



Sugar Users' Access to Intervention Sugar *Unknowns and Uncertainties*

Europe's sugar users, CIUS, would like to raise with the European Commission our concerns about the accessibility of intervention sugar. We understand that the Commission views intervention sugar as a safeguard to ensure sufficient market supply and balance the market should there be potential shortages.

This note sets out six reasons why sugar from intervention stocks cannot always be relied upon for the manufacture of food and drink, which means that it should not be given the same weight as new production on the overall sugar market balance sheet.

1. **Traceability:** Maintaining a traceability chain "one up and one down" is explicit within the EU food safety regulations. Intervention sugar tenders do not currently specify the origin of the sugar e.g. which factory it comes from. As part of many companies' ethical sourcing and supply accreditation, it is essential to have this information before accrediting a new supplier. Legally sugar users are required to know where our sugar comes from including its origin. Sugar for which traceability cannot be guaranteed cannot be used in the manufacture of food and drink.
2. **Intervention warehouses:** before sugar users accept any sugar from an intervention warehouse they would need to audit the warehouse to verify it is being operated in a food safe way. If for example if one user audited a warehouse and found it to be unacceptable, what are the implications of this for others? Incidents of stored sugar contamination with rodents or glass are not unknown. Do intervention warehouses operate to defined standards? What are these?
3. **Quality of sugar:** Intervention tenders do not specify the quality of the sugar. Standard grade EU2 can cover a wide range of grain sizes and colours. This information is essential to manufacturers of food and drink.
4. **Form of sugar:** It is important to know if sugar is in bags or bulk to see if this suits a manufacturer's requirements.
5. **Deliveries:** intervention sugar can be difficult for sugar users to access as they would need to know the store terms (in-store or ex-store) and charges in advance before agreeing to tender. Not having these details (e.g. storage rental rate per tonne/delivery charges) makes it very difficult for companies to bid for the sugar.

6. **Uncertainty:** there is no guarantee that a bid from a food manufacturer for sugar from intervention will be successful. Food and drink factories run on a continuous basis and thus need guaranteed supplies of raw materials. Sugar sold from intervention stocks might sometimes supplement supplies direct from sugar processors but cannot replace them.

Conclusion

The amount of sugar in intervention is not necessarily available to the manufacturers of food and drink. They are unable to bid for such stocks with confidence and often unable to bid for such stocks at all. More transparency in access to intervention sugar will help reduce the scale of this problem.

In the meantime, the temporary withdrawal of sugar should not be undertaken lightly because it will be hard for that sugar to be returned to the market later. Furthermore, in drawing up the overall market balance sheet, allowance should be made for the fact that a certain proportion of the sugar in intervention will be hard to use efficiently in the manufacture of food and drink and might in fact be impossible to use at all.