

January 30th, 2007

[Contact Us](#) | [Classifieds](#) | [Search:](#)

Go

**Home****News**[Archives](#)[Live news feed](#)**Business**[Exchange Rates](#)[Banking & Finance](#)[Movers & Shakers](#)[10 Questions](#)[Tech & Telecom](#)[Business Directory](#)**Opinion**[Commentary](#)[Postview](#)**Night & Day**[Cinema Review](#)[Restaurant Review](#)[Gallery Review](#)**Tempo****Special Sections**[Real Estate](#)[Schools&Education](#)[Health & Medicine](#)**Real Estate**[Rent](#)[Sales](#)**Book of Lists**[Purchase online](#)[BOL Online](#)**Information**[This week's RSS feed](#)[Best of Prague](#)[Book shop](#)[Classifieds](#)[For Rent](#)[Job Offers](#)[Sponsored events](#)[Partner Hotels](#)[Visitor Information](#)[Dining Out Guide](#)[Alan Levy Tributes](#)**Services**[Subscribe](#)[Archives](#)[Photo Service](#)[Related Sites](#)[About Us](#)[Contact Us](#)**ADVERTISE with us**[Classifieds](#)[Online and Print](#)

## Sugar reform faces big test

EU price three times world level, affecting jobs, many industries

By Richard Laming

*The Prague Post*  
(July 29, 2004)

After the excitement of the European elections, the approval of the constitution text and the nomination of a candidate for president of the European Commission, normal politics can now return to the European Union.

The first big issue raised has been the future of the EU Common Agricultural Policy (CAP) as it applies to sugar. The policy applied to every other crop has been subject to considerable change over the past few years. Now it is sugar's turn.

---

The increased cost of sugar falls heaviest on poor Europeans, who spend more on food

---

The case for reform is open and shut. The current system of fixed quotas, prices and tariffs forces the EU price to three times the world level, hurting consumers and costing jobs among the industries forced to pay inflated prices. The beneficiaries are EU farmers who grow sugar beets and the processors who have a legally-protected monopoly in Europe.

The consequences of a system based on prices fixed by bureaucrats are bound to be bad. Economically, it puts the food and drink manufacturing industry -- by far the largest customer of the sugar beet industry -- at a huge disadvantage compared with competitors in other parts of the world. Furthermore, the increased cost of sugar falls heaviest on poor Europeans, who spend proportionately more of their income on food. So the sugar regime is, socially, a regressive rather than a progressive policy.

The environmental consequence is that sugar beets are grown throughout the EU regardless of a nation's climatic or geographical suitability. Subsidies encourage irrational use of farmland.

And European overproduction results in dumping on world markets and the consequent impoverishment of farmers in the world's poorest countries. It is the opposite of a development policy.

### Czechs paying the cost

The introduction of the sugar regime on the Czech Republic has been harsh. Prices leapt by 35 percent in a year to reach EU levels. Such a huge increase is certain to hurt companies that use sugar in their production and ordinary consumers, too. It is disappointing that one of the first visible signs of EU membership for the Czech people is a cost, not a benefit.

A welcome feature of the European Commission's proposal is that compensation for farmers is to be paid equally in all member states. Whereas previous compensation plans have been based on reduced rates for farmers in new member states, because they have supposedly less need of the money, the proposal on sugar treats all farmers as equal. This is a welcome step forward for equality in Europe.

It would be naive to suppose this proposal has been made purely out of altruism. There is cold, calculating politics behind this. But it turns out that this is an even better motive.

Any European Commission proposal needs the support of a qualified majority of member states in the Council of Ministers. To get its sugar proposals through, the EC will need the votes of the 10 new member states. Thus, the interests of the Czechs now count alongside the interests of the French, the Germans and the Spanish. That is the difference that democracy makes. The case for the European Union could not be illustrated more clearly.

To be sure, there is a case against reform, too. Even if most people might benefit a little from a reformed sugar regime, a few people, namely farmers and processors, will lose out a lot. They need to be compensated: They are stakeholders, too.

The fact that those people are well-organized, well-connected and predominantly concentrated in the member states where sugar production is least efficient adds weight to their case. This is because the EU is still dependent on the lobbying of national civil servants and not yet dependent enough on voting by citizens. But if the success of integration lies in the ability of the common interest to overcome national vested interests, then the debate about sugar is a perfect example. Winning this argument is vital for the new commission.

[Ads by Google](#)

### [Boutique hotel in Prague](#)

Alchemist - luxury boutique hotel in Prague Downtown - Spa available!

[www.alchymisthotel.com](http://www.alchymisthotel.com)

### [Sugar Exporters](#)

Reliable Suppliers - Contact Now!

Search, Browse or Post Buying Leads

[www.Alibaba.com](http://www.Alibaba.com)

### [River Town Prague](#)

largest shopping center in Prague bargain prices, hundreds of shops

[www.rivertownprague.cz](http://www.rivertownprague.cz)

### [The Speakout Campaign](#)

non-political information campaign highlighting key EU-related issues

[www.speakout.co.uk](http://www.speakout.co.uk)[Advertise on this site](#)

Will it be able to assemble a coalition to see these proposals through? Can it find ways to compensate those who will lose out without throwing away all the benefits reform will bring? That is a big test.

#### **Credibility at stake**

The first signs are good. But they need to be, because the broader credibility of the EU is also at stake. Talk of economic reform will sound hollow if sugar reform cannot be achieved. Remember Europe's credibility in negotiations about global trade. The EU cannot expect concessions from its trading partners as long as it excludes those very trading partners from such an important European market as sugar.

Europe's citizens, too, are entitled to ask whether the EU can really live up to its promises. A major test for the new commission, as it is for any political executive, is policy delivery. Politics in the EU is returning to normal and, after the recent enlargement, it is a new and welcome type of normality.

*-- The writer is director of the Federal Union ([www.federalunion.org.uk](http://www.federalunion.org.uk)), the British federalist campaigning organization, and works in public affairs for commercial interests -- including sugar users. He writes here in a personal capacity.*

[Print View](#)[E-mail story](#)[Comment](#)

---

The Prague Post Online contains a selection of articles that have been printed in *The Prague Post*, a weekly newspaper published in the Czech Republic.  
To subscribe to the print paper, [click here](#).  
Unauthorized reproduction is strictly prohibited.

---