

Report: Participatory Workshop – Sugar beet production in Flanders, Belgium (18.05.2017)

List of participants



Researchers

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Introduction

SUFISA is a larger European project connecting the research efforts of eleven European countries and 13 research institutes. The goal of SUFISA is the identification of current problems of farmers and of strategies they are employing or are (potentially) going to be employed in order to tackle these problems. In a final step the project aims at identifying the performance of each strategy. Seven different case study groups are examined. Thus, SUFISA does not focus on one product but on several ones. Looking at different case studies in detail may allow researchers identifying differences and communalities across countries and commodities. Hence, the project embraces the heterogeneity of the agricultural sector, which policy makers also have to account for.

Within Belgium two case studies are examined, apples and pears (KUL) and sugar beet (UH). Sugar beet was chosen since the termination of the quota system provides an interesting case to analyze. All case studies follow the same research steps, which can be divided in a qualitative and a quantitative part. The former consisted of interviews, focus groups and a workshop. The latter will be a survey. Information gathered during the qualitative steps will influence the survey

questionnaire and design. Interviews and focus groups, were primarily conducted with farmers since SUFISA is farmer oriented. The workshop is, thus, highly important as it is the only stage in which insights from all stakeholders along the supply chain are sought.

In order to generate feedback and get new insights preliminary results were presented in the workshop. Topics investigated were introduced as well as identified strategies¹.

Workshop discussion

After presenting the insights that researchers got so far, participants were asked what aspects are missing. Departing from this point they were asked to suggest further strategies to improve the situation of primary producers.

The following topics have been discussed:

- a) Plant protection and GMOs
- b) Farmers' struggle
 - Land
 - Dwindling of farms
- c) Market
 - Free market
 - Risk
 - Demand
 - Quality sugar
- d) Product
 - Sugar beet leave
 - Bio-plastic
 - Organic sugar
 - Belgian sugar
- e) Sustainability
 - Sugar cane
 - Sugar beet
- f) Policies
 - Subsidies
 - Policies for who?

a) Plant protection and innovation

One of the first topics that came up during the workshop was plant protection. The current discussion about the abolishment of neonicotinoids seemed to be the reason for the urgency of the topic. It was pointed out that the high yield of sugar beet is related to plant protection. Thus, the abolishment of certain plant protection agents would endanger these yields. In order to maintain the yield other strategies would then be needed. In this regard GMOs were brought up. However, at the same time it was mentioned that GMOs are not accepted by society, accordingly

¹ See the complimentary presentation slides. A more comprehensive report on the overall results from the qualitative research steps will follow.

also policy makers will not support GMOs. The issue of competitiveness was mentioned as well, since different legislations cause inequalities on the market. EU-wide legislations would be needed to create a level playing field at least within the EU.

Concerning GMOs, farmer representatives also questioned who's profit GMOs are going to increase? The farmers' or the multinational companies' profit? Moreover, it was indicated that the problem of GMOs is that they do not provide added value to the consumers.

Possible solutions

Apart from further improvements regarding breeding, plant protection and fertilizers, precision farming and other improvements in the area of cultivation practices may increase the output further in the future.

Innovation may increase if there was more competition in this field. Policies to foster competition in may thus be needed.

Regarding GMOs and the added value for consumers it was mentioned that it could be possible to add other characteristics to the plant, such as higher vitamins. However, this would also require the refineries to adapt their processing.

b) Farmers' struggle

Land

A pressing issue is also the increasing cost of land. Land is a scarce resource and farmers have to compete for this resource not only with other farmers, but with the industry as well as private households. As a result, costs for land (buying land as well as leasing land) increased, contributing to the whole problem of reduced profitability of farm activities. Cost reductions are not possible, while at the same time farmers struggle within maintaining their income. It is an important point to emphasize, that farmers are not fighting to increase their profits, but to maintain them.

Dwindling of farms

Indeed, the termination of the quota system causes instability. The general price deterioration for primary products causes farmers to stop their businesses, causing the dwindling of farms. The average age of arable crop farmers is 64 years which is higher than for mixed farms. This may be an indication for the lack of successors, which may in turn be an indication for the unattractiveness of the farm business. Farmers foresee that in a couple of years there will be only very little farmers left who will cultivate large areas. In the past farmers have constantly increased their output (by various means – cultivation practices, plant innovations, land expansion), but their income remained the same. This indicates that farmers have been undertaking measures in the past already to maintain their income. Possibilities to further exploit these strategies may be quite limited.

c) Market

Free market

Discussing the difficult situation of the sector it was pointed out that the description of the issue is one-sided. The negative aspects become more attention than the positive ones. Moreover, it has to be understood why problems are in place. The root cause for reduced prices can be found in the world market, that determines the price. It was pointed out the market is not protected

anymore. Companies along the supply chain have to follow the world market price, otherwise they can neither survive. Thus, it was emphasized that the downward pressure on prices is not caused by Belgian sugar refineries, but by the world market dictating the price. The world market price cannot be influenced by Belgian companies. In this regard, a powerlessness to improve the situation seems to persist.

Risk

The new situation also affects risks. Belgian sugar beet refineries claim that the risk is spread evenly. The main argument for this is that sugar refineries cannot diversify their production. Hence, they are completely dependent on farmers delivering sugar beet. On the other hand, it is argued that farmers can switch to another crop, if sugar beet cultivation was not profitable anymore. While, the situation may be more complex, farmer representatives argued that even if the risk was the same, the profits are not. It was questioned how profits in relation to risk are constituted for farmers compared to refineries.

Possible solution

Regarding risk other insurance schemes were suggested, such as:

- Using the futures market to secure against risks
- Margin protection program
- Multi-year contracts

Co-operations

Comparing the prices sugar beet farmers receive for their produce it was indicated that Dutch farmers get a higher price for their produce. However, this is due to the fact that Dutch sugar production is organized in a co-operation. This allows them to pay farmers (themselves) a higher price. In contrast, in Belgium sugar beet farmers have only some shares of the refineries. There was the option to buy more shares of Tiense Suikerraffinaderij, which was not taken. In Belgium is no tradition of having co-operations and that may not change.

Possible solutions

Farmers may buy shares of Südzucker to receive dividends.

Another interesting solution would be not to build another centralized farmer owned refinery, but to have decentralized refineries. A study from Wagening University is experimenting with this option. This would not only allow farmers to create additional added value, farmers could also decide to invest in a niche product, such as organic sugar or Belgian sugar. Still, the suggestion did not receive support among workshop participants.

Demand

On the world market demand is increasing. While this may be promising it is argued that it is not affecting Belgian farmers to a large extent. This is first because the EU demand for sugar is decreasing and second because Asian courtiers build sugar refineries to meet the rising demand.

Possible solution

One solution to this problem could be to increase the demand though advertisement. The farmer is not seen as food producer, but as polluter. The reputation of the whole sector needs to improve. Marketing can help in this regard. Nowadays there are enough possibilities to do marketing. Farmers should take the reins and make sure that their

product reaches the market. Thus, farmers should act more like business man and regain their reputation.

Quality sugar

In order to increase the price received, quality has to be high. It was stated that the industry is requesting high quality sugar and willing to pay for high quality. However, there was disagreement regarding this statement. There is hardly a price differentiation on the world market. Moreover, other EU countries produce high quality sugar while they can operate on a much greater scale. One competitive advantage for Belgium may be lower transportation costs due to the proximity of farms to the refineries. Anyway, it was doubted that high quality sugar would get much higher prices on the world market.

d) Product

Beet leaf

An interesting aspect was the question whether not more of the sugar beet plant could be used in order to increase incomes. In this respect, the sugar beet leave was mentioned. Anyhow, this possibility was neglected, since it seems to be too difficult to exploit. Logistically there is the obstacle of timing, since the harvest of the leaves would need to follow suit the harvest of the beet. Additionally, the problem of pests came up. Leave pests were mentioned to be a problem which may rather increase with the abolition of certain pesticides.

Bio-plastic

Although this could be a promising product, it is not vastly supported by the industry. The main problem for bio-plastic production is the competition with products made from fossil fuel. If the sugar beet price cannot compete with the oil price these products are not competitive and thus not an option for the industry. If this option would be promoted by the industry, it would entail much lower sugar beet prices. Industrial sugar is much cheaper and given the problem of maintaining a certain income level, reduced prices are not an option for farmers.

Organic sugar

The production of organic sugar is again a difficult solution, as the demand is limited. For organic sugar, production seems to be of particular difficulty, because consumers who usually buy organic products are not consuming a lot of sugar. Organic production, additionally needs more land, which is as pointed out above limited and expensive. Further the production of organic sugar needs to be separated from conventional sugar which adds logistical complexity to the problem.

Belgian sugar

Since organic sugar may not be the easiest option to improve farmers' income. Offering Belgian sugar with a label could revive consumers' trust. Belgian sugar could fit in the increasing demand of consumers to know where products come from and to buy responsibly. Supporting local production and reducing CO₂ emissions from transportation could be arguments for consumers to pick the Belgian alternative. This solution was again ruled out. First food products containing sugar do usually not only contain sugar from one country. Second, the demand for such products with a Belgian logo is not high enough. Consumers' decision depends on the price rather than on the origin of the product.

e) Sustainability

Sugar cane

The product sugar beet is competing with most is sugar cane. Sugar cane was mentioned several times during the workshop. However, apart from the price differences, environmental aspects seem to be very important. It was claimed that a sugar cane refinery can operate as a closed loop, providing its own energy. Consumer reputation for sugar cane was also alleged to be higher. Consumers perceive it as the more natural product. On the other hand, sugar cane production also causes many environmental problems. It is a monoculture, that needs a lot of water and the stem cannot be used. Aspects on which sugar beet seems to perform better.

Sugar beet

Sugar beet has some good characteristic regarding sustainability performance. It sequesters a lot of CO₂. Indeed, it needs a lot of water, as all roots, but it contributes to soil health and is a good rotational crop. It was questioned whether these positive aspects cannot be used in order to increase the reputation of the crop and the demand for European sugar beet.

f) Policies

Subsidies

During the workshop it was emphasized that the conditions within Europe are not the same. Although there should not be a direct support for sugar beet production in the future, some EU countries maintain such support. This creates uneven market conditions within Europe, making it even harder for those farmers in Europe who do not get such support.

Policies for who?

Regarding policies farmers seem not to be in the focus anymore. On the one hand it was pointed out several times that farmers have to act more like business men again. On the other side, farmers are not supported accordingly. Agriculture is not equal to recreation. However, policies focus more and more on environmental and social aspect for society and forget that farmers have to work profitably, with the pressure from industry that may not have these social or environmental interests.

Apart from this general problem, farmer representatives argued that policies for main crops such as wheat cannot or should not be equally applied to minor crops, such as sugar beet. They need special attention. Although there is a sugar beet syndicate that represents the interests of the farmers the organization seems not to be strong enough to make this wish clear to policy makers.

Conclusion

Innovation was the core topic of the workshop. The main aspect of innovation seems to be in the area of plant protection and GMO. Other innovative approaches were not supported. This is striking because it was acknowledged by the workshop participants themselves, that innovation is urgently needed. An indication for the pessimism of the sector is that not much insights could be provided regarding future research focus. Thus, a first step would need to be to create an innovative atmosphere, that allows to think out of the box and developing new future path ways.

The researchers do acknowledge the critique that the study focuses only on negative aspects. It is pivotal for the the study to identify strategies to cope with elucidated problems. Therefore, more positive insights are aimed to be gathered. Nevertheless, the workshop illustrated that finding solutions is tough. In this regard the research team is looking forward to future collaboration with stakeholders and we appreciate additional insights, ideas, suggestions, etc. to discover future pathways.