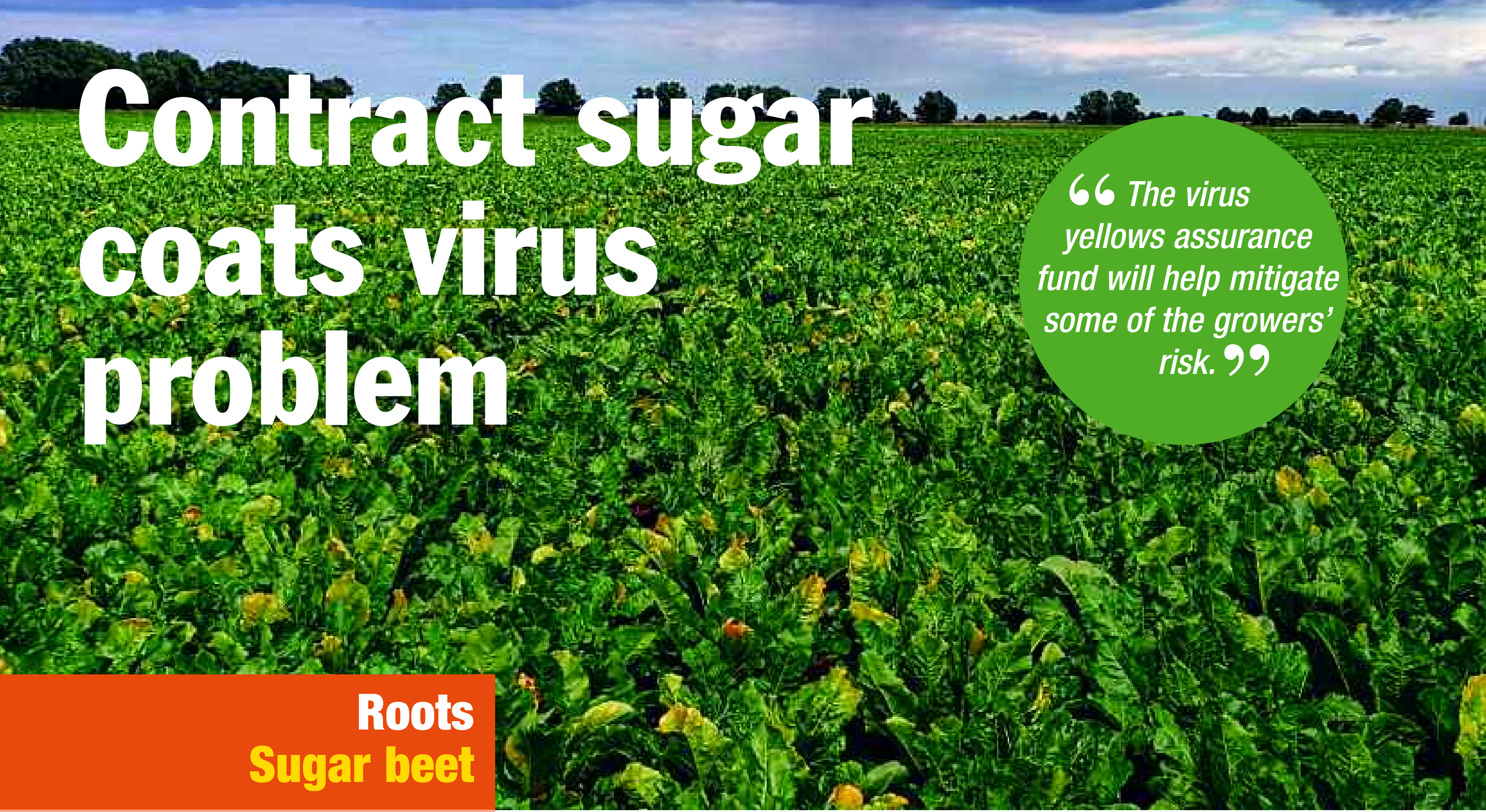
Contract sugar coats virus problem



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Roots
Sugar beet

As France looks set to join the other major sugar-producing countries within the EU that allow a derogation for the use of neonicotinoids, is the UK getting left behind? *CPM* takes a look at the current state of play.

By Lucy de la Pasture

Following the announcement last month that the French government would support the application for a derogation to allow sugar beet growers to use neonicotinoid-treated seed in 2021, pressure is growing on the UK government to level up the playing field so British beet growers aren’t at a disadvantage.

The decision has been greeted by the UK industry with a mixture of incredulity and admiration in equal measures, explains Ian Munnery of seed producers SESVanderHave. “The French government originally pushed for the neonic ban so from that point of view, you could argue there is a question of having your cake and eating it.

“But on the other hand, the French government has to be applauded for recognising the clear threat virus yellows poses to its sugar beet industry, accepting there are no credible solutions available and consequently revising their position in light of these facts. Taking action to protect the national crop, jobs and food security should resonate in all countries impacted by virus yellows.

“Many of the sugar beet producing areas over the Channel have suffered very similar levels of aphid infestation as British growers this season. The Paris Basin is badly affected but so are beet producers in Holland and Northern Germany,” explains Ian.

Mass abandonment

French Agriculture and Food Minister, Julien Denormandie, made the announcement after meeting with representatives of the sugar beet sector in early August. He describes the virus yellow crisis as weakening the entire sugar sector and creating the risk of a mass abandonment of beet in 2021 by farmers in favour of other crops. The 2020 campaign demonstrated that the technical alternatives now available for aphid control have proved ineffective, especially in the climatic conditions early in the season.”

The minister also proposed that the derogation could extend into 2022 and 2023, if it’s deemed necessary. A package of state aid for sugar beet growers is also being considered under the EU’s ‘de minimis’ mechanism. This allows small amounts of aid, less than €200,000 over three consecutive fiscal years to a single undertaking, which is viewed as unlikely to distort competition.

“The beet industry is facing an unprecedented crisis, in a context where there’s no alternative available today to protect sugar beet from aphids and virus yellows. At a time when we have made it a priority to regain our food sovereignty, we need to find a sustainable balance and that is the whole point of the agro-ecological transition,” explains Julien.

“Our plan of action aims to accelerate the search to quickly find truly effective solutions, and meanwhile massively support our farmers in the face of these vagaries. I promised sugar beet growers that I wouldn’t let them down and this plan will allow them to continue their culture next year, while minimising the impact on pollinating insects.”

The move would see France join other major EU sugar-producing countries such as Belgium, Spain and Poland which already have similar derogations in place.

Ian also believes some clarity on the future for new breeding technologies and wider regulatory divergence is urgently needed from UK ministers. He points out ▸

Ian Munnery calls for clarity from the UK government on new breeding technologies, which would speed up the breeding of virus-resistant varieties.

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Under the new virus yellows assurance fund, British Sugar will pay 45% of the value of the shortfall if growers deliver less than 90% of their contracted tonnage.

► that as part of the French package to support growers, the government has announced funding of €5 million to mobilise a strengthened and consistent search effort to speed up the identification of alternative methods to effectively control virus yellows, both with private research institutes and public research institutes, such as INRAE (Institute of National Research for agriculture, food and the environment).

"The combination of a derogation and state support to find a solution to the virus yellows problem could put UK growers at a disadvantage if the French proposals are ratified in October," believes Ian. "If the UK government also values UK production, jobs and food security then it needs to consider how we can level the playing field."

British growers are feeling very much in the same boat as French growers as far as virus is concerned, with concerns about the future viability of the crop if virus yellows can't be controlled. Following the French change in direction on neonics, British Sugar and NFU have written to sugar beet growers to stress they are in conversation with UK Government and constituency MP's to seek assurances that British growers won't be disadvantaged relative to their EU counterparts.

The new contract terms agreed by the NFU with British Sugar at least go some way towards easing the impact from virus yellows on grower returns. One-year and three-year sugar beet contracts have been agreed from 2021, including a new virus yellows assurance fund and an innovative futures-linked contract pilot.

"This negotiation has taken place during some very challenging times for our industry, particularly with the ongoing virus yellows issue growers are facing. NFU Sugar has worked constructively with British Sugar to deliver a credible deal which includes a ground-breaking virus yellows assurance fund which will help mitigate some of the growers' risk," says NFU Sugar board chair Michael Sly.

The virus yellows crop assurance fund introduced from 2021 will compensate growers for a proportion of yield losses suffered where a grower has virus yellows present in their crop. This is a three-year, £12 million fund, underwritten by British Sugar covering all new and existing contracts.

Under the new fund, a grower's losses will start to be compensated if they deliver less than 90% of their contracted tonnage (i.e. the first 10% of lost yield acts as an excess), provided they plant a sufficient area and meet certain conditions. British Sugar will pay 45% of the value of the shortfall (with the compensation payment capped at a 35% yield loss). Growers eligible for compensation will be automatically paid at the end of the campaign.

For the first time growers will have access to a futures-linked variable priced contract, giving them the ability to make their own pricing decisions for a portion of their contract, notes Michael Sly.

The one-year contract for 2021 will pay £20.30 per adjusted tonne, with a market bonus triggered when the adjusted EU reference price exceeds €375/t. The bonus would pay growers 10% of the value above this level. The three-year contract for 2021-23 will pay £21.18 per adjusted tonne, with a market bonus triggered when the adjusted EU reference price exceeds €400/t. The bonus would pay growers 25% of the value above this level.

"Our new contracts offer a competitive support package for each and every grower, which sees a fair price, market-linked bonuses, and flexibility and innovation. Given the difficulties many growers have faced in recent months with aphids, we are particularly pleased to offer our new virus yellows assurance in the contracts, to help support growers through the challenges of the disease," comments British Sugar agriculture director Peter Watson.

The new beet prices are on a no-crown tare deduction basis, meaning growers are paid for the entire root of beet they deliver. Contracts for 2021 onwards will use a new sugar scale, which sees growers paid in direct proportion to the sugar content in their beet. In combination with the removal of crown tare, this means growers will be paid for, on average, 3.4% more adjusted tonnes of beet for the same crop.

In addition, NFU Sugar and British Sugar have agreed to pilot a futures-linked variable priced contract, giving growers the ability to make their own pricing decisions for a portion of their contract.

"We have also been working hard over the past couple of years, to develop a new risk management tool for growers. The innovative futures-based contract, announced as a pilot today, means that growers can — for the first time — price their own sugar beet," comments Michael.

The new futures-linked contract pilot will initially be open to up to 100 growers in its first year, who will have the option to allocate up to 10% of their tonnage onto this contract.

"This deal builds on the work of previous years in providing greater transparency and lays stronger foundations for the future. In what will be a more volatile world, we believe this agreement helps support a sustainable homegrown sugar industry in the UK," he says.

Peter is also confident the future is bright for British produced sugar. "Growers will also continue to see investment in the future of the sugar industry, through science-led advice and guidance from the BBRO, innovation in seed technology, and industry-wide advocacy for plant protection products and future breeding techniques." ■

Yellow leaves are easy to find in most sugar beet fields this year, giving rise to fears about the sustainability of growing the crop without any effective control measures.