



To the Minister of Trade of Estonia

Brussels, 15 July 2024

Dear Minister,

Re: Revision of the Late Payments Directive

The EU beet sugar industry operates under unique conditions that distinguish it from other agricultural sectors. Sugar production is heavily dependent on seasonal cycles, with sugar beet harvests occurring once a year. This needs a well-coordinated financial and operational structure to manage the long intervals between planting and harvesting. Additionally, sugar beet processing into sugar involves lengthy production cycles, requiring significant upfront investment and operational costs, making timely payments critical. As such, disruptions in cash flow can have severe repercussions for sugar manufacturers.

It is for this reason that CEFS is closely following the discussions on the revision of the Late Payments Directive proposed by the European Commission.

Specifically, CEFS strongly opposes the European Parliament's amendment, which allows operators to extend B2B payment terms to 60 days through explicit contractual agreements. This amendment could create cash flow issues, where sugar manufacturers are required to pay for sugar beets within 30 days while potentially waiting up to 60 days for payments from sugar users (secondary processors and retailers). This disparity between payment terms would increase costs for sugar manufacturers since the cash flow shortage would need to be financed with debt or reallocated capital.

We, therefore, urgently request that the EU Council rejects the European Parliament's amendment, which would undermine the financial stability of the EU beet sugar industry.

We would welcome the opportunity to exchange with you on this point. Thank you for your consideration.

Yours Sincerely,

[E-SIGNED]

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