Beating the drum for beet, Iva Pocock

Bad news comes with no sugar coating: protesters outside the Carlow sugar factory in January, during an IFA protest over the announcement by Irish Sugar Ltd to close the factory.
Photograph: David Sleator

EU proposals for reform of the sugar industry to be published tomorrow could wipe out beet farming here, reports **Iva Pocock**

The smell of sheep and sweat permeates the small room at the back of the Castle Inn in Athy, Co Kildare, where local farmers are gathered to hear the latest on a possible deal between Irish Sugar and the IFA over transport subsidies for bringing sugar beet down to Mallow, now that the Carlow factory is closed.

As the meeting progresses, the temperature and noise levels rise. There isn't an inch to spare in the crowded room, the sound of rock'n'roll from the nearby lounge blasts through the swinging doors each time someone heads for the toilets and, with tempers flaring, voices reach breaking point.

"We'll get less money this year for our beet than last. And that's the truth," shouts one irate farmer, castigating the IFA official over and over for "selling out". When the official explains that under the new system farmers will be paid per tonne of sugar rather than raw beet, there's a ripple of "f**cked" among the men standing cheek by jowl just inside the doors.

And when the chairman of the meeting, Tom Malone, a sugar beet farmer in north Co Kildare, calls "play to the end, if you'll pardon the phrase", one man stands up to leave, saying loudly that it's an appropriate description. "It's all a game. That's all it is."

Afterwards the mood is low. "It's one of the most depressing meetings I've been at in 10 years," says one farmer. "We are negotiating in a market that is collapsing before our eyes."

The Republic's 3,700 sugar beet farmers, like sugar cane producers thousands of miles away in Mozambique, are facing radical change. The EU's sugar regime, which for decades made sugar beet one of the most lucrative tillage crops to grow in Europe, and sugar processing in Europe massively profitable, is finally being reformed as part of the overall reform of the Common Agricultural Policy.

The quotas and guaranteed prices, which pay farmers up to three times the "un-subsidised" world price (€632 per tonne of white sugar as opposed to €157 for the world price, according to the Oxfam International briefing paper, Dumping on the World), are to be reduced; import restrictions on non-EU producers (in the form of tariffs equivalent to around 324 per cent) are to be lifted; and export subsidies worth millions, which lead to dumping of excess sugar on the world market, are to be phased out.

In response to reform proposals published last year by the European Commission, Irish Sugar Ltd - the monopoly buyer of Irish sugar beet farmers' food product (a small amount of leaf food product is sold for cattle fodder) - decided to rationalise by closing its Carlow factory "to ensure the survival of the business".

The fallout was a big blow for 200 factory workers who lost their jobs and for farmers in the locality, who must now transport their crop down to the Mallow factory. Negotiations over the extra cost of hauling beet to Cork led to fraught meetings like that described above.

Michael Dempsey, whose family have been growing beet beside Castledermot, Co Kildare, near Carlow since the 1920s, says there was "anger, frustration and a sense of let-down" at the closure of the factory. "We think [Irish Sugar] are throwing in the towel before the fight has really started," says Dempsey. "There is reform planned but it hasn't come in yet."

However last month an EU source indicated that updated Commission proposals to be published tomorrow would recommend a larger cut in guaranteed sugar prices over a shorter period than was mooted last summer, prompting stockbrokers to predict Irish Sugar Ltd's profits could be hit harder than previously anticipated. And last week a leaked document suggested that Ireland would be one of four EU countries which may see its sugar industry wiped out under these proposals.

The news comes hot on the heels of a ruling by the World Trade Organisation (WTO) appeals body, which found in favour of the world's three largest low-cost sugar producers - Brazil, Thailand and Australia - who had taken a case against the EU over its export subsidisation.

The WTO, which oversees internationally-agreed trade rules, declared that the export of excess European sugar was illegal. The EU argued that this sugar wasn't subsidised, but the WTO said it was cross-subsidised by the high guaranteed prices paid for sugar for sale within member states and the EU as a whole.

The world body also ruled that the practice of giving European sugar processors export subsidies for sugar equivalent to that originally imported from India and African, Caribbean and Pacific countries, was illegal.

"This means that the current EU proposals aren't severe enough to meet the WTO ruling," says Elaine Farrell, secretary of the IFA sugar beet section. The fallout in terms of prices paid to sugar farmers will devastate the industry here, she says.

Irish Sugar Ltd, which traditionally sells on the home market, is now also being pressurised by large European companies, who are aggressively targeting peripheral countries such as Ireland where they recognise producers will find it hard to survive the new regime.

In essence the reforms will be most easily weathered by those European producers with the greatest economies of scale - the big farmers in East Anglia and the Paris basin and sugar companies such as British Sugar, says Dempsey.

Standing by a field of freshly-sprouted sugar beet on his 160-acre Co Kildare farm, Dempsey tries to make sense of the international political and economic forces that influence his earnings. Already modernisation has utterly changed the way he farms - 20 years ago contract workers were hired in for "singling" out few-week-old seedlings; now technology ensures that beet seeds, encased in a powdery-pink layer of fungicides and insecticides, grow all the way to harvest, hopefully with only two weed-killer spraying sessions: a third bites into profits.

"It was the best tillage crop available to farmers. It would make more money than barley or wheat and it fits well into the crop rotation," says Dempsey, who with 17 acres of sugar beet each year is typical of Irish sugar beet farmers.

Untypically, he has visited a sugar cane plantation in Brazil, the country whose massive, low-cost sugar supplies strike fear into sugar farmers from Ireland to Africa. "I always wanted to see South America and having been involved in the sugar beet I said I'd visit a plantation," he explains. Both he and his wife were flabbergasted by the enormity of Brazilian sugar barons.

"We visited a plantation about 200km north of Sao Paolo. It was a private company and they owned 19 sugar mills each equivalent in size to the Carlow factory," says Dempsey. "I asked the question, 'If I arrived over here with my €20,000 could I invest?', and they said not unless they wanted you in - it's owned by a private family." Most of the workers there are collected in a lorry in the morning and brought off around the plantation. "They work all day and live in houses provided by the family. You don't go on strike. If you don't like the house or the work, tough," he says.

The social reality behind Brazil's low-cost sugar leaves Dempsey and many Irish farmers suspicious of the campaign by anti-poverty organisations such as Oxfam and Trócaire, who are calling for a cut in European sugar production, an end to export subsidies and an increase in developing countries' access to the EU market (it currently accounts for about five per cent). The organisations say the EU's sugar regime, financed by European consumers and taxpayers, hampers global efforts to reduce poverty.

Dick Fitzgerald, a large-scale sugar beet farmer in east Cork, who was the Irish representative to the World Association of Beet and Cane Growers for eight years, says he too has seen countries where "you have very wealthy people who own mills and who live in London most of the year".

Former agricultural journalist (now MEP) Mairéad McGuinness says there are issues about who controls the land and the means of production, which have to be taken into account in trying to make global sugar production fairer. "When the Brazilians come lobbying in Europe you can be very sure the peasant farmers are not involved."

In debate over the EU sugar regime's effect on developing countries' efforts to trade their way out of poverty, "the simplistic suggestion that if you remove subsidies you make others better off is just that - simplistic," says McGuinness.

Michael O'Brien, trade policy adviser with Trócaire, says development organisations do not want the complete dismantling of sugar subsidies, as sugar producers in the world's least developed countries (LDCs) currently gain from the high guaranteed prices they receive for the small amount of sugar cane they can sell into Europe. Like Irish farmers, Trócaire and LDCs are calling for the proposed cut in the sugar price to be smaller than European Commission sources indicate.

"We'd also support the maintenance of quotas for LDCs and the improvement of market access. It's a question of having a market that provides room for some domestic production and for LDCs," he says. O'Brien welcomes the WTO ruling on the illegality of EU export subsidies, which, according to Oxfam International, amount to €3.30 paid to European producers and processors for every €1 worth they export.

In a statement following the WTO ruling the EU Commission said it would implement the changes demanded. However Mariann Fischer Boel, Agriculture Commissioner, is being lobbied hard by disparate bodies in Europe and Africa not to move towards the deep market liberalisation demanded by the WTO. If the current proposals go ahead there will be "a concentration of sugar production among the large-scale producers in Europe and countries such as Brazil," says Michael O'Brien of Trócaire.

McGuinness agrees: "Free trade benefits those who are big and who can plunder. There's a treadmill effect of: the better you produce, the more you produce, the more you have to produce just to stand still. Free trade benefits those in control, not the small producers."

In world trade regulations the WTO is in control and Europe is now being whipped into line but farmers' organisations EU-wide aren't happy, and it now seems certain that the EU Council of Agriculture Ministers will block the proposals Fischer Boel announces tomorrow.

The IFA has the Minister for Agriculture Mary Coughlan's assurance that the Government will oppose any cuts in subsidy and quota which would make sugar production in Ireland unviable.

"We will accept some cuts but only enough so that we have an industry going forward," says Farrell of the IFA.

To the suggestion that in a globalised sugar market, Irish sugar beet's day has come, farmer Michael Dempsey says: "An industry has evolved here over the last 150 years. You can't just throw it on the scrap heap and say 'good luck', because there are more than farmers involved. You can't just abandon it."