[EU must maintain duties on sugar]

When beet sugar production quotas end in October this year the European sugar industry will find itself in a completely new situation. Whether this new challenge will turn into a success story with the sugar industry profiting from unlimited sugar production for export and food use is largely dependent on how the EU supports Europe's beet sugar processors and sugar beet farmers.

Just ahead of the abolition of quotas in sugar beet production on 1 October 2017, the European Economic and Social Committee (EESC) has adopted an own-initiative opinion on **[Industrial change in the EU beet sugar industry]**.

The opportunity of unlimited sugar exports

The end of beet sugar production quotas will provide the EU's sugar industry with the possibility of unlimited sugar exports. *"This is an enormous chance for Europe's sugar producers, but in order to fully profit from this liberalisation, they need the European Commission's full support"*, says **José Manuel Roche Ramo**, rapporteur for the EESC opinion.

"Therefore it is necessary for the Commission to be more active in supporting Europe's sugar industry", says Mr Roche Ramo. "When negotiating free trade agreements (FTAs), the Commission needs to focus on opening the sugar markets of net sugar importers and eliminating duties on exports of EU high sugar-containing products. At the same time it should back strong rules of origin for such products to ensure that EU sugar producers benefit from increased exports".

Sugar beets – a job creator with a positive impact on the environment and the soil

"The EU beet sugar industry contributes decisively to job creation and economic activity, particularly in rural areas where jobs are rare. We therefore propose to include market tools in the Common Agriculture Policy (CAP) that support continued sugar production in the EU Member States", says co-rapporteur **Estelle Brentnall**. Coupled support may be necessary to reduce the risk of a decline or abandoning of beet sugar production, while direct support for farmers should be supplemented by better access to risk management. Aid for private storage must be better defined and alternative outlets for sugar beet should be promoted.

Furthermore, beet sugar production is environmentally sustainable: sugar beet is always grown in rotation with other field crops. Crop rotation helps conserve soil fertility and reduce levels of soil-borne pathogens and pests and thus reduces the requirement for plant-protection products. Sugar beet growers are usually located in close proximity to the factories that process it in order to reduce transport costs, which is also beneficial for the CO_2 balance.

EESC calls for caution regarding trade liberalisation in FTAs

Already, EU market availability for cane sugar for refining from the EU's FTA partners – namely Central America, Colombia, Peru, Ecuador and South Africa – stands at 420 000 tonnes. Raw and white sugar from the African, Caribbean and Pacific countries and from the least-developed countries may be imported duty-free and quota-free. Moreover, the annual availability of raw sugar for refining under the reduced-duty CXL quota totals over 700 000 tonnes, set to rise to 800 000 tonnes in 2017/18.

In the EESC's view the EU would be well advised to be more cautious regarding trade liberalisation in negotiations for new free trade agreements (FTAs). *"The Commission must treat sugar as sensitive in its free trade negotiations by maintaining the EU's duties on sugar."*

The EESC particularly calls on the Commission to challenge the arbitrary imposition of trade-defence instruments by third-country importers and to be more assertive in the fight against the trade-distorting support policies of the world's major sugar producers.

Background

With an annual output totalling around 17.2 million tonnes, the EU is the world's leading producer of beet sugar. Sugar-producing companies purchase around 107 million tonnes of sugar beets every year from some 137 000 European growers. Beet sugar factories are usually located in rural areas with low levels of industrial activity. The EU sugar industry provides 28 000 direct jobs and 150 000 indirect jobs and is therefore an important pillar of regional employment.

Over the last decade, Europe's sugar industry has experienced a painful phase of consolidation. Nearly half of its sugar factories have closed, leading to the loss of 4.5 million tonnes of production capacity, over 24 000 jobs and 165 000 farm suppliers.

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VIDEO: How has the EESC made a difference

Vice-President Šefčovič at the 67th International Motor Show 2017 (IAA)

Speech by Vice-President Maroš **Šefčovič**, in charge for Energy Union, at the CLEPA (European Association of Automative Suppliers) stand, at the 67th International Motor Show in Frankfurt am Main

Ladies and Gentlemen,

It is a pleasure to be with you for the opening of this year's International Motor Show – the largest and perhaps most important event of its kind in the world.

It is incredible to realise that it has been 120 years since the first IAA. Such an anniversary is an opportunity to reflect back on the impact of the automobile industry: back to the time when horses and carriages were replaced by "automated mobile machines". The constant progress in the automobile world shaped the course of the 20th century.

- It emancipated job seekers and brought them (literally) closer to the labour market;
- It changed the nature of our commerce and trade, the structure of our cities and suburbs.
- It restructured global trade and geopolitics with the rising demand of oil.
- It created an industry of an unimaginable size, where Europe is a huge player.
- But it also brought about devastating side effects, like car accidents, air pollution and climate change.

This 67th International Motor Show is therefore also an opportunity to think about the future; about the next century and the role that automobiles will continue to play in our lives, in our economies, in our environment, within our climate.

As President Juncker pointed out in the State of the Union yesterday, it is essential to invest in the cars of the future to keep Europe at the forefront of innovation and digitisation. To this end, President Juncker announced a new industrial policy strategy.

So, we have great reasons for being optimistic about this future. As we all know, the word 'automobile' is being redefined. What used to be automatic will be autonomous. The original word meant a 'self-propelled motor' but for our children, it will be about self-driving.

This is clearly the spirit here, with the moto of this year's conference being "Future now". It is enough to look around this conference to see that the future is being invented, presented, and implemented right here, right now.

I am convinced that the European car industry can pave the way of the global transition to clean and connected mobility. I am convinced that Europe can become THE continent of smart and clean car infrastructure. We are better equipped to make that giant leap than any other part of the world.

Just in the past few days and weeks we've been hearing from companies like Daimler, VW, Volvo, or BMW about their ambitious stepping up their shift to electric cars. We have also been hearing from more and more national governments who set themselves ambitious targets on the share of clean cars on their roads or cities announcing a future restriction on diesel cars altogether.

This is very reassuring to the citizen that has come to realise also that things need to change. It shows that Europe is on the right track. But we need to accelerate this process or we will be overtaken by others.

To put it in a wider context, the European Commission set the objective of reaching a socially fair transition towards clean, competitive and connected mobility for all. So this is our finish line. Now the question is how do we get there – and how do we get there first so we enjoy the first mover's advantage.

A lot is at stake. The automotive sector employs no less than 12.6 million Europeans, who make up almost 6% of our workforce or 11% of EU manufacturing employment. We are also talking about over 11 million Europeans who work in the transportation, accounting almost 5 per cent of EU GDP.

The framework we put in place includes all sorts of measures, including legislation, funding, and steering platforms. Many of those were explained in detail in the legislative packaged we presented before summer, titled: "Europe on the move".

We are in the midst of preparing a second mobility package for later this year which will include new carbon dioxide standards for cars and vans, modernisation of public procurement rules for green vehicles. It will also assess alternative fuels infrastructure amongst other. Finally, next year we will conclude with a third package, this time covering CO2 emissions standards for heavy-duty vehicles, and addressing safety features of road infrastructure.

Let me focus for a moment on our proposal on CO2 emission standards for cars and vans. Rolling out low and zero-emissions vehicles in Europe is critical if we are to stay competitive on the global market – and at the same time reach our climate targets. We are currently considering different possibilities on how to reach this goal in the most cost-effective and technologically neutral way. And of course the devil is in the detail.

I have mentioned funding, and indeed we are blending grants and financial instruments in order to support the infrastructure for alternative fuels, connected and automated driving, as well as research and innovation of batteries. These financial sources include the Connecting Europe Facility, Trans-European Transport Networks, Horizon 2020 etc.

But this transition is not only about being the best in the world but also about being the most fair and inclusive. That is why we are also looking into how to smoothen the transition through our Skills Agenda, as well as promoting initiatives and cooperation between European Cities.

Ladies and Gentlemen,

I have mentioned some of the major milestones of the past and some of the ambitious objectives for the future. But I will not conclude without addressing also the big elephant in the room: the emission scandal.

Consumer and public trust have been badly hurt. We must still act collectively to restore this trust. It is now up to concrete and decisive measures by authorities at all levels, and most importantly: by the automobile industry itself.

We, at the Commission, reacted swiftly to the weaknesses which were identified in the Type Approval framework and emission testing. We are reviewing applicable legislation and implementing a broader European strategy for Low Emission Mobility.

Member States like Germany, France and The Netherlands are investigating irregularities on their territories. We are tightening our cooperation in coordination of the next steps.

I am not sure I can say that the industry itself has done as much to regain consumer trust. That is not for me to judge. European citizens have the right to receive clear answers, not only from the relevant regulatory authorities but also from their car-manufacturers. Beyond answers: they should receive acceptable solutions. In the US they received compensation, in Europe they received an apology. We cannot put this story behind us without a proper and fair closure. I am confident we can reach one. We are monitoring this closely to ensure all mistakes are fixed, starting with the software updates. As the Commission President said yesterday, car industry must come clean and make it right. They should invent the world-class clean cars of the future. That would be the most convincing response.

Let us be and stay proud of our car industry in every single aspect.

Ladies and Gentlemen,

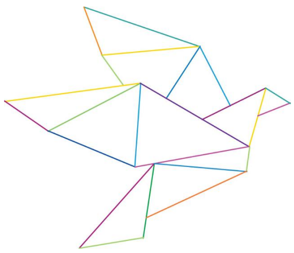
Now I am myself impatient to visit the stands and discover the latest inventions in this New Mobility World.

Let me therefore conclude by thanking you for bringing your latest technologies and innovation to present them here in Frankfurt. This international event is a fascinating display window to Europe’s extraordinary automobile industry.

There is no way of visiting this place without feeling a sense of pride of Europe’s innovation and industrial force. This is thanks to all of you, present here!

Thank you.

State of the Union 2017 – Trade Package: European Commission proposes framework for screening of foreign direct investments



On 13 September, in his annual State of the Union address, President Jean-Claude **Juncker** stated: *“Let me say once and for all: we are not naïve free traders. Europe must always defend its strategic interests. This is why today we are proposing a new EU framework for investment screening. If a foreign, state-owned, company wants to purchase a European harbour, part of our energy infrastructure or a defence technology firm, this should only happen in transparency, with scrutiny and debate. It is a political responsibility to know what is going on in our own backyard so that we can protect our collective security if needed.”*

The European Commission unveiled proposals today to set up a European framework for screening foreign direct investment into the European Union. In parallel, the Commission will start a detailed analysis of the foreign direct investment flows into the EU and set up a coordination group with Member States to help identify joint strategic concerns and solutions in the area of foreign direct investment.

Vice-President Jyrki **Katainen** said: “*The EU is and will remain one of the most open investment regimes in the world. Foreign direct investment is an important source of growth, jobs and innovation. However, we cannot turn a blind eye to the fact that in certain cases foreign take-overs can be detrimental to our interests.*“

The EU’s Trade Commissioner Cecilia **Malmström** said:”*The aim of what we are proposing is to keep the EU open to foreign investment, with a non-discriminatory, transparent and predictable framework. A European framework for screening foreign direct investments will allow us to respond collectively and defend our European strategic interests when they are at risk.”*

The EU has one of the most open investment regimes in the world. Openness to foreign investment is enshrined in EU Treaties. However, in some cases foreign investors might seek to acquire strategic assets that allow them to control or influence European firms whose activities are critical for our security and public order. This includes activities related to the operation or provision of critical technologies, infrastructure, inputs or sensitive information. Acquisitions by foreign state-owned or controlled companies in these strategic areas may allow third countries to use these assets not only to the detriment of the EU's technological edge, but also to put our security or public order at risk.

The Commission proposes a new legal framework to enable Europe to preserve its essential interests. This includes:

- A **European framework** for screening of foreign direct investments by Member States on grounds of security or public order, including transparency obligations, the rule of equal treatment among foreign investment of different origin, and the obligation to ensure adequate redress possibilities with regard to decisions adopted under these review mechanisms.
- A **cooperation mechanism** between Member States and the Commission. The mechanism can be activated when a specific foreign investment in one or several Member States may affect the security or public order of another.
- **European Commission screening** on grounds of security or public order for cases in which foreign direct investment in Member States may affect **projects or programmes of Union interest.** This includes projects and programmes in the areas of research (Horizon 2020), space (Galileo), transport (Trans-European Networks for Transport, TEN-T), energy (TEN-E) and telecommunications.

The new EU-level investment screening framework will ensure transparency and predictability for investors and national governments. It will build on the national **review mechanisms already in place in 12 Member States**[1] and will not affect EU countries' ability to adopt any new review mechanisms or to remain without such national mechanisms. When it comes to decisions on foreign direct investments, the European framework will maintain the necessary national flexibility. Member States keep the last word in any investment screening.

The proposed Regulation on screening of foreign direct investments into the EU needs the approval of the European Parliament and EU Member States in the Council (ordinary legislative procedure). In order not to lose any time, the European Commission therefore proposes in parallel to immediately proceed with **two additional measures**.

First, the Commission will set up a **coordination group on inward foreign direct investment** that will cover all issues under the scope of the proposed screening Regulation, but will also be a forum for wider discussions. Its broad remit will include identifying sectors and assets that have strategic implications from a security, public order and/or control of critical assets point of view at national level, cross-border level or at European level. The group will be chaired by the Commission and composed of representatives of all Member States.

The group will exchange information and best practices, and analysis on foreign direct investments. It will discuss issues of common concern, such as subsidies and other practices by third countries facilitating strategic acquisitions.

Second, by the end of 2018, the Commission will carry out an in-depth **analysis of foreign direct investment flows** into the EU, focusing on strategic sectors (such as energy, space, transport) and assets (key technologies, critical infrastructure, sensitive data) whose control may raise concerns for security, or public order reasons. This is particularly the case when the investor is owned or controlled by a third country or benefits from significant state subsidies. In cooperation with Member States, the Commission will collect detailed data, analyse trends, and assess the impact of investments, including through case studies.

Background

The EU has one of the world's most open investment regimes, and collectively EU Member States have the fewest restrictions in the world on foreign direct investment (FDI). The OECD expressly acknowledged this in its FDI Regulatory Restrictiveness Index which measures statutory barriers against foreign investment in over 60 countries.

The Commission's reflection paper of 10 May 2017 on Harnessing Globalisation recognised increasing concerns about foreign investors' strategic acquisitions of European companies with key technologies. These concerns called into question the capacity of the current regulatory framework to address them.

In June 2017, the European Council welcomed the Commission's initiative to harness globalisation and specifically to analyse investments from third countries in strategic sectors.

For its part, the European Parliament called on the Commission, together with Member States, "to screen third country foreign direct investments in the EU in strategic industries, infrastructure and key future technologies, or other assets that are important in the interests of security and protection of access to them".

For More Information

Factsheet presenting the Commission proposal

Proposed regulation

Communication on Welcoming Foreign Direct Investment While protecting Essential Interests

Staff Working Document

Commission Reflection Paper on Harnessing Globalisation

European Council conclusions on harnessing globalisation and analysing investments from third countries in strategic sectors

[1] Austria, Denmark, Germany, Finland, France, Latvia, Lithuania, Italy, Poland, Portugal, Spain, and the United Kingdom.

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