A date for your diary.

[redacted]

From: [redacted]
Sent: 14 August 2013 14:27
To: B NEWTON
Subject: RE: CAP Reform

Barry

The Nobel House entrance in Smith Square (the one you normally go to.)

[redacted]

From: B NEWTON [redacted]
Sent: 14 August 2013 13:23
To: [redacted]
Subject: Re: CAP Reform

[redacted]

Thats fine . Do I come to Nobel house or to Smith Square ?

Barry

From: [redacted]
To: B NEWTON [redacted]
Sent: Wednesday, 14 August 2013, 10:29
Subject: RE: CAP Reform

Barry

Let's say 11am on Thursday 5th. Are you content to meet in our Nobel House office again?

[redacted]

From: B NEWTON [redacted]
Sent: 13 August 2013 20:35
To: [redacted]
Subject: Re: CAP Reform

[redacted]

Thanks for your note and attachments . I would be happy to meet in w/b 2nd. Perhaps any time on 3/4/5th ?

Regards

Barry

From: [redacted]
To: B NEWTON [redacted]
Sent: Tuesday, 13 August 2013, 17:19
Subject: RE: CAP Reform

Barry

Apologies, clearing out e-mails before departing on leave I see that I did not acknowledge this at the time.

The David Heath quote has unfortunately been compressed; the 35% figure should relate to the effect of the EU regime as a whole i.e. the combined effect of sugar beet quotas and import restrictions. The basis for the figure is given in the attached paper prepared by our economics team last Autumn. Although we have suffered hiccups in terms of press experts desire for simplicity, I believe Ministers are aware of the distinction between industrial users input prices and costs to the consumers and are usually careful to differentiate between the two. I had hoped, if not expected, the Commission's long promised report on price transmission in the sugar sector to illuminate our understanding in this area. However, having now read it (attached in case you haven't seen) I am not much the wiser.

We are looking now at what additional analytical work might be possible to help inform policy ahead of the abolition on quotas in 2017. It would be helpful in that context to discuss how you see the market developing over the next few years. Would you be free to meet up when I return from leave, say some point in the week beginning 2nd September?

[redacted]

From: B NEWTON [redacted]
Sent: 11 July 2013 10:47
To: [redacted]
Subject: CAP Reform

Dear [redacted]

I have just read the following report of Minister Heath's visit to Coca Cola where he received the plaudits of local management for HMG's recent efforts on Sugar Reform .

UK minister visits Coca-Cola to see impact of EU sugar reform Published: 07/10/2013, 4:29:54 PM In the wake of last month's EU decision to scrap sugar quotas, food and farming minister David Heath visited the Coca-Cola Enterprises factory in Edmonton, North London, to see for himself what difference it will make, according to FoodBev. David Heath met a delegation from the UK Industrial Sugar Users Group, representing food and drink manufacturers, to discuss how more competition in the sugar market will cut costs and promote efficiencies in the food and drink supply chain. Gavin Partington, director general of the British Soft Drinks Association, speaking on behalf of UKISUG, said: "For too long, the competitiveness of the industries that use sugar as an ingredient has been hampered by the EU quota system. We *congratulate the government on winning the argument in Europe for this long-overdue reform. A more competitive food and drink industry will secure manufacturing jobs in the UK and benefit consumers." Steve Adams, group director, supply chain operations, Great Britain at Coca-Cola Enterprises, said: "At CCE, it is our aim to set an industry standard in efficient and responsible manufacturing. Both the EU's recent decision regarding sugar quotas and the new Soft Drinks Roadmap will greatly contribute to our efforts and we were delighted to welcome David Heath to our Edmonton facility to see sustainable manufacturing in practice." Food and farming minister David Heath said: "EU sugar quotas, which are driving up the wholesale price of sugar by as much as 35%, are a prime example of the kind of barriers to growth that government is working hard to remove. I came here not only to see a leading company committed to improving both efficiency and sustainability, but also to find out what more government can do to help Britain's food and drink industry grow economically and compete in the global race." -*

Yet again we have the erroneous and unhelpful comment that quotas caused a 35% price increase .

a) This completely ignores the fact that the 2005 Reform linking of the EU market and World market produced an inevitable price consequence when conditions in the World scene experienced one of their frequent periods of volatility. Coca Cola et al had lobbied hard for this connection in the expectation of continued low World prices and an opportunity to enhance their margins . As the Commission's latest paper to Council and Parliament states they had assumed a World Price of US$200 pts However even with the high World market prices the management tools which existed to provide more supply to the EU market and soften the price effect were misused by the Commission and this exaggerated a natural short term cost problem

b) It is worrying that Ministers are apparently not aware of the important distinction between industrial sugar users input costs and end consumer product prices . I attach the consumer price comparison during the period 2005 to 2012 made by the Federal Govt in Germany which belies the implication that lower costs to sugar users will lead to end consumer benefits. I suspect that the situation is similar across the EU inc the UK .Has HMG undertaken a similar comparative study to inform the debate on this issue?

Kind Regards

Barry