POLITICAL NOTE

A sugar beet sector ready to meet its challenges

Summary

The European Union produces around 50% of the beet sugar consumed worldwide, making it the **world's largest producer of beet sugar**. However, beet sugar accounts for only 20% of world sugar production; the rest is produced from sugar cane. The EU is the third largest sugar producer in the world.

Sugar beets are grown mainly in northern Europe, where climate and soil are best suited. The most productive regions are northern France, Germany, Poland, the United Kingdom, the Netherlands and Belgium. The EU also has a refining sector for imported raw cane sugar.

In order to support the European producers and processors, the sugar sector was initially subject to production quotas and minimum prices. However, the quota system ended on the 1st of October in 2017 which was immediately accompanied by a boom in domestic production. It is in this entirely new context that the European Union’s beet sector is taking place.

The world sugar market is characterized by the presence of extremely competitive competitors, like Brazil and Thailand. The 2017 world production reached an historical level of 190 Mt (for a world consumption of 180 Mt), which led to a 50% price collapse since 2017. The currently very low prices exposure of the world sugar market is plunging the European beet sector into crisis.

The Brexit, the Mercosur agreements, the ban on neonicotinoids, the societal pressure on sugar consumption constitute so many additional threats on the EU sugar beet sector. This while a reform of the Common Agricultural Policy is in incubation.

However, there are levers of action that could be employed positively to sustain production in the most competitive areas of the sector. The digitization of agriculture, genetic improvement work, the promotion of the “EU-origin” biofuel sector and a strengthened single market all have benefits to be brought.

Faced with many challenges, and to activate the existing levers of action, the EU sugar beet sector must be able to rely on a CAP that supports producers in the most competitive areas to meet the challenges of global competition and which supports producers in less competitive areas towards a reconversion.

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a/ General data

State of play in 2017

With more than 140 million tones, the European Union is the world's largest sugar beet producer ahead of Russia and the United States of America. France, Germany and Poland are the leading producers in the EU.
1.68 million hectares are devoted to this crop, with an average yield of 85 tones per hectare. To obtain sugar, bioethanol and pulps, this production is totally transformed on the territory of the EU.

Trends 2000 – 2016

The production has experienced a non-linear drop of almost 20% between 2000 and 2016. Surfaces decreased; mainly between 2000 and 2008 with a decrease of 38.5% then the sole stabilized around 1.5 million hectares between 2008 and 2016. This is explained by the EU reform in 2006, following the WTO injunctions, which limited export volumes and reduced quotas in parallel with the gradual opening up of the internal market to imports from Least Developed Countries (LDCs) and the granting of reduced duty quotas to Brazil. This reform also included a European restructuring plan financed by the levy of contributions on the EU sugar industry itself.
During the same period, average yields increased from 55 t/ha to 75 t/ha, an increase of 34.6%.

Zoom on the last 3 years

The production has increased from 102 to 141 million tones since 2015 (+ 38%), and cultivated areas from 1.42 to 1.68 million hectares (+18%). The end of the quota system, which was decided in 2016 and officially entered into force in October 2017, explains this sudden growth. Yields are also up over the period.

b / Importance of the sector for the sugar, livestock and ethanol sectors

The markets for sugar beet are numerous. The most important of these is sugar production, for which the EU ranks first in the world (and the world's third largest producer of sugar, mingled cane and sugar beet, behind Brazil and India).

The annual European production in 2016-17 has notably enabled the production of:

- 16.7 million tones of white sugar (of which 250 000 tones from sugar cane of the French overseas departments), equivalent to 93% of the 17.9 million tones consumed,
- 5 million tones of dehydrated pulp to feed livestock, 2% of the 267 million tones of composed feed consumed by livestock in the EU,
- 1.6 million tones of sugar syrups for ethanol production; this corresponds to 11 million tones of beet, i.e. 45% of the biomass used to produce EU ethanol in 2017
- and 0.8 million tones of sugar syrups for the chemical industry.

The end of the quotas, with the lifting of the export quotas, also allows the sector to contribute to the Union's trade surplus, estimated at around 1 billion euros for the only product represented by sugar.

B External challenges

a/ A market under pressure

In 2006, the Common Market Organization was strongly reformed to adapt to the rules of the World Trade Organization (WTO). This resulted in a reduction of the quotas of 30%. At the same time, the Community market opened up to imports from the Least Developed Countries (LDCs) and the African Caribbean Pacific (ACP) zone. Surplus, the sugar sector became deficit: 20% of the sugar consumed in the Union was then imported.

Since the 1st of October 2017, following the 2013 CAP reform, the system of production quotas and guaranteed minimum prices for sugar beet has been abolished. The liberalization of the sugar market is reflected, in particular, by the possibility for sugar manufacturers to export freely to third countries without being constrained by a ceiling imposed by the WTO. If the global market is growing, the competition is extremely severe with world prices currently very low.

On import, the EU remains one of the most open markets, with free access for sugar from LDCs and ACP countries and duty-free or reduced tariff quotas for a large number of countries, including South and Central America (including Brazil), the Balkans and Eastern Europe.

b/ The EU-Mercosur Agreement

Brazil is the world's largest sugar exporter with 27.6 million tones in 2016-17. It is also the world's second largest producer of alcohol and ethanol with 289.5 million hectoliters in 2016 (24% of world production). Today, while sugar beet production quotas have been abolished in the EU, which is therefore in a surplus situation, any additional sugar and ethanol volume negotiated under the Mercosur agreements would disturb immediately and profoundly the European market in a depressed world market context. At the current stage of a negotiation, there is a mention of an opening of the EU market to 100,000 tons of sugar to be refined further, which would be added to the 900,000 tons[1] already negotiated with reduced custom duties. There are 140,000 farmers and 30,000 employees dependent in the sector that risk being impacted by such agreements.

To this would be added a quota of 600,000 tons of ethanol. While this production is financially and legally subsidized by Brazil, however this quota would compete with the European production of bioethanol, valuable to farmers to support their income in the current context of dropping sugar prices. There are also the environmental benefits of the European bioethanol industry, in terms of reducing CO2 emissions - on the order of 66% on average in Europe compared to gasoline - and nitrogen oxide (NO) - from the order of 30% compared to gasoline -, which are denigrated by such forecasts of imports.

The modes of production of sugarcane (authorization of GM cane, application of maturing glyphosate) also seem to contradict the objectives of the Union on its own territory.

Finally, the volatility of the Brazilian currency is an additional risk. The Real has lost 30% of its value since February 2017: in 20 months, the Brazilian exporter has gained 30% competitiveness. Predicting the economic consequences of an agreement in this context is completely hazardous.

c/ The Brexit

So far, the trade balance of sugar and ethanol between the EU27 and the United Kingdom is in deficit for the latter. For sugar, exports to the EU27 amount to € 324 million in 2017, while imports from the EU amount to € 968 million. The possibility claimed by the United Kingdom, even in the framework of a negotiated Brexit to conclude free trade agreements with third countries would change the situation, opening up the British market largely to South American imports for example, and substantially reducing European market shares in the UK. Not to mention triangular trade risks in the event of a total lack of control of the rules of origin or the risk of imports into the UK of non-EU sugar for the UK market and the export to the EU of sugar produced in the UK. The reflection is the same for ethanol.

A hard Brexit and the introduction of tariff barriers between the EU and the United Kingdom would still have a more negative impact due to an almost total loss, in this case, of British market.

C Internal challenges

a / Facing greater volatility

The end of quotas is accompanied by greater price volatility in the European market, which is in line with world prices. However, the world sugar market is one of the most volatile, ranging from a factor of 1 to 3.5. Unadapted to this volatility, the risk is that

1 These 900 000 tones represent all the quotas negotiated by the EU with reduced customs duties, and not only those negotiated with Mercosur countries.

the beetroot adjusts its surface drastically in times of depressed prices, thus jeopardizing its processing plant. Because the beet processing industry is a heavy industry, which is not able to handle such fluctuations in volumes.

b / The bargaining power of planters in the sector

Beet is a non-storable product, whose transport costs make illusory an average supply for a factory beyond forty kilometers. The planter and the manufacturer are thus forced to agree on the terms of purchase of the beets. Under the quota period, the minimum beet price was associated with a value-sharing between the planter and the manufacturer negotiated at the national level.

The end of the quotas has returned any form of price negotiation within companies with the only possibility of eventually agreeing value sharing clauses. Farmers find themselves isolated and with very weak bargaining power.

c / Availability of plant protection products

Like any other crop, sugar beets require protection against pests and the cultivation of weeds. EU farmers are now facing a scarcity of approved substances, an increase in pressure due to climate change. They face the challenge of finding effective alternatives quickly.

With regard to insecticides, the current challenge for farmers is the neonicotinoid class, which has been booming since the discovery of imidacloprid in 1985. The latter makes it possible to protect beetroot from viral jaundice, a disease spread by aphids that can halve root yields. These insecticides have taken the place of organochlorines and organophosphoruses compounds such as DDT and have become the most widely used insecticides in the world. Employed mainly in seed coating, prophylactically, they make it possible to avoid diffusion linked to aerial spreading. But they are accused in particular of being the cause of a significant mortality among pollinating insects. In February 2018, in its conclusions, EFSA confirmed that there was no risk in the case of beet crops because they do not bloom during the production cycle. However, it indicated a potential risk to the next crop without supporting it.

On the 27th of April 2018, the majority of European Union states voted to ban three neonicotinoids (clothianidin, imidacloprid and thiamethoxam) from 2019 for all field crops in the EU with the only exception is greenhouse use. A derogation for sugar beet growers, which is harvested before flowering, may be proposed by the Member States.

In the case of France, the impact on sugar beet yields of the neonicotinoid ban has been estimated at 12% on average, but up to 50%. Beet growers find themselves in a technical impasse: in the absence of a non-chemical alternative and in the presence of chemical alternatives that pose a greater risk for the auxiliary fauna.

With regard to the herbicides used for the cultivation of beet, the current challenge of EU farmers is linked to the debates on glyphosate and, in France, to the announced ban on glyphosate after 2022. While the license to exploit the molecule (discovered in the 1950s) came to an end in December 2017, Member States voted in November for a five-year extension. The question of the toxicity of glyphosate, the most widely used herbicide in the world because of its high efficiency and low cost, remains a subject of debate. Today, a ban would push European farmers to use more expensive and sometimes more dangerous herbicides with more labor for weeding through tillage. The extra cost would be real. Its average utilization for Belgium is 1.81 kg per hectare of UAA; for the Netherlands 1.56 kg against 1.10 for France or 1.00 for Germany. For comparison, the extra cost has been estimated for French agriculture at 2 billion euros per year.

d/ Divergence of markets

Beet is the 7th sector of production that benefits the most from coupled aid. 11 of the 22 European Union countries producing beet have decided to set up coupled aid for sugar beet. The 2017 envelope is 177 million and covers nearly 516,000 hectares, or nearly 30% of European areas. For this sector, coupled aid is paid in the form of an annual aid per hectare and not in proportion to the quantities produced.

Overall, coupled aid applies in regions where yields are lower than in the main beet growing regions of Europe.
Poland accounts for almost 45% of the overall budget for aid coupled with beet and 40% of the areas concerned.

Coupled aid to the beet culture is criticized both outside and inside the EU. A study published by the University of Wageningen in February 2018, commissioned and financed by the German Inter-professional Association for Sugar, concludes that the beet-coupled aid has had an impact on the market by causing a 1.3% rise in the production of sugar and a 4.5% decrease in beet prices. The coupled aid would also strengthen the interest price of beet compared to other alternative crops (rapeseed, wheat) and therefore the propensity to produce beet outside the market.

e/ Decrease in domestic consumption

In the world, sugar consumption has been steadily increasing for many years. But in recent years, this trend is no longer widespread. Consumer growth only concerns the markets of emerging countries, particularly in Asia and Africa. Elsewhere, as in the United States or Europe, the trend is stagnation or even a slight decrease in consumption. This is due to a change in food consumption habit, with sugar now being seen as a factor in obesity.

Faced with these new expectations of consumers, the food industry has already begun to modify its formulations, offering more and more low-sugar products to reduce caloric intake.[2]

The slowdown in sugar consumption per inhabitant could become widespread around the world in the next fifteen years, according to a Rabobank report published in August 2017.

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2 One gram of sugar always contains 4 kilocalories.

f/ Current reform of the CAP

In the current context of the beetroot sector crisis, the Commission's budget and CAP reform proposals presented by the Commission on the 1st of June highlight the threats to the Beetroot sector. They would cumulatively result in an average decline in European farmers' income of between 16 and 20%.
On one hand, the impact of the 12% fall in the CAP budget (constant euros) would lead to a fall in agricultural incomes of more than 8% on average in the Community, with particularly strong negative effects for the large sectors where direct payments account for a large share of income. For the beet sector, the Commission's impact assessment estimates a 15% income drop in the case of option 3a (the best performer in purely economic terms).

Such a strategy would inevitably provoke the exit of many farmers with the abandonment of territories, as well as a race to expand farms. It would slow down investment capacity and generational renewal, despite the tools available for young farmers that could not offset the decline in revenue announced elsewhere.

As for the new implementation method proposed in the reform of the European Commission, such an evolution - which opens a way to a renationalization with a major transfer of responsibility for the first pillar to the Member States - would severely put in competition the regulatory frameworks of the Member States with of course advantages in terms of competitiveness for the less-favored in environmental matters. This development would also be a shift from the CAP towards a program mainly managed in a bilateral relationship between national agricultural administrations and the services of the European Commission to the detriment of the direct relationship between EU co-legislators and beneficiaries, the farmers.

II-Succeed in the heart of a fierce competition

A Market expectations

a/ To remain a leader in the world

The European Union specializes in the production of white sugar from beet or cane and refined. About 8% of 2016-17 production has been exported; it will be 15% in 2017-18, with more than 3 Mt of exported sugar. But a number of countries, including trading partners around the Mediterranean, have invested and are currently investing in raw sugar refining sites, particularly from South America. No longer being forced to export by the quota system EU production will however face competition, in particular from Brazil and Thailand internationally. The EU sugar beet sector therefore has no choice but to gain competitiveness in order to compete in international markets.

b/ Do not lose weight on the EU market

At present, beet sugar produced in the EU is mainly consumed (around 85% of production), alongside significant volumes imported from emerging or developing countries and refined in the EU, particularly in the United Kingdom. Here again, in this internal market, the challenge of increasing competitiveness is crucial, especially since the agreements with Mercosur and Brexit may lead to increased pressure from outside competition.

B The levers of action

a/ The balance of power within the sector

Beet is a non-storable and barely transportable production. The planter must know how the price of his beet is calculated by the one to whom he delivers it. An obligation of result in the price negotiation process between a company and the planters who deliver it should be guaranteed.

b/ The digitalization of agriculture

In order to gain in competitiveness and sustainability with an increase in yields accompanied by a reduction in their operating costs, EU beet growers have a privileged solution: the digitization of agriculture.

The digitization of agriculture is a means to optimize the use of treatments carried out on crops. The aim is to use digital technologies and geolocation to better characterize the soils of the farm to take into account intragroup heterogeneity and thus bring “the right dose of inputs - water, fertilizers, phytosanitary products - in the right place and at the right time”. Among the inputs, phytosanitary treatments represent a fundamental issue both economically and environmentally. It is therefore an absolutely central position to achieve the dual performance objective of farms.

Studies, conducted in a network of farms on wheat and maize, are already showing tangible and promising results in terms of benefits per hectare (from 80 to 200 euros/ha) and reduction of inputs (from 30 to 70%) (Leader Farms, InVivo). In Greece, an experiment carried out on 9 pilot sites - 3 devoted to arboriculture and 2 to arable crops - estimated that the average savings achievable for the phytosanitary products could reach 63%.

c/ Phytosanitary treatments

As part of the culture of beet, to further increase the performance of the farm, another recourse can be associated with the digitization of agriculture: biocontrol.
Aphid infestations, the pest carrying the viral jaundice of beetroot, can be partially prevented with their impacts limited by the use of aphid predators. Auxiliaries are favored by landscaping that provides them with habitat - grassy paths, hedges, groves - close to the crops where the parasites, which they will feed on, are.

These two strategies are not exclusive and can be combined with profit to minimize the recourse of phytosanitary treatments. This certainly brings complexity for the farmer, but also the satisfaction of reducing his production costs as well as the impact of his production on the environment.

d/ Genetic improvement

Since 2000, average beet yields in the EU have increased by 35%. If we estimate that half of it is for the climate change[3], it is also the result of an important work of genetic improvement by the varietal selection, which in particular allowed to obtain resistant or tolerant varieties to bio-aggressors (rhizomania, nematodes, rhizoctonia ...). The AKER program initiated in 2012 is an example of an approach aimed at improving the performance of beetroot in terms of productivity and resistance to biotic and abiotic stress.

In terms of the methods available to carry out the improvement work, the possibility of using new breeding techniques in the EU remains a subject of question to which the Commission and the co-legislators must have the courage to harness following the reading of the current regulation made by the Court of Justice of the EU in late July.

e/ The RED II Directive

The bioethanol sector in the EU is certainly a support lever for the beet sector. 7% of production in 2016-17 - 9.8 Mt out of a total of 141 Mt - was used to produce ethanol, and accounted for 45% of the biomass used for this purpose.

In the framework of the revision of the renewable energy directive known as "RED2", the recent discussions in the Trilogue part led (in the context of pressure from the Commission to eliminate the 1st generation biofuels sector) to guarantee the

[3] Global warming is increasing photosynthesis by increasing average spring temperatures and increasing CO2 levels in the atmosphere. This results in earlier planting, an increase in the biomass produced and sugar stored by the beets.

production of biofuels of "EU" origin at the 2020 level + 1%, or maximum 7% of the share of renewable energies in the transport energy mix.

Even if a status quo has been achieved after bitter exchanges, it would be coherent that the contribution of the European ethanol sector (like that of the rapeseed biodiesel sector) is more recognized in the decarbonisation of the transport sector and that a margin of progress in the objectives of incorporation is envisaged. Debates on the value of EU-origin biofuels for reducing emissions and developing agriculture need to be objectified, and a broad consensus on the benefits of ethanol produced in the EU from an environmental view - compared to fossil fuel or agricultural biomass sources of "imported deforestation" - but also economic, by reducing the EU's energy trade deficit.

f/ Community coherence

Community coherence in farmer support tools and related environmental objectives is essential. On one hand, it would make it possible to avoid a competition, which would turn to the advantage of the less attentive as for the respect of the environment. On the other hand, it would prevent the concentration of aid on targeted sectors in order to compete with those of other Member States.

III- Define a winning strategy adapted to the context

European agriculture faces common challenges that can only be solved effectively if Europe is coherent and solidary, especially with regard to environmental issues.

The excessive level of subsidiarity and flexibility, the fragmentation of the policy framework, as well as reduced levels of ambition with regard to the CAP budget are all elements that could transform the EU agricultural market into a battlefield. This one would see 27 different agricultural strategies to be measured between it or even to face each other.

With the adoption of the European Parliament's report on the Future of the Common Agricultural Policy on the 16th of May 2018, MEPs opted for a balanced approach calling for a "reasonable level of flexibility within a strong common framework of European rules, basic standards, intervention tools, controls and financial allocations agreed at a European level by the co-legislators to guarantee a level of playing field for farmers". They stressed the need to secure the direct relationship between the EU co-legislators and the beneficiaries – farmers - and not to transfer most of the management of the first pillar to the Member States.

The winning strategy for the EU Beetroot sector needs to keep this base solid at Community level, within the first pillar, while retaining the necessary flexibility for adjustments at the local level.

This winning Community strategy, driven by the CAP reform, should be the ambition to take all European agriculture towards double performance over the next 7 years.

The Commission considers that in the EU beet sector "it is not excluded that production will continue to concentrate in the most productive regions and that, if some producers succeed in securing new markets - inside and outside the EU - others will further reduce their production."[4] Given the wide variation in sugar beet yields in the EU[5], it seems appropriate to adopt a differentiated strategic approach, which provides the appropriate support for producers in historically competitive and historically uncompetitive areas.

Recommendations are presented below based on the different challenges with aiming to embody the dual performance in the different types of zones and in the pillars of the CAP.

A In areas reputed historically as competitive

To determine these areas, the choice fell on those where average beet yields over the 2011-2015 period were greater than 70 t/ha.

The pedoclimatic conditions, the logistical equipment as well as the varietal improvement works and sugar yields make it possible to envisage the sustainability of the sugar beet sectors of these areas in the new sugar market, inaugurated by the end of quotas and guaranteed minimum prices. Furthermore, the fact that these areas achieve these high performances - in terms of sugar beet and sugar yields – while the majority of them is being located in Member States, who do not use coupled payments constitute an additional assurance of their resilience capacity - and therefore of their durability - in the new market framework.

a/ 1st pillar recommendation

Recommendation n°1

The promotion of digitized agriculture in the first pillar should be a priority of EU agricultural policy by including a lump-sum incentive for the transition to dual performance in the Eco-Scheme. This way it is favored to achieve double performance and therefore meet the following three challenges: the export competition in the globalized market by the obtained competitiveness gains, environmental sustainability and the regulatory pressure on phytosanitary products by optimizing the inputs.

b/ 2nd pillar recommendation

Recommendation n°2

4 European Commission - Fact Sheet, The end of sugar production quotas in the European Union, 29 September 2017
5 Average beet yields over the 2011-2015 period range from 37 to 90 t / ha according to the Member States.

1- The allocation of Income Stabilization Tools within the second pillar must be ready to face the challenge of export competition in the globalized market and the exposure to the current very volatiles prices of this market.

2- A European Crisis Management Fund in agriculture, financed by an adequately equipped multi-year crisis reserve, must be carried out and take over the IST tools when risks become deep crises *(see related Farm Europe note)*.

Recommendation n°3

Prioritize in the mobilization of AECM, investment and training tools - within the second pillar – as farmers making the transition to double performance are a prerequisite for a broad expansion of digital agriculture as such a technological revolution can occur only with human accompaniment at the height of the changes.

Recommendation n°4

The establishment of investments in research and development for the improvement of beet varieties in the second pillar is a complementary measure to face the external challenges and the decreasing availability of plant protection products.

B In areas reputed historically as uncompetitive

To determine these areas, the choice was made on those where average beet yields over the 2011-2015 period were less than or equal to 60 t/ha.

Given the magnitude and speed of change imposed by the new sugar market framework, inaugurated by the end of quotas and guaranteed minimum prices with world prices falling by 50% since 2017, the probability of adaptation needs provoked by the crisis is severe to the point of jeopardizing many farms that it can not be ignored. This could lead to the bankruptcy of industrialists and force many producers to abandon this production and to convert to other currently more profitable ones, such as cereals or rapeseed.

a / 1st pillar recommendation

Recommendation n°5

Take steps to integrated agricultural sector strategies that can mobilize 15% of the 1st pillar CAP and allow to break out of the acquis reasoning regarding the coupled payments of beetroots. The economic efficiency would suggest mobilizing these funds for more relevant actions within the sector or even for the revitalization of reconversion channels.

b/ 2nd pillar recommendation

Recommendation n°6

Support for the reconversion of beet growers in historically uncompetitive areas should be included among the tools of the second pillar so that the concerned Member States can accompany the reconversion which current market developments impose.

C In both types of zones

a / Recommendation related to the single CMO

Recommendation n ° 7

The particularities of beet, a non-storable and barely product transported, must be taken into account within the framework of the Common Market Organization. The negotiation between a sugar company and the planters who deliver it must have an obligation of result.

b / 1st pillar recommendation

Recommendation n°8

The guarantee of a minimum of 60% of the first pillar funds allocated in each Member State to the financing of basic decoupled aids is a necessary measure given the importance of these aid in farm income in the face of external challenges and the declining sugar beet income. Otherwise, the rotation in beets risks falling very sharply in favor of a reallocation to other crops.

c / Non-pillar recommendation

Recommendation n°9

Maintaining the CAP budget allocation at the current level of the EU-27 is an essential measure, with the digitalization of agriculture and an adequate management of risks and crises, to participate in the construction of a strong, competitive European beet sector that effectively addresses the challenges of sustainability.

Summary table

The table below summarizes the challenges facing the sector, and the recommendations of Farm Europe consecutively for areas deemed historically competitive, then for areas deemed historically uncompetitive and finally the recommendations concerning the two types of areas.

Challenges	***Recommendations in historically competitive zones***
- External challenges (globalized market, Mercosur agreement, Brexit) -Availability of phytopharmaceuticals -Environmental sustainability	1- Promote digitized agriculture in the first pillar by including a lump-sum incentive for the transition to dual performance through the Eco-Scheme
- External challenges (globalized market, Mercosur agreement, Brexit) - Higher volatility	2.1- Financially endow Income Stabilization Tools in Pillar 2 2.2- Establish a European crisis management fund in agriculture
- External challenges (globalized market, Mercosur agreement, Brexit) -Availability of phytopharmaceuticals -Environmental sustainability	3- Prioritize the mobilization of MAEC, investment and training tools in Pillar 2 for farmers making the transition to double performance
- External challenges (globalized market, Mercosur agreement, Brexit) -Availability of phytopharmaceuticals	4- Put in place investments in research and development for the improvement of beet varieties within Pillar 2
Challenges	***Recommendations in historically uncompetitive zone***
- Market differences	5- Take steps to integrated agricultural sector strategies that can mobilize 15% of the 1st pillar CAP and allow to break out of the acquis reasoning regarding the coupled payments of beetroots.
- External challenges (globalized market, Mercosur agreement, Brexit)	6-Financially support the conversion of beet producers to other crops
Challenges	***Recommendations for both type of zones***
- Bargaining power of planters in the sector	7- Adopt an obligation of result in the sugar factories-planter business negotiation
- External challenges (globalized market, Mercosur agreement, Brexit)	8- Guarantee a minimum envelope of 60% of the 1st pillar for basic decoupled aids
- External challenges (globalized market, Mercosur agreement, Brexit)	9- Maintain the CAP budget allocation at the current EU-27 level (constant prices)

D What kind of CAP for the EU Beet sector?

Today, the European Union needs a truly common CAP to maintain a strong Beetroot sector in areas where current competitiveness is realistically sustainable to be able to cope with current economic and environmental challenges.

It will first of all consolidate a balanced contractualization within the sugar beet sector. It will then be necessary to provide the sector with risk management tools adapted to the new economic and production context. Then, the digital revolution (represented by a progressive generalization of digitized agriculture) and the current internal and external challenges require a strong common base that promotes investment in the necessary equipment.

It is also through a strong common base that farmers' incomes can be supported throughout the EU, guaranteeing cohesion between sectors, preserving basic aids in the first pillar that will provide the economic resilience needed to enable the digital revolution.

The CAP must still ensure a reasonable level of subsidiarity allowing the Member States to adapt the training of farmers to the use of digital farming tools or the work of improvement of variety in their particular contexts and, above all of, to adopt the necessary financial support measures to support the conversion of beet growers from less competitive areas to one or other crops.

Protecting farmers' incomes and maintaining a truly common CAP comes back to the current context of the reform which proposes a renationalization of the CAP to preserve the balance of these two pillars, where one representing 70% of the aid is developed at Community level and the other representing 30% of the aid allows the consideration of local specificities in the Member States.