

SECTOR SOCIAL DIALOGUE COMMITTEE FOR THE SUGAR INDUSTRY

PLENARY SESSION- 26 February 2010



Market situation in 2009/10: current developments

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OVERVIEW

I. Results of the reform

II. 2009/2010 market conditions

III. Looking ahead

I. EU sugar reform: industry response

§ Factory rationalisation:

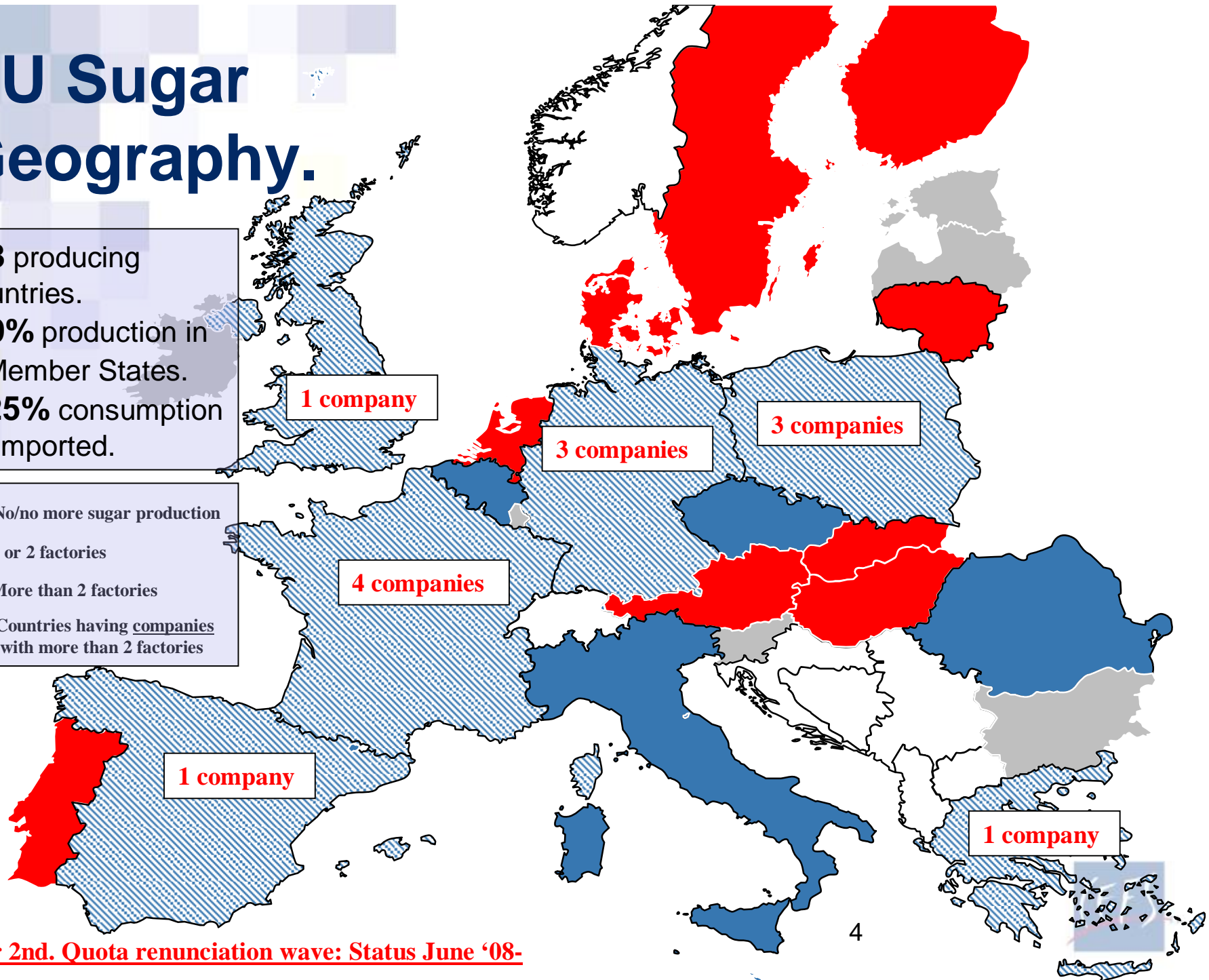
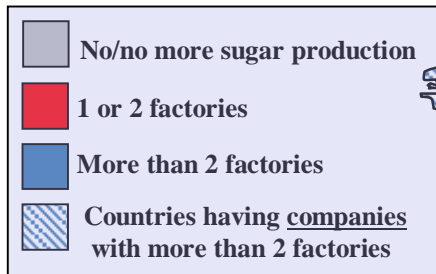
- ü 147 factories closed since 2000 in EU (- 59%)
- ü 80 factories closed since 2006
- ü Only 104 remaining in 2008 out of 251 in 2000
- ü More than 16,500 direct jobs lost since 2006

§ Fundamental changes in refining operations:

- ü No longer restricted to a small number of historic refiners
- ü New refineries being built
- ü Beet factories encouraged to “co-refine”

EU Sugar Geography.

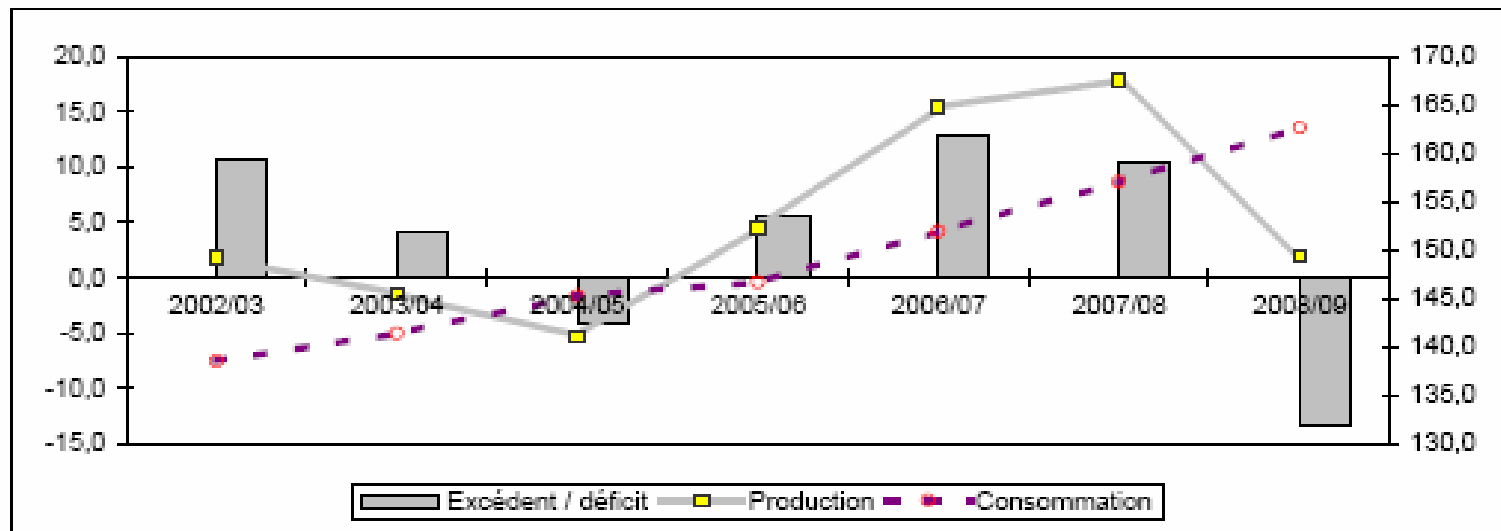
- 18 producing countries.
- 70% production in 7 Member States.
- ~25% consumption is imported.



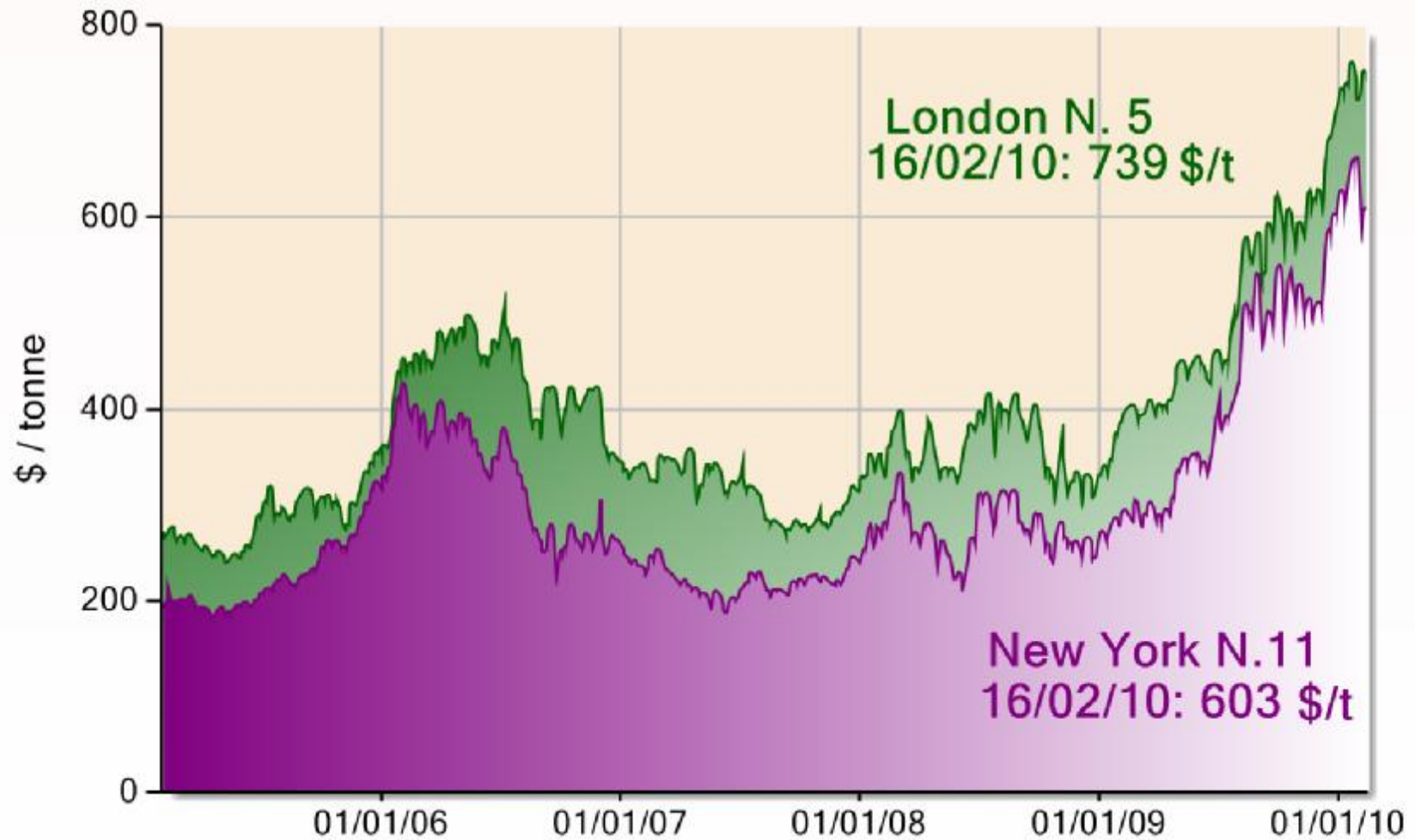
-After 2nd. Quota renunciation wave: Status June '08-

I. EU: 2nd largest sugar importer

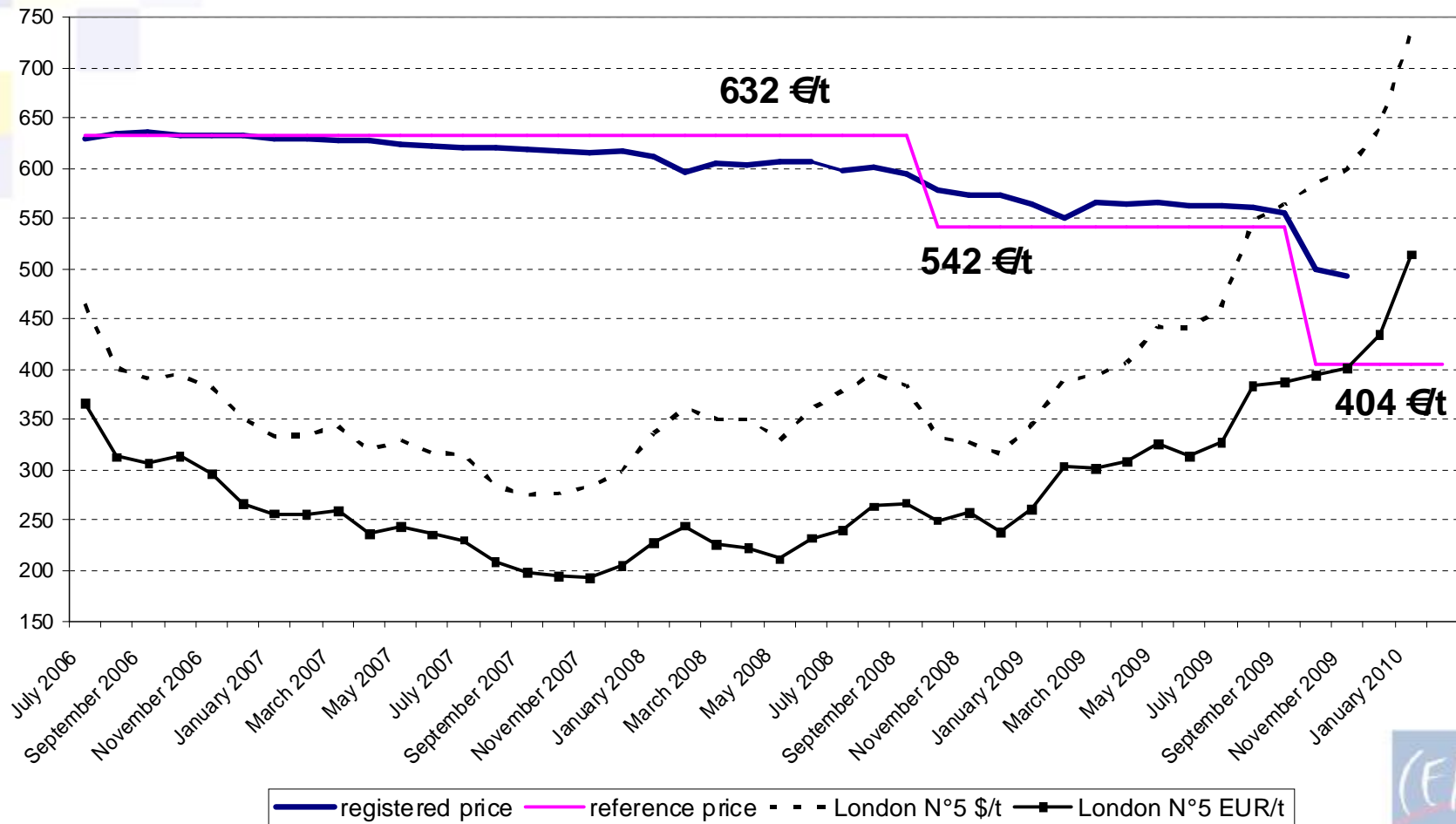
§ From a position as major world sugar **exporter**, the EU now imports ~25% of its needs and has become the 2nd largest world sugar **importer**.



II. Sugar world market prices



II. EU and world sugar prices



II. EU SUGAR and ISOGLUCOSE BALANCE SHEET

<i>mio tonnes</i>	2008/09 (definitive)		2009/10 (forecast)		2010/11 (forecast)	
	quota	out of quota	quota	out of quota	quota	out of quota
Beginning stocks	2.2	0.0	1.9	0.0	1.9	0.0
Production	13.9	2.9	13.8	4.1	13.8	3.0
<i>of which isoglucose</i>	0.8		0.7		0.7	
Imports	3.4	0.2	3.7	0.0	4.1	0.1
<i>as such</i>	2.9		3.2		3.5	
<i>in processed products</i>	0.5		0.6		0.6	
Total availability	19.5	3.1	19.4	4.1	19.8	3.1
Consumption	16.5	1.9	16.5	2.2	16.6	2.2
Exports	1.1	0.8	1.0	2.0	1.0	0.7
<i>as such</i>	0.2		0.1		0.1	
<i>in processed products</i>	0.9		0.9		0.9	
End stocks	1.9	0.4	1.9	0.0	2.1	0.2
Total outlets	19.5	3.1	19.4	4.1	19.8	3.1

Source: DG AGRI – European Commission





II. EU sugar market measures

§ No final cut

(Art 59(2) of R 1234/2007)

§ No preventive withdrawal for the 2010/11 marketing year

(Art 52 of R 1234/2007)

II. EU sugar market measures out-of-quota exports

- § **Sugar:** quantitative limit was first fixed at 650 000 t. Then, in light of the strong demand, it was increased by 700 000 t to 1 350 000 t (WTO limit).
- § By mid-November all the quantity was taken, therefore an acceptance percentage had to be fixed and applications for licences were suspended.
- § **Isoglucose:** quantitative limit was fixed at 50 000 t.
 - So far 5 223 t (10.4%) was applied for.

II. EU sugar market measures

§ Reg.951/2006 was amended by Reg. 1055/2009:

- Equivalence rules were clarified
- Weekly limit increased from 20 000 to 50 000 t
- Validity of licences: 1+5 months
- Validity of licences in 2009/10:
○ 30.9.2010

Discussion has started on further improvements
for 2010/2011

II. EU sugar market measures

- § Regulation 94/2010 fixed an additional quantitative limit of 500 000 t.
- § This is not considered as being subsidized export.
- § During first week 400 129 t (80%) was applied for.
- § Suspension of applications is likely.



III. THE CHALLENGES AHEAD

§ FTA negotiations

§ DDA round

§ Enlargement

§ 2013 CAP reform

III. LOOKING AHEAD TOGETHER

- § Need for **consistency** between the EU agricultural policy and external policy: precondition for making the sugar reform a real success
- § If the EU sets as priorities for the future, growth, jobs and sustainable resources management, then the EU sugar sector as a whole has a key role to play in actively contributing to these goals. Our joint project on improving employability in the sugar industry is part of these common efforts
- § Today, need for **consolidation**



Thank you for your attention



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