Notes from the Workshop

**Intro:**

**Sufisa**, sustainable finance Sustainable – 11 europese landen

KULEUVEN 🡪 FRUIT SECTOR  
UHASSELT 🡪 BEETSECTOR

Farmer Oriented -> problems who the farmers are faced

Focus on economical thing

Why sugar beet?

* Quota system is terminated
* How is the does the system affecting the farmers?
* What are the strategies in the future?
* Understand situation where farmers are acting in?
* No top down approach

Interviews

-general questions

-focus on sugar beet

🡪 economic part

🡪 what are the main costs

🡪 how does this develop over time

🡪 investment: are there subsidies, how investing?

🡪 risk? What’s the main source of risk, is it equally divided among the supply chain?

🡪 what will the price-evolution in the future be?

cost is increasing, gains are downcreasing

augment output? Not for every farmer an option

The higher sugar content, is more difficult to process. So augmenting the concentration of sugar is an ending story dixit the sugar factory

How increasing income?

Increasing land? Difficult! Costs a lot!

Investment

🡪 for the younger generation it will be more difficult to repay the loan

🡪 the weather is uncertain

🡪 price insecurity

farm bill

🡪 in the post quota period there is a fear that the prices will drop

🡪 the milk scenario?

Suikerbietensyndicaat:

Evenwicht tussen boeren, hebben syndicaten voldoende macht?

🡪 a reduced interest?

🡪 not enough power?

Evenwicht tussen rafinaderijen

Focus group:

From the interviews there were 11 strategies destilled.

End product: what is the main problem for farmers, what strategies are they doing?

Algemene vaststelling: we hebben te maken met een lage rendabiliteit

**Oplossingen**

* Andere rafinaderij? Geen optie gezien transportkost
* Meer macht aan suikerbietsyndicaat 🡪 politieke optie
* Land verkopen aan raffinaderij 🡪 strategie van de laatste optie, geen farmer wil dit doen! Quid verticale integratie?
* Innovatie we hebben reeds een bottleneck bereikt
* Een ander gewas kiezen, hangt sterk af van de geografische mogelijkheden en de marktsituatie
* Een ander inkomen trachten te verwerven
* Verschillend eindproduct: zeker niet op de korte termijn gezien lage oliprijs 🡪 is dit waar?
* Belgisch keurlabel? Moeilijk want suiker is eerder verborgen product en ook geen geliefd product
* Staken -> niet goed op lange termijn en slecht voor de naam van de sector
* Kosten verminderen, reeds gedaan
* Upscaling, gelimiteerd tot gebrek aan land en financiële situatie
* Meer vrijheid in levertijd en oogstperiode

Reeds focus groepen gedaan met landbouwers waaruit mogelijke oplossingen gekomen zijn voor huidige problemen. Nu een bredere groep van mensen die betrokken zijn in de keten.

Duidelijk dat er veel mogelijke strategieën zijn, maar dat ze allemaal niet optimaal zijn. Het is niet dat er een overdaad aan keuze is.

Post it = wat onbreekt er momenteel in de aanpak?

*What is currently missing in the approach?*

**FEEDBACK**

PLANT PROTECTION & GMOS

*How to address pesticide control?*

*Abolish neonicotinoids? Big issue for the sector. Products must be retained.*

*Sugar beet cultivation is a crop for which the yield has risen for 2 years to 3%. If certain protection products were to be banned, then the only option would be GMOs. However, for GMOs, public opinion is not yet ready.*

*GMOs provide security/existence in USA. Sugar cane makes the story different. There are different regulations in the USA.*

Pest resistance, was one of the first topics coming up.

Higher profitability: but problem with policies, GMOs are not supported, particularly not by society (this is one important aspect pointed out by Pierre-Marie, that the impact of the civil society is high). There seems to be the problem that if only one country has a no-GMO policy they are not competitive anymore. Steven pointed out that if the whole EU would have a no-GMO policy and would forbid the import f GMO, then this is not a point.

LAND

*The cost of the land for agriculture versus the profitability: there was a very big difference in the last years. The land lease price doubled. Scale effects are not infinite given the rising cost for land.*

One problem is the discrepancy between the cost of land and the profitability of land. Through the reduction of numbers of farmers, new land becomes available. There is a high competition for land, with industry but also with private households. There are less farmers over the years but with more land. So overall it stays the same.

*Agricultural land: there is a great difference between the cost of land and the profitability of land.*

*Scale effects: A lot of farmers will stop. The Average lifetime of an arable farmer is 64. Access to land, availability of land. Within 10 years there will be only 15.000 farmers left. Available land surface is not going to increase. The access to land is difficult, regarding buying land and regarding leasing land. The land lease doubled. That tis reflected in the income of the farm. The expenses doubled in the last 10 years. A cost reduction is not possible.*

SUGAR BEET

*average acreage is 6 to 8 ha sugar beet per farmer*

*The total area of sugar beet cultivation is rising*

FARMER

*average age of arable crop farmer is 64 years (which is about 10 years more than for mixed farms).*

DWINDELING FARMS

*within 10 years there will be only 15.000 farmers, who will cultivate larger areas.*

*Out of 1 ton sugar beet you get 160 kg sugar (16%) very low, Have you already done part of the process locally to save transport costs? However, what with residual (pulp)?*

*Last years many local factories closed, would be counter-movement.*

*The average size of agricultural land is 6ha for Iscal and 8ha for Tiense. 2-3 % of farmers stop, but an increase of 10-15% regarding cultivation area.*

*The sugar beet farmers increased their acreage by 10%, but they get the same income.*

*The buyers of sugar beet think that we are already in the post quota period. There are similarities with the milk sector.*

SOURCE OF PRICE PRESSURE

*ISCAL: We also need to get the sugar sold to world market prices. We are more exposed tot he world market and we have to follow the market evolution. However, farmers have to stop if it is not profitable anymore.*

*Strategies only at the level of the farm is not good.*

*Not only the farmers but also the supply chains, also the refinery has large risks? It the risk evenly spread?*

FREE MARKET

*Market is not shielded, not fair because our farmers are much smaller. scale problem with neighboring countries.*

*The sugar beet sector in Belgium is peanuts in comparison to the world market. The market is not protected, that is a problem.*

RISK

*20 tones sector / hectare, however, risk remains with the breeder Innovation 🡪 the risk remains with the farmer*

*What is a fair distribution of risk?*

**It is pointed out that we are only talking about the negative side. But where is the positive side. There is the worry, that if researchers are only looking at the problems there are of course going to find problems.** Also we have to understand that there is pressure form the world market and that they have to follow that. There is not political protection anymore. If we want a different situation we need protection. Moreover, if the price is too low, then there are only two possibilities: either you stop or you accept the conditions and go for it. Refinery does also have a lot of risks. The pressure comes from downstream.

Then there comes the plea that the profit margin differs. So even if the risk is the same, the profit differs.

*We are looking at it only form one side. We are only looking at the negative side. The positive sides are not taken into consideration. Ok is has to be like this, but why are we doing this? The market is less protected and we are more exposed, we have to follow the world market, otherwise it doe snot work. The price needs to be reduced, otherwise we have to stop. Or we try to make the best out of it. Or we have to go back to market protection within Europe. We have there strategies only for the farmer, but this is not enough, we need to look at the whole chain. The clients are not willing to pay more for the produce than the market (OK BUT THE CONSUMERS ARE THE MARKET – THIS ABSTRACTION OF THE MARKET, THAT IS SO INTERESTING).*

*The spread of the profit has to be even.*

*I disagree (Boonen), what is an even spread of the risk? The discussion is very emotional. If we have this discussion rational, following the numbers, then I am sure that the spread of the risk even is, now and in the new system.*

*What is the profit of a farmer and a factory in numbers?*

*The difference between the profit and the risk per hectare?*

*Risks and neonicotinoids: The farmer can change the crop, while the refinery cannot change the product. They cannot make sugar out of potatoes.*

(The way Tienen is arguing would actually mean that farmers have market power, which is not the case. In the end the factory dictates the price. In fact, Tienen states that the world market is dictating the price. ‘Blame it on the world market’)

FREE MARKET

*Sugar is one of the last products where there is a liberalization.*

*🡪 there is no way back to less liberalization*

*🡪 The last liberalized sector is lost (what does that mean?)*

Someone also points out that this is indeed a big change and big changes like this are always painful, but later it may become better.

The limit is that they cannot influence the price of the end-product. What about creating more demand? It is pointed out that then they would get in troubles regarding Cartel legislation.

*Sitting together to work out an offer: Cartel, not allowed.*

*That is related to the oil price.*

DEMAND

*The world sugar consumption is increasing. For factories it is different. If the bottom line is not positive, the activities need to be stopped.*

*Within Europe the consumption of sugar is decreasing, thus, shrinking market. Globally the demand is increasing. But in Asian countries they are opening up factories to refine sugar cane.*

ADVERTISMENT

They have to do more advertisement: they did not expand on this, but I would say that nowadays it is relatively easy to advertise, with all the social media. The farmer has to act more like a business man, they need to organize and advertise, but this is already done. However, they are not a cooperation.

QUALITY

*couplet sugar*

*🡪 the market wants perfect sugar*

*🡪 sugar production in Germany, France on larger scale and the quality is the same.*

*For quality sugar you need quality beets. The norms for the industry are so extremely strict. Everything has to be better than before. For sugar beet farmers they have to offer quality beets and companies also have to. The Netherlands and France, sugar production is 100 times larger. Quality leads to a good price. Because the transport costs in Belgium are lower than somewhere else.*

*No one doubting that Belgium is producing good sugar beet. We are delivering as sugar beet process a certain amount. The are all controlled and certified. Then it is done. The factory then has to have a profit as high as possible, then it has to be a mass product. As a farmer you can not do it differently nowadays. You have good sugar, the responsibility then lies with the product.*

*The quality in the Netherlands and in France is the same. A higher quality in Belgium will not bring about any price increase.*

*The quality of the beet is good. Of course there is a difference between top quality and other qualities and you could make a different price here. There is volume, but to get a top price for this is a different story. It could well play a role on the old market, but the logistic risk and getting paid is high.*

*The largest producers are the sugar cane sugar producers from Brazil.*

PULP

*How to increase the value of the pulp?*

HUNGER

BEET LEAVE

🡪 *The leave of the sugar beet plant? It is difficult because they have to be picked up shortly after the harvest. IS THIS SO? (I also remember that Mr. Boonen explained that it is rather difficult to do this)*

Using the leaves of the sugar beet? This seems to be too expensive. Moreover, they are gain talking about pests and with the abolition of the neonicotinoids pest will become more not less. There seem to be a lot of pest of the leave. If they have pests, they cannot be used.

*Question: other end products: other applications for sugar beet is possible (KUL) the sugar beet leave could be used, instead of leaving it on the field.*

*The leave was analyzed: logistic story is complex. The wet leave is full of soil and it will start to grow again within an hour and then you cannot use it anymore.*

*Perfectly healthy leaves are needed for this. Thus they need to use pesticides to kill leave pests.*

BIOPLASTIC

🡪 *bio plastic is currently not supported because of the low oil price*

Other end products? This would be related to a lower sugar beet price. It requires only industrial sugar, which is sold for a lower price. Thus it is financially not interesting.

They should try to increase the demand

*Alternative end product: then the sugar beet price is lower.*

*The price would fall due to other applications / end-products.*

*The processes that are possible on industrial level have the raw oil price as reference point. With this price we can forget other applications. / end-products.*

*The subsidiary firm had to close down, because industrial sugar was needed and their sugar was too expensive. The company was sold. No strategy for the firs 5 years. There are technologies that are ready to use, but they are still not applicable.*

ORGANIC

*Question for organic sugar?*

*🡪 the market is limited and it is difficult to separate it in the factory*

*🡪 there is limited demand from consumers*

Organic production? The cost of production is too high, more land would be necessary, and there is no demand.

*What about organic sugar?*

*The colleagues in the Netherlands are experimenting with it.*

*The whole factory is then becoming organic. Is that an option in Belgium?*

*Then you need more land*

*There is not enough demand. And the consumers who have interest in organic products usually also have a lower sugar demand.*

*The individual sugar consumer is the demanding party not the industry.*

*There is enough demand from agriculture, but for sure not enough to run the factory for one day.*

BELGIAN

*People are interested in the origin of the product*

*Belgian sugar? Good brand?*

But it does not need to be organic, simply what the industry needs is high quality sugar and the industry is willing to pay for that. But there is disagreement about this point.

Belgian sugar as a brand? That also ahs an environmental aspect, it would be local, there is trust in a product, but there is not enough demand for it. Not only the quality but also the price is important. Where the sugar comes from is something the consumer does not care.

*Belgian brand: It seems quite normal to have Belgian sugar. The consumers are asking for local produce, they want to know everything of the product. Sugar cane is another product. It is time to go in another direction. We already have Tiense sugar, the T brand. It is not only important to have organic sugar, but also where the sugar comes from. The trust of the consumer got lost, so they need something to get back the trust.*

*They are always firs looking for the price.*

*The Household consumption is quite limited. Still more share is possible, but we cannot do much more.*

*My chocolate is made with sugar from Belgium. (And what about the cocoa? SO there is always a reason why a solution cannot work) Vancallebaut is in Belgium, but they do not only produce for the Belgian market. They use also sugar from other countries. At the end of the day, what counts is the price.*

ENVIRONMENT - SUSTAINABILITY

*Sugar beet consumes a lot of CO2, there is a lot of O2 production on 1 ha of sugar beet.*

Environmental aspect: CO2, organic, no neonicotinoids. Closeness to consumer.

Environmental aspect: sugar cane refinery is a closed loop. They were talking about the food versus fuel debate, but in the end it is not a question of availability of food, there is food waste and this is because food is too cheap. *Hunger is a problem of purchasing power, to of expensive food. There is more than cheap food in the world.*

*Completely different: the social aspect the role of agriculture in society*

*Sugar beet needs a lot of CO2 and water. There is a lot of advertisement to eat more organic. Can we not get more motivation through this? Brussels has to do something. No lobbying for beets with neonicotinoids. The problem is then not in my backyard, people want something but do not want the problems elated with it.*

SUGAR CANE

*Advantage of sugar cane 🡪 they are energy independent*

*However,*

* *Much energy necessary for extraction*
* *You can do nothing with the stem*
* *High water consumption*
* *But: sugar cane has a good reputation with consumers, it is the more natural one.*

SUBSIDIES

*In some regions there is linked support with Europe?*

*You cannot count this as income, However it is not fair that Spain and Italy still get linked subsidies ????*

There is inequality within Europe regarding subsidies. That is unfair and should not be the case.

*Other extra income. In some EU regions there are still linked subsidies.*

*Even in Belgium there are still regional differences.*

*Other income, basic payment is historical from the minimum income. Basic payment from reserve plus fee*

*Linked subsidies for sugar beet still exist in some countries. East-Europe.*

*It should be possible to cultivate without subsidies. It is no agricultural policy it is rural policy.*

POLICY

*ABS: It is not about agricultural policy it is rural policy*

Regarding plant protection, there should be separate legislation for sugar beet. They argue that you cannot put everyone in a pot. The larger crops should not influence the small crops. So there is better organization needed. They are not strong enough to lobby policy makers.

*Is the agricultural policy food policy? Are all costs covered in the price of food, is the price of food not too low?*

*🡪 Protecting the market or not*

*🡪 in a different way*

*all costs are included. Sugar beet price remains already 20 years the same.*

COOPERATIONS

In the Netherlands the price is higher, but this is because it is a cooperative.

*The beet price in the Netherlands is higher. The cooperation is getting a higher price.*

**IA**

STOCK EXCHANGE - INSURANCE

*Futures market for white sugar in Paris?*

Using the futures market in order to secure against insecurities?

Regarding insurance: they are proposing a margin protection program

*European stock exchange for sugar (S). There are 2 stock exchanges, New York and London, mostly sugar cane. Something is coming in Paris, a stock exchange EURONEXT, there the sugar price will be treated, also for the consumer. Everyone has the same sugar price.*

Margin protection program

REPUTATION – ROLE OF FARMER

*Problem: The farmer is not seen as a food producer but as a polluter.*

*How to promote farmers better? PR budget for each farmer?*

*The farmer should feel more like an entrepreneur, the farmer has to become more fierce again.*

*The farmer needs to get back in the picture. The are at the bottom of the market. The consumers see them as polluter.*

*Most farmers ask for marketing budget, the largest part says no. Advertisement is necessary. The discussion in the Netherlands is simply the same. Farmers have to make sure themselves that the product gets to the market. Nowadays there is a load o possibilities to do that.*

*The farmer needs to become business man again. He has to get respect again.*

PLANT PROTECTION

*Regarding plant protection the EU has much to say.*

*EU big role, but for sugar, this is a small crop on the global level, other larger crops such as wheat has a big influence on the actions of EU. There should be a better support for sugar beet on EU level. There are organizations, but they are not strong enough. The vote / voice of the farmer is small. The public opinion is extremely strong. Politicians would commit suicide if these voted for pesticides.*

COOPERATIONS

*Cooperation = vertical integration. Farmers would like to have more cooperation in Belgium. The Tiense participant is pointing out that it was possible to buy more shares a couple of years ago, but farmers did not buy. Now the chance is gone. But farmers could still buy shares from Südzucker, then they could get dividends.*

Cooperation will not work in Belgium, they do not have the culture of that. There was the possibility to buy shares of Tiense a couple of years ago, but farmers did not take the opportunity. Now it is too late. If farmers want an additional income, they could by shares of Südzucker.

*There is a lot of co-operations in EU, in Belgium this is not the case. Building a new refinery is totally excluded.*

DECENTRALIZATION

*Maybe there is a possibility to have decentralized sugar refineries? This is not so simple.*

There seems to be a study that it is enough to have a sugar production of 300 ha and then you can have your own refinery. But they are against it. They say it is too difficult. They say that the decentralization is not possible.

PRECISION AGRICULTURE – TECHNOLOGY – CULTIVATION PRATICE

*There is much that can be done with precision agriculture in order to increase the efficiency.*

*Problem: farmers have 30 years of experience? No farmers have 3 years of education and then they do the same for 30 years. There is a urgent need for innovation in the sector.*

INNOVATION

*Innovation?*

*🡪 maybe, there has to be enough competition in innovation.*

PROCESSING

*Washing the sugar beets is done on the field with a machine.*

GMO

*Why is GMO negative?*

*Because it does not have an additional value fort he consumer. What if we for example put additional Vitamins in it?*

*Question about GMO?*

*Would this be good fort he farmer?*

*However, with the speed with which plant projection gets forbidden, GMO scan be a solution.*

SUSTAINABILITY

*Sugar beet is in fact a sustainable product.*

RELATIONS

*What about multiple year contracts?*

*Maybe getting part time employed at the factory*

*As farmer it took a long time to agree on a price. European level, level playing field*

*SOLUTIONS:*

*Contracts with private brands?*

*Storage?*

**FUTURE FOCUS?**

*Where do we have to focus on more?*

*How long does the research project take? 4 years. Talking about the financial aspect. There are two differences: more agricultural projects and more economic projects. And for the latter there are two more questions: Production costs or final product costs such as for sugar. What can we expect in the future.*

*Income security 🡪 it has to remain profitable*

*Social entrepreneurship has to be important.*

*🡪 agriculture is an economic sector not a relaxation area.*

Important issues:

* Secure market (secure buyer)
* Income security 🡪 profitability
* Responsibility of refineries
* Vegetable industry: There are always less and less farmers. There is no stability. Farmers try it and then they leave the crop, if it is not good. Farmers want more stability, they do not want fluctuations. This is also related to sustainability. Relationships have to be sustainable, income has to be sustainable.

**INNOVATION**

Innovation is missing on farm level.

So Steven points out that innovation seems to be the most important point, so we can maybe expand on this.

There can be innovation regarding:

* The beet
* Alternative crops
* End products
* Decentralization of refinery

There is a lot of possibilities regarding seeds. Either there have to be plant protection or GMOs but this is not going to happen in the next 10 years, due to the negative perception of GMOs among consumers. But beet is a good crop, it needs less water and it sequesters CO2, so that should be valuable.

The BB asks for whom are GMOs an improvement? For farmers or for the big agribusinesses?

There will be more happening regarding cultivation techniques.

*GMOs, Vitamins into the sugar beet plant* 🡪 *less input, more output. Social problem – solution, higher chance for social acceptance. Consumers want GMO free. Discussion has been fiercer than now. IT will for sure be nothing for the coming 10 years. Anyways, is this going to help farmers? With the speed, with which they abolish pesticides, alternatives have to come. Otherwise it will go downhill regarding yield.*

My own notes:

These are notes taken after the presentation when we asked for feedback.

The discussion is not about increasing the income, but about keeping it.

Financial aspects 🡪 are all costs covered?

Something has to happen. Agriculture generally has a problem. So something has to happen.

*Something that comes to my mind: They are pointing out that farmers have to become business man again. On the other hand, policy makers and society want them to protect the environment. So if a farmer is not schizophrenic, he will get in trouble.*