheat and oilseed rape). But this was favourable for the growth of beet root. In the UK, the mix of sun and showers was quite ideal for beet (but also for foliar diseases). In countries with a surplus of rain, early beet test diggings were disappointing in terms of sugar content but root weight was good. With the return of the sunshine and high daily temperatures expected for the beginning of September in many north-western countries, it is hoped that beet could further catch up its delay and increase further its sugar content as the processing season is starting.

With regards to crop protection, following a ruling of the European court of Justice in January 2023, many EU countries did not grant emergency authorization for neonicotinoids treated beet seed, notably France. Growers were particularly worried about possible infestation of aphids and spread of virus yellows. However, aphid infestations and virus yellows seem to be confined to an area south of Paris and a major crisis at national level is not expected. In Austria however, weevil infestations, difficult to control, led to thousand hectares losses and not resown. In Southern Germany, the SBR (low sugar content syndrome) is present and could cause some yield loss. Finally, the rainy weather favoured the development of foliar diseases (notably cercospora) which necessitated fungicide treatments.

It should be pointed out that for the growers affected by such harmful organisms, even a 10% yield loss would represent a huge income loss given the high costs of production and the high beet price.

Finally, the level of yield in the different countries and the average yield in Europe will be analysed



in depth this year. Hopefully, a relative good year is expected, this is good news: the negative trend experienced in the past years in many countries should stop, otherwise it will become difficult to convince growers to continue to grow sugar beet.

CIBE and its members remain worried about the EU political agenda. Several dossiers remain on the table of discussions between the EU co-legislators. These include a future regulation for the sustainable use of pesticides (aka SUR) and a future regulation on plants obtained by certain new genomic techniques. On these two files, the debate is highly polarized, with the first getting off to a bad start. Some Member States and Members of the European Parliament are attempting to put the proposed SUR on the right track, but it remains uncertain whether they will get a majority. In the meantime, the sugar beet grower's toolbox continues to shrink, with a very restrictive implementation of the rules regarding the renewal of authorizations for many active substances in plant protection products. The dossier on new genomic techniques (NGTs) did get off to a better start, but the voice of the opponents to these techniques (NGOs, greens and left political groups) remains very strong. It remains to be seen if an outcome will be reached early next year as the campaign for the General EU elections scheduled for spring 2024 will freeze the legislative activities for a big part of 2024 year. Furthermore, CIBE continues to request that trade partners exporting sugar to the EU comply with the EU environmental sustainability standards. It will come as no surprise if the bulk of CIBE's work will be dedicated to these dossiers in the coming months.

Regarding 2023/24 sugar balance, the European Commission estimated in July an average increase of the EU beet area 2.9% at EU level compared to 2022/23, with decreases in some countries (in France, beet area decreased by 6.6%) compensated by increases in others (Poland increased its beet area by 19%). The first European

Commission production forecast for the 2023/24 marketing year indicates an increase in fresh sugar production to 15.5 million t. This would be due to an increase in domestic supply, as imports are expected to decline to below 2.0 million t, while exports are expected to rebound from record lows. In 2023/24, the EU market will experience its sixth consecutive season as a net importer. Two factors will be key to look at: the volume of imports from Ukraine, which are expected to reach a record, and the level of sugar consumption (in food) which seems to slowdown (likely because of inflation of food products). Since June 2022, the EU has decided to open its market to all agricultural products from Ukraine, including sugar, to ensure the maintenance of Ukraine agriculture. EU sugar imports from Ukraine were previously capped to an annual import TRQ of around 20,000 t. Following the opening up of the EU market, physical sugar imports from Ukraine between October 2022 and June 2023 amounted to around 380,000 t. All analysts agree that the total will reach around 400,000 t for 2022/23. For 2023/24, the EU sugar beet sector has expressed to the EU Institutions its concerns: this figure could significantly increase up to 700,000 t, following an increase of the Ukraine sugar beet area in 2023/24 estimated at 20-30%. EU countries bordering Ukraine are particularly suffering from this competition, which disturbs their local and regional markets. And for the EU sugar balance this flow is a real challenge to tackle.

In this context, the level of sugar and sugar beet prices is a reason for European growers to be pleased and hopeful. This is definitely good news and CIBE wishes all European growers to have a good crop to maximise the benefit from these record prices.

Elisabeth Lacoste, Director
CIBE, Europe



NEWS FROM TÜRKIYE

2023 has been a difficult year for Türkiye. On 6 February, thousands of buildings collapsed in the 7.7 magnitude earthquake that was felt in 11 provinces of our country and unfortunately, we lost more than 50 thousand people. As Pankobirlik we took part in the post-disaster activities in the earthquake region with our staff, farmers and food aid trucks since the first day of the earthquake.



In May, voters went to the polls to elect a new government and President for the next 5 years. At the end of the two-stage election, Erdogan and his party finished in first place. The depreciation of the Turkish Lira against the Dollar and Euro continued this year due to the uncertainty before the elections and macro problems such as the major earthquake and the Syrian refugee issue. Compared to one year ago (27.07.2022), the Turkish Lira has depreciated by 66.7% against the dollar. The official year-end inflation expectation in our country was announced by the Central Bank as 58%.

Despite the unfavourable conditions in the general economic environment of the country, our farmers were quite satisfied as the sugar beet purchase price announced by the Government in 2022/23 was revised in line with the increase in inflation during the year and reached a level (\$75/ton) that would make the farmers pleased at the harvest period. This satisfaction contributed to more farmers choosing sugar beet cultivation in 2023/24.



It is seen that the number of sugar beet cultivators, which declined to 80 thousand, exceeded 100 thousand again in 2023/24. Although many other farmers applied to the sugar factories to plant sugar beet, they were unable to sign a contract due to the production quota.

Due to the increase in the total number of farmers, sugar beet cultivation area reached 363,000 ha, exceeding the previous year's sugar beet cultivation area of 295,000 ha. 23 million tonnes of sugar beets

are expected to be harvested in 2023/24. Thanks to the good rainfall in the spring period, sugar beet emergence was good. Even though a heat wave that has been affecting the country in the last few days has a negative effect on sugar beets, it is expected that the temperature values will drop to seasonal norms in the coming days. As a general assessment, no significant problems are foreseen for sugar beet cultivation in the 2023/24 season.

Sugar consumption is expected to reach 3.4 million tonnes in 2023/24 due to the increase in the country's population and the strong demand of the food and beverage industry.

As a final word, I wish a productive year to all our partners in the sugar beet and sugar cane sectors within WABCG!

**Muhsin Arif AKKAYA, Executive Assistant
Pankobirlik, Türkiye**



New WABCG study available!

**Brazil, India, Thailand, Europe:
Overview of major sugar producing countries**



12 slides to understand the situation & the main challenges

Just ask!