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 «Premises\_1»  
 «Premises\_2»  
 «Premises\_3»  
 «Grower\_Town»  
 «Grower\_Postcode»

15 July 2016

Dear Grower,

## 2017/18 Beet Crop Offer

We are writing to confirm that agreement has been reached between NFU Sugar and British Sugar on the terms of the sugar beet contract offer for 2017/18.

This year a one year and three year contract are available, both of which will have market linked bonus payments in addition to the guaranteed minimum price. The key elements are summarised below:

### Price - 2017/18

- One year contract, beet price - **£22/t guaranteed minimum**, plus market bonus
- Three year contract, beet price - **£22/t guaranteed minimum**, plus market bonus for each of the 2017/18, 18/19 and 2019/20 crops
- Surplus beet price – Not confirmed. We will confirm details later in the year.

### Market Linked Bonus

- One year contract market linked bonus – **10% share of the sugar market revenue above €475/tonne**
- Three year contract market linked bonus – **25% share of the sugar market revenue above €475/tonne**
- The bonus will be linked to the average EU market price for white sugar as published by the EU Commission for each marketing year. The bonus will be paid on the sugar market revenue above €475/tonne up to a limit of €700/tonne. The sugar market bonus will be converted to a beet rate at 6.4 tonne of beet per tonne of sugar. Examples are as follows (converted at £0.85/€):

Sugar Price	1 YEAR CONTRACT 10% Bonus :	Full Payment	3 YEAR CONTRACT 25% Bonus :	Full Payment
€475	£0.00	<b>£22.00</b>	£0.00	<b>£22.00</b>
€500	£0.33	<b>£22.33</b>	£0.83	<b>£22.83</b>
€550	£1.00	<b>£23.00</b>	£2.49	<b>£24.49</b>
€600	£1.66	<b>£23.66</b>	£4.15	<b>£26.15</b>
€650	£2.32	<b>£24.32</b>	£5.81	<b>£27.81</b>
€700 (Max)	£2.99	<b>£24.99</b>	£7.47	<b>£29.47</b>

## Entitlement and Performance rules

- Contract entitlement will continue beyond the end of the sugar quotas post October 2017
- ICE tonnage will now become permanent CTE entitlement
- Current growers have first refusal on contracted tonnage in 2017
- You can elect for any combination of the one year and three year contract however, a maximum of 30% of the total national contract tonnage will be available on the three year contract, which will be allocated to growers on a first come first served basis
- The contract performance rules will return to a two year average of 95% over 2016/17 and 2017/18. These rules relate to the tonnage you contract to grow with British Sugar in those years. Further details will be included in your Contract Pack

## Transport -2017/18

- The distance that haulage allowance will be paid on will increase from **50 to 60 miles**
- Contract mileage distances will be reviewed over the coming year with the intention of revising mileages to reflect the most practical legal route rather than shortest legal route
- The transport allowance will continue to be calculated from the Industry Haulage Scheme costs, including cleaning and loading

We believe that these new contract terms will provide security for growers by confirming the contract entitlement and by providing a guaranteed minimum price. In addition, when market conditions are good, growers will share in the benefits package detailed above.

This agreement also represents a clear signal from British Sugar and NFU Sugar that by working together, we can face the challenges of a more competitive market place with confidence.

You can expect to receive your 2017/18 contract offers on-line or by post during week commencing 25<sup>th</sup> July.

If you require further clarification or help, please do not hesitate to contact the British Sugar Helpdesk on 0870 2402 314 or the NFU Sugar Helpline on 0370 066 1974.



William Martin  
**Chairman**  
**NFU Sugar**



Colm McKay  
**Agriculture Director**  
**British Sugar plc**