



NEWS FROM WABCG

JULY 2021

EDITORIAL

This month, we all virtually moved to Australia, at the kind invitation of our colleagues from Canegrowers who did a perfect job!

More than 80 computers were connected, uniting over 100 participants from 27 countries. And even more as our Mexican colleagues had the good idea to broadcast our exchanges directly to the Mexican cane growers via Facebook!

We had a fantastic virtual bus trip in Australia, and an excellent 'Around the World' session. I want to thank you all most sincerely for making this possible. We



clearly realized that we all have the same issues to deal with, from price volatility to yield volatility, due to climate change that brings too much or too little water, temperatures that are too high or too low, which impacts us even more because it brings new pests to our fields.

Although it doesn't allow the same exchanges as real ones, this virtual conference gave us the opportunity to share our views and learn from each other how to move forward. It is too early yet to know whether a real meeting will be possible next November, but, whatever the case, I am looking forward to our next rendez-vous.

I would like to finish my Edito by reminding you that we are now conducting a survey to know if you consider that WABCG does the job you want it to do. Please, take your time to reply: tell us what we should keep and what we should improve. It is important for us: to give you what you want from this association, which is yours!

**Eduardo Romão, President
WABCG**

NEWS FROM WABCG: TO BE RETAINED FROM 'VIRTUAL AUSTRALIA'

The World Association of Beet and Cane Growers, which counts 36 cane and beet growers' associations from 34 countries, met by video conference on 21st June 2021, and concluded its work with the following final statement.

"Markets of sugarcane and sugar beet outlets, in the first semester of 2021, moved to more optimistic values. These values should not make the sector forget that sugar and ethanol are known to be highly volatile, and that the situation can reverse as quickly as it came.

In this situation, growers consider that after 3 years with low prices impacting the sustainability of their



farms, they can expect **a rise in the value of their production in order to sustain the essential cohesion between growers and factories,** which rely, amongst other things, on a stable supply to factories.

Furthermore, they recall that it is easier to **build risk management tools when markets show signs of better remuneration, in order to benefit from them when they are needed,** and they underline the importance of public support to build these tools, including for example the reasonable use of sugar futures to fix cane and beet prices as well as renewed insurance schemes or mutual funds.

These schemes should include the effect of climate change on farm production, which is becoming increasingly exposed to droughts or floods, but also to new pests causing damage to crops. **Strategic guidance based on technical support and innovation processes, designed by growers' associations, in dialogue with governments, technical institutes and civil society must be prioritized.**

Diversification of outlets from cane and beet processing should also be promoted. The Covid-19 crisis has underlined the importance of our sector in term of prevention (ethanol) as well as food self-security (sugar). Initiatives linked to green chemistry such as bioethanol, bioplastics and biogas should be encouraged and supported by the sector, industry and governments."



NEWS FROM BELIZE

We send warm greetings to all our fellow beet and sugar cane producers of the WABCG on behalf of the 3,365 members of our Association located in the northern region of Belize in Central America.

The COVID 19 pandemic has brought unique financial and operational challenges and opportunities in our cane farming operations and communities requiring significant adaptations and adjustments to prevent undue disruption of our business activities, ensure a continuous flow of services and effective communication while at the same time protecting the health, lives and livelihood of our members, workers and our communities.



Sugar cane is grown and processed in the northern and central regions of Belize. In the central region sugar cane production is undertaken mainly by the miller, Santander Sugar Ltd., which exports all their sugar to the European Union.

In the northern region, the sugar cane crop generally begins in December and ends in July. The 2020/2021 sugar cane crop got off to a late start on December 28, 2020 due to the wet weather and unfavorable conditions of the sugar cane fields and sugar roads. Ninety percent of the sugar cane production estimate of 1,301,011 tons is cultivated, harvested and delivered by 5,008 sugar cane farmers from four Associations to the sole miller, Belize Sugar Industries Ltd. The remaining ten percent is cultivated and harvested by the miller.

As at July 4, 2021 an amount of 1,066,976 tons of cane had been delivered. Total sugar produced to date amounted to 111,489 tons, of which ten percent is consumed locally and the remaining ninety percent is



exported to the European Union, United States of America and the Caribbean Community.

The sugar cane is delivered by the cane farmers and paid by the miller under a commercial agreement signed between the miller and each of the four Associations. Cane farmers receive payment for their cane via three instalments. The current first payment of US\$18.20 per ton is eighty three per cent of the first cane price estimate of US\$21.93. The second cane payment is made five weeks after the close of the grinding season, and the final cane payment is made in November. This final payment is based on the sale of sugar and molasses and includes a small payment for bagasse. Cane farmers are hoping that the final payment for this year will be better than last year's final payment, which was US\$27.62 per ton, inclusive of a payment of US\$0.24 per ton for bagasse. This payment for bagasse is based on the value of the quantity of fiber used by the cogeneration energy plant to generate electricity sales. The current seven year commercial agreement between the Associations and the miller will expire in January 2022. The Associations will be negotiating a new agreement during the latter part of this year.

Apart from the depressed worldwide price of sugar, the increasing cost of local transportation of sugar and molasses combined with the high cost of ocean freight for exports have been contributing to the low cane price. Traditionally, sugar and molasses are transported by barges pulled by tug boats northwards through a river and then south along the sea coast to the port of Belize for transfer to the cargo ships. This process generally takes up to thirty or more days. This year the miller is investing in warehousing and loading facilities at a deep water port in the south of Belize, to which it will transport the sugar and molasses by road, that will increase the loading rate per day, reduce the period of time the ship remains in port and create savings due to less handling and other charges, thus improving the cane price and the competitiveness of the sugar industry in Belize.



Fortunately, the cane farmers have been able to mitigate the persistent low price of the sugar cane as a result of their Associations being certified under Fairtrade International. All sugar manufactured from the sugar cane of the cane farmers of these four Associations is Fairtrade eligible. Presently, a minimum quantity of 40,000 metric tonnes of this sugar is sold under the Fairtrade logo, for which the Associations receive a premium of US\$60 per ton of sugar. This premium is used by the Associations and their members to provide much needed agricultural inputs, replanting and field maintenance services, community projects involving climate change resiliency, women and youth empowerment, training in best management practices, and COVID 19 related expenditures.

Hurricanes and pests continue to pose a threat to sugar cane production. The hurricane season commenced on June 1st and will close on November 30. Currently, farmers are undertaking measures to prevent the spread of the stem borer, which leaves the cane dry without any sucrose or sugar. Industry stakeholders are presently engaged in a five year project with funding from the Green Climate Fund for the replanting of cane fields with climate resilient cane varieties and the use of irrigation and drainage to improve productivity and to promote the harvesting of green cane instead of burnt cane as is the present practice. But most of all, cane farmers are adapting themselves to the new normal brought about by the COVID 19 pandemic in order to sustain and protect their livelihoods from sugar cane.

Oscar Alonzo, CEO,
BSCFA (Belize Sugar Cane Farmers Association), BELIZE



Headquarters office of the BSCFA

NEWS FROM USA

The 2021 crop has been planted with plant dates close to normal for a 5 year average. The entire Red River Valley has been and still is, extremely dry. The American Crystal Sugar Company set a planting tolerance of 76 – 83% of stock acres owned. This equates to a maximum of 415,000 acres ($\approx 168,000$ ha). When final numbers were in, growers planted 82.4% or 412,500 acre ($\approx 166,900$ ha).

The first beets were planted on April 12 and the last went into the ground on May 10. For the most part, plant was continuous, with only a couple weather events. The valley is still experiencing dry conditions. Germination was very slow, with emergence not uniform.

The “Mother Nature” has tested our crop one more time. The crop has had to endure drought, wind, and in the period of a week, from freezing temperatures to 100 degrees F (≈ 37 °C). In May there were 17 days with wind over 30 mile per hour (50 km/h) and 3 days of 40 miles per hour or more (65 km/h). Growing Degree Days are 114 ahead of normal. With all of these challenges, there were only 17,000 acres (6,900 ha) which needed to be replanted.

Parts of all five factory districts are still experiencing drought conditions. Unlike in the past where growing issues would be isolated in one or two districts, all five factory districts are having a wide range of conditions and crop quality. Stand counts are ranging from 40 – 200 plants per 100 feet (1 to 6 plants per meter), with an average of 140 – 160 plants per 100 feet (≈ 5 plants per meter, or 160,000 plants per hectare).

Resistant weeds are still a major concern of growers. Along with the glyphosate, growers are now tank



mixing other chemicals to address these issues. Water Hemp and Common Ragweed are proving a major challenge. The need for pre –plant incorporated chemicals is on the increase.

The first estimates for the 2021 crop have just come out on July 1. The estimate for the Red River Valley is at 26.1 tons per acre (58.6 mt/ha). Keep in mind, these are only the first estimate, much can change between now and October.

As we have all experienced, the world of raising sugar is constantly changing; weather, political, consumers and regulations; and we as farmers need to change with these situations. Keeping in mind we can only manage what we have control over.

David Thompson
Red River Valley Sugarbeet Growers Association, USA



World Association of
Beet and Cane Growers



NEWS FROM TURKEY

The first sugar factory in our country was founded in 1926 and this date has been considered as the beginning of modern agriculture for the Republic of Turkey. Konya Sugar Factory started production in 1954 in order to meet the country's need with domestic production. Konya Şeker, of which PANKOBİRLİK and its 16 beet cooperatives are shareholders, is a joint venture of approximately 900.000 beet producers in our country in terms of its partnership structure. Çumra Sugar Factory, the foundation of which was laid in 2003, was completely financed with equity and completed in 2004, it is among the most modern facilities in the world sugar industry.



Sugar beet agriculture has played a very important role in the socio-economic life of our country. As a result of development of sugar beet agriculture, sugar production has increased significantly. On the other hand, sugar beet is not only an industrial raw material, but also a forage plant with leaves, head and pulp, which are very valuable food in livestock farming. The development of this product has led to an increase in meat and milk production, thus increasing food quality and higher living standards.

Beet is an alternation plant and is planted every four years or three years, depending on regional characteristics. In our country, sugar beet is made in accordance with the principles of the "Sugar Beet Production Agreement" made with the producers every year. The sugar beet and sugar sector are regulated by law and regulation and sugar quotas and beet purchase prices are determined by the presidency every year.

Despite all the risks, our producers continue to breed, even in the COVID-19 crisis. We are experiencing a difficult production period due to seasonal conditions. We should state that the drought experienced this year upset the producers, the production was affected in many regions, the job of the producer became more difficult, and this situation worried the producers. In the 2020/2021 production period, sugar beet cultivation area is expected to be 320,000 ha, beet production 19 million tons and sugar production 2.7 million tons.

The limited use of water and productions concentration in Central Anatolian provinces, where the effects of drought are primarily experienced, increase the risk of reduction in production. Therefore, in the 2020/2021 production pe-

riod, measures should be taken to minimize the possible effects of drought and increase water use efficiency in sugar beet production areas, especially in Central Anatolian Provinces. For the production of beet sugar, the average time from 33 sugar factories in our country was calculated as 99 days.

In the 2020/2021 production period in Turkey, the increase in the demand of exporters of sugar products and the domestic sugar supply for export are predicted to continue, so sugar imports are estimated to be 250,000 tons. Within the framework of the COVID-19 measures, a restriction was imposed on sugar exports in May 2020. Therefore, Turkey's sugar exports in 2020

amounted to 773 tons. In the first 5 months of the 2020/2021 marketing period, 59,218 tons of beet sugar was exported.

With a population of approximately 83 million, Turkey is an important sugar consumer. The sweet and confectionery sectors in Turkey are developing steadily. It is stated that 80% of beet sugar is consumed by industry and 20% by households. Currently, Turkey's total annual sugar and sweetener consumptions is around 3 million tons. This of, 2.7 million tons are beet sugar, and 67,500 tons are starch-based sugar.

Bioethanol production facilities, which are built to utilize molasses, which is a by-product after sugar production, and to transform it into a product with high economic value, is one of the major investments in renewable energy in our country.

The importance of sugar factories affiliated to PANKOBİRLİK (Konya Şeker, Amasya Şeker produce 80 million liter/year and 3.1 million liters/year of ethyl alcohol, respectively) has come to the agenda of the country once again due to the COVID-19 crisis, and **the contribution of the by-products of sugar production to country's economy is understood.**

**Recep Konuk, General President
PANKOBİRLİK, Turkey**





NEWS FROM ROMANIA

Romania is a country member of the European Union, located in South-Eastern Europe. In the spring and summer of 2020 in our country was a severe drought that affected all crops including sugar beet which is grown in regions that do not have irrigation facilities.

The difficult climatic conditions from 2020 determined a decrease of the average beet production / ha by 11.7% compared to 2019, of the average sugar production / ha by 18.9% and of the total sugar production by 16.4%. The average sugar content of beets was only 15.2% (the lowest in the last 30 years in our country).



Due to the financial losses caused by the low price of sugar and these low beet and sugar production in its growing areas for the last 3 years, the owners of the Bod sugar factory decided to closed the factory and in 2021 they will no longer contract and will not process beets. Most growers in this area have not given up beets and have signed contracts with the other two neighbouring sugar factories. Some farmers have stopped growing beets this year so that the area cultivated with beets at the country level has been reduced by 3,000 ha in year 2021 compared to 2020. In 2021, the area cultivated with sugar beet is 20,000 ha.

The average area cultivated with sugar beet /grower in Romania is 44 ha in 2021, but there are large farms with around 300-600 ha of sugar beet annually. Usually, a farmer grows sugar beet in the rotation every four year. Other crops in the rotation are wheat, potatoes, sunflowers, oil raps, corn.

In spring of 2021 the weather conditions were not good because the weather was very rainy, wet and with low temperatures in the night. In this condition, it was extremely difficult to sown sugar beet. All sugar beet was sown in April.

In May and June, we had a lot of rains, but now the sugar beet fields look like well and we hope to get a good production of sugar beet and sugar this year.

The main soil pests of beets in the first phases of vegetation in Romania are: *Bothynoderes punctiventis*, *Tanymecus dilaticollis*, *Agriotes* sp.

These pests can destroy each year over 30-40% of young beet seedlings in the field, if we do not use treated seeds with neonicotinoids.

Following intense action and discussions with our Ministry of Agriculture this year, we have received a temporary exemption for the use of neonicotinoid-treated beets seed and in the spring of this year we have no damage caused by these soil pests. The damage caused by diseases and pests is so far limited.

We expect that the coming campaign will last from the middle of September to beginning of January.

The present low sugar and beets prices have put the sugar beet in our country under a big pressure. **The beet is in strong competition with alternative crops like wheat, oil raps, corn and sunflower whose prices have risen recently. If the sugar price does not increase during next period and the factories will not be more flexible at the negotiations for the new contracts, many farmers will reduce beet cultivated areas and move towards other more profitable crops.** This reduction of surfaces cultivated with beet would compromise the future of the sugar industry in our country that has 190 years of tradition in this field.

Ioan Gherman, President
Romanian Sugar Beet Growers Federation, Romania





NEWS FROM BRAZIL

They taught me, still in school that learning about historical facts is important to study the past, understand the present and try to predict some future scenarios.

Well, I was recently talking to a sugar cane producer in the state of São Paulo about the challenges of the current crop and the deterioration of relations between growers and mills in an environment of low confidence.

In this conversation he told me about the topic that is the title of this article: **required cane**. He told me, in brief words, that at the time of the first sugar mills, when the first sugar cane producers also appeared, the land acquired by these producers in the regions of the mill should supply the cane exclusively there, being called *required cane*.

I found the term interesting and decided to look up more about it. I found several materials and, in one of them, the term appeared in a very clear and detailed way. Its title talks about the “subordination of cane farmers to mill owners”. The article analyzes the mechanism of power used by mill owners to subordinate sugar cane producers and maintain their supremacy in production.

The *required cane* was, as mentioned above, the cane produced by producers on land in the region of the mill and, of the total sugar produced, the mill would have at least 50% for processing payment.

The article also brings other interesting points, such as a historical text in which a writer alerts to the importance of building a good and true rela-

tionship with producers, based on trust and prosperity, as these were fundamental to the success of the sugar mills and their owners.

Well, now that we've studied the past, let's understand the present.

We are at the beginning of the green economy, low-carbon and with an ESG (Environment, social and governance) agenda, and in these matters, the sugar cane chain is extremely efficient. To give you an idea, for every 80 tons of sugarcane

produced per hectare, 60 tons of CO₂ are removed from the air. Decarbonization actually takes place in the field and it is gigantic.

In line with this path and the health benefits that this low-carbon economy can bring, the Federal Government approved the *RenovaBio* law, a program that seeks to recognize the environmental benefits of the ethanol chain (in fact, all biofuels) compared to fossil fuels, since this has lower pollutant emis-

sions, because, as mentioned above, the agricultural area takes CO₂ from the air and fixes it in the biomass, thus generating a positive carbon balance in related to gasoline and diesel, for example.

Linked to this law and its very well-established marketing rules, the time has come to remunerate the producer for this green credit.

As incredible as it may seem, ethanol-producing plants offered 50% of the credit value, because, according to them, sugar cane is not part of this gain, since only ethanol generates green credit. And as the mills already buy the sugar cane from the producer and already own it, they insert this volume into the *RenovaBio* program in an obligatory way, without even needing the producer's





approval. 50% for the *required cane!* More than 500 years later!

Despite the technical studies presented by the producers, the mills declined collective bargaining and are seeking individual producers, having a disproportionate imbalance of forces, subordinating sugarcane producers by virtue of a contract, offering a 50% bonus of this credit. In other words, the producer will be presented with half of what is his.

I spoke about ESG quickly, but I come back to it to point out that the “S”, for social, is also directly related to the sugar cane producer and the relationships that the chain has with him, mills, industries, distributors or even final customers.

And the letter of “E”, for the environment, is linked to the BIO of the biofuel that is ethanol. It is in this BIO that decarbonization takes place. And the “G”, for governance, refers to how these relationships are truly managed, for example, verifying on the spot, for the shareholders, if the way in which top management claims to relate to the producers actually happens. How to talk about ESG and leave these points aside?

Past and present explained, what can we expect in the future if the sugar-energy chain follows this same path of decades?

1. Migration of sugar cane producers to lease and consequent concentration of production in the mills, leading to lower efficiency of these and impact on the economy of the society in which it operates, as the producer moves small businesses in the region, which will no longer happen in this scenario;
2. Migration to other cultures. Soybeans have advanced over sugar cane areas, as the results of this crop react more to the market, with protection mechanisms and offering five to ten times more profitability. In the sugar-energy sector in SP 40% of sugarcane

comes from producers. How will energy production in the state (ethanol and electricity from biomass) be if this migration occurs?

3. Loss of efficiency in the production chain, as the concentration in the mills will bring higher costs, increase in fixed costs and in asset remuneration, greater production risk, since the agricultural business is not scalable like the industrial one, as it depends on increment of more areas and with it displacements and logistical and operational complexity.

In my view, there is a solution to this crisis of confidence that, unfortunately, is not only in RenovaBio, but also in Consecana and in individual local negotiations.

We need to expand the value of this production chain by working in a collaborative economy, bringing better gains and sharing fairly until reaching the producers, thus resuming the attractiveness and profitability of the culture.

But the main thing is to retake the producer's pride and make him feel part of the sugar-energy business, which is a national pride. In addition, society no longer accepts those who practice in the present a past that does not match the desired future.

**The cane is not *required*, for the cane we say:
Thank you!**

Denis Arroyo Alves, Executive Director
Orplana (Organização das Associações dos Produtores de Cana do Brasil), Brazil