

Joint Meeting of the Sugar Expert Group and the Civil Dialogue Group

Bruxelles, 11 October 2016

FUTURE OF THE EUROPEAN UNION SUGAR MARKET

Report ITALY

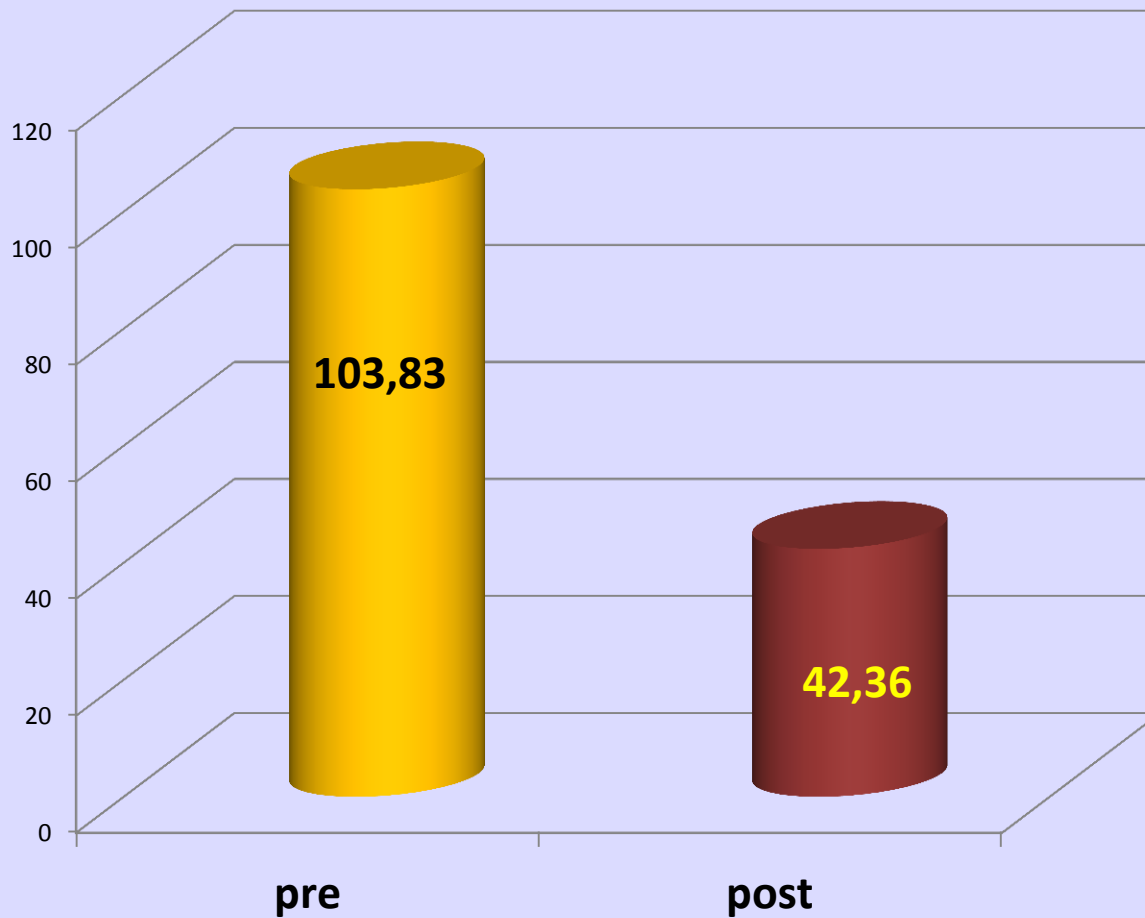


*Felice ASSENZA, Director-general, Ministry
of Agricultural, Food and Forestry Policies*

A comparison of the state of the sector

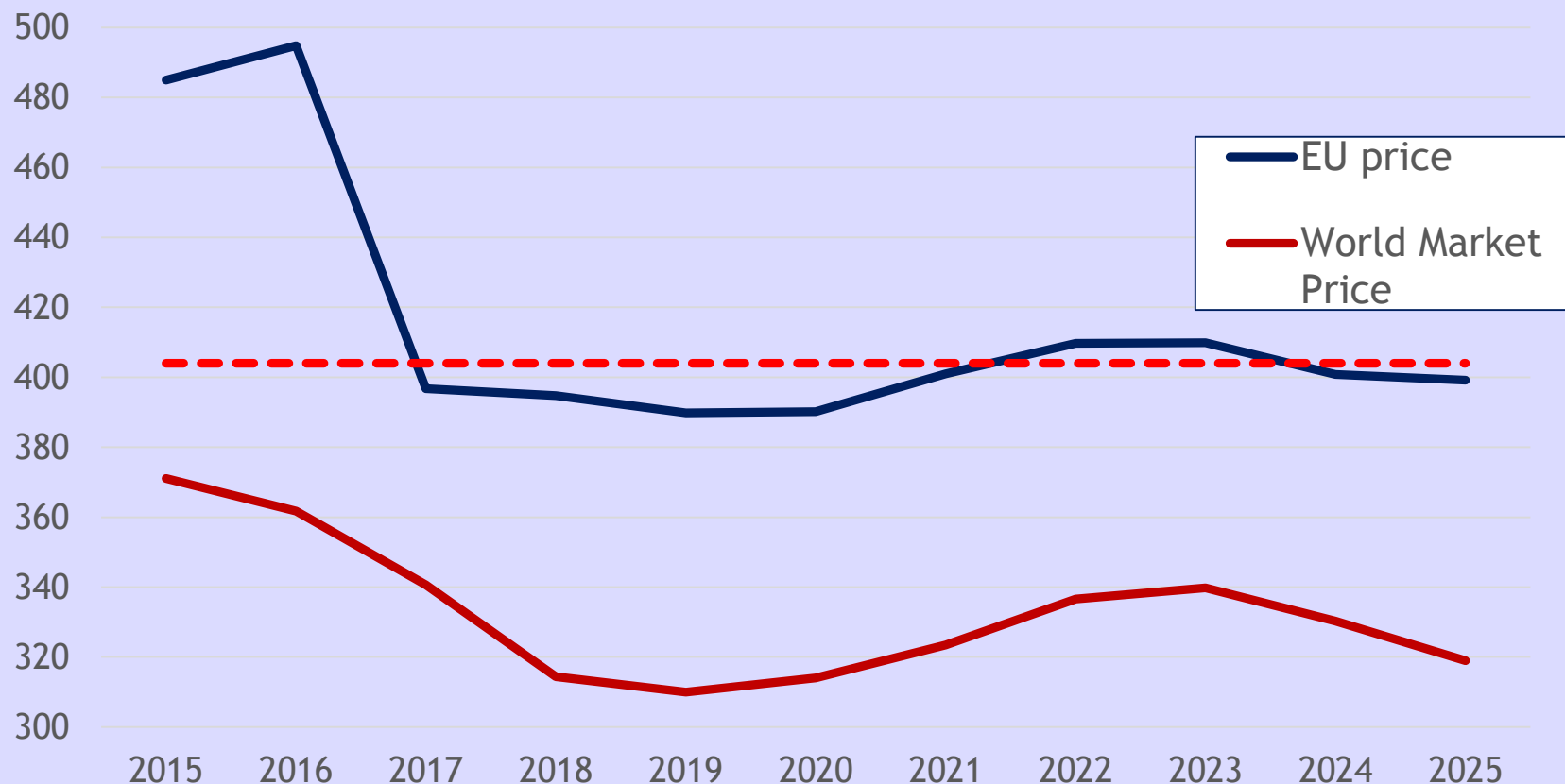
ITALY	Pre-reform	Post-reform
factories	19	4
harvested beet area (<i>ha</i>)	230,000	33,000
quota (<i>ton</i>)	1,557,443	508,379
contract from materials (<i>ton</i>)	0,00	150,000 (Yearly average)
consumption (<i>ton</i>)	1,500,000	1,200,000

Self-supply rate (%)



Source: elaboration on CEFS Statistics 2015

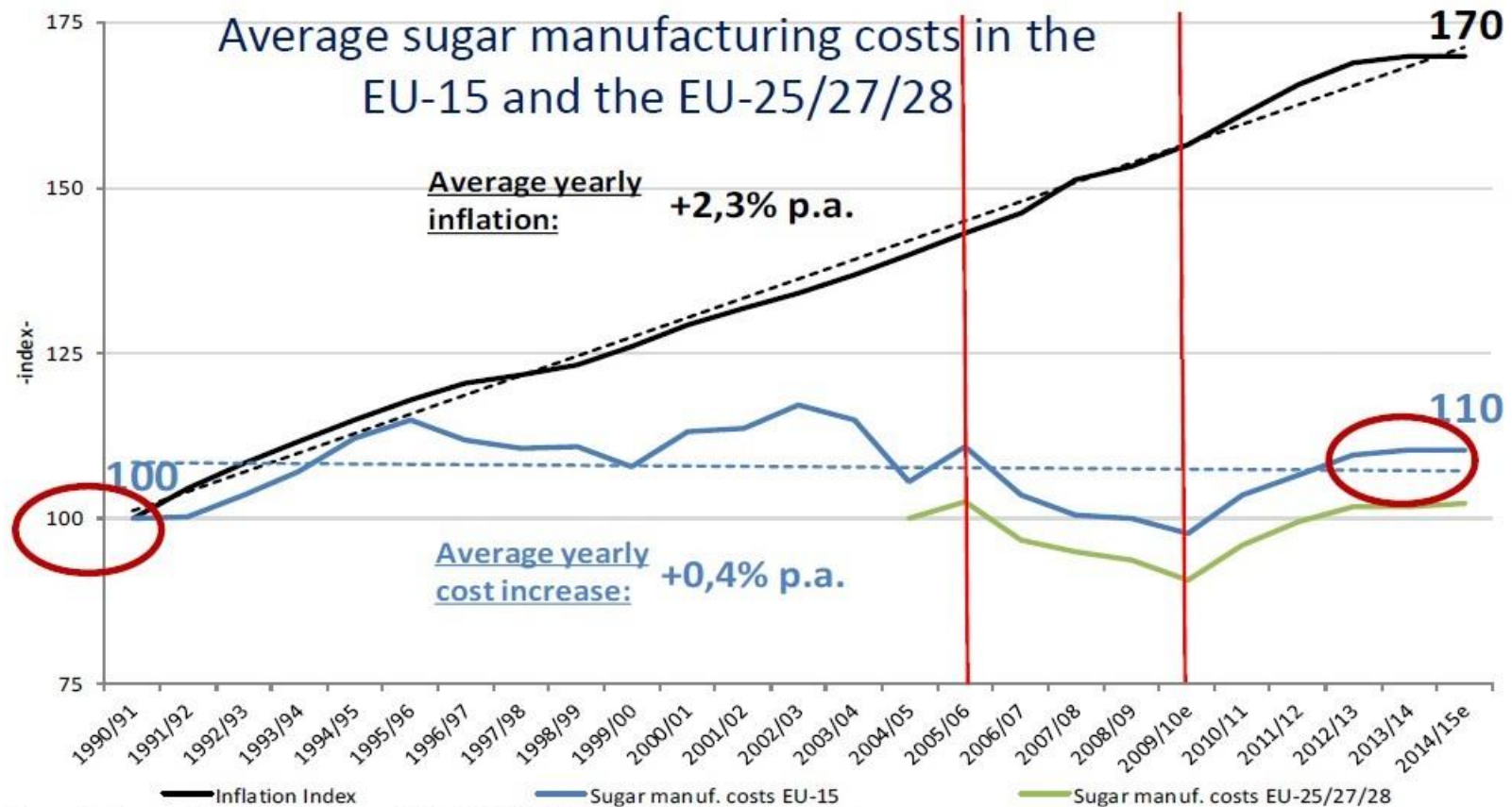
European Commission medium-term prospects 2015-2025



Source: European Commission medium-term prospects for agricultural markets, 2015-25

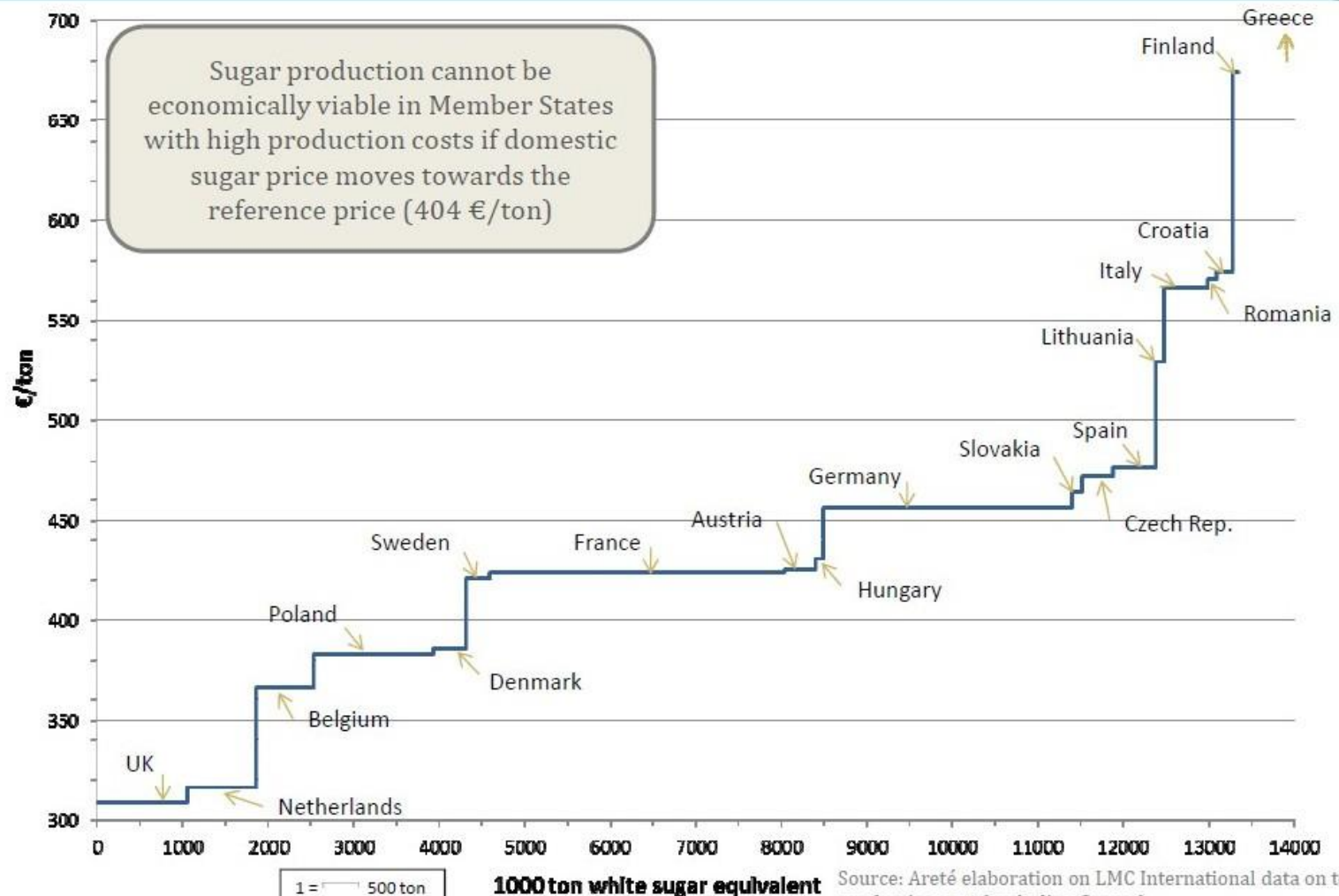


Cost of production



*Source: Inflation acc. "Eurostat" and costs acc. SURVEY ON MANUFACTURING EXPENSES acc. PWC reports

Potential impacts of further Reform



2006 Reform: exit from the sector and downsizing of production capacity (2)

Sugar production* in the EU (1.000 ton)

Member State	2005/2006	2009/2010	2013/2014	2014/2015 (forecast)	Trend
France	4.007	4.460	4.162	5.200	
Germany	3.898	4.232	3.428	4.440	
Poland	1.800	1.646	1.713	1.710	
United Kingdom	1.300	1.308	1.323	1.500	
Netherlands	911	993	948	1.130	
Belgium	854	843	782	800	
Czech Republic	477	479	539	621	
Austria	406	381	482	530	
Spain	1.054	550	455	523	
Italy	1.562	509	501	482	
Denmark	466	445	462	437	
Sweden	379	403	378	349	
Croatia	194	190	192	296	
Romania	72	146	246	215	
Slovakia	211	162	218	198	
Lithuania	108	113	172	130	
Hungary	387	125	116	115	
Finland	146	88	116	85	
Greece	306	172	160	48	
Bulgaria	2	0	0	0	
Ireland	200	0	0	0	
Latvia	67	0	0	0	
Portugal	68	0	0	0	
Slovenia	47	0	0	0	
EU Total	18.921	17.245	16.393	18.809	

*White sugar equivalent

France: excluding DOM; Portugal: excluding Azores

Source: DG Agri; LMC for Croatia, Romania and Bulgaria, 2005/2006 and 2009/2010

Sugar beet area in the EU (1.000 ha)

Member State	2005/2006	2009/2010	2013/2014	Trend
France	378,5	372,6	393,6	
Germany	420,1	383,6	357,4	
Poland	286,2	199,9	193,7	
United Kingdom	148,3	114,0	117,0	
Netherlands	91,3	72,7	73,2	
Czech Republic	65,6	52,5	62,4	
Belgium	n.a.	62,7	59,8	
Austria	44,2	43,9	50,8	
Italy	253,0	60,6	40,7	
Denmark	47,0	38,0	38,0	
Sweden	49,2	39,8	36,2	
Spain	102,0	49,8	31,4	
Romania	25,2	21,3	28,1	
Slovakia	33,1	15,9	20,3	
Croatia	29,4	23,1	20,2	
Hungary	61,6	13,8	19,0	
Lithuania	21,0	15,1	17,6	
Finland	31,3	14,8	12,0	
Greece	42,5	24,2	5,8	
Portugal	8,6	0,1	0,4	
Ireland	31,0	1,0	0,0	
Latvia	13,5	0,0	0,0	
Bulgaria	1,3	0,0	0,0	
EU Total	2.183,9	1.619,4	1.577,6	

Source: Eurostat

2006 Reform: industrial restructuring

Average processing capacity per plant
(tons of sugar beet / day)

Sugar production per plant (1.000 tons)

Member State	2003/2004	2005/2006	2007/2008	2010/2011	2013/2014	Trend
Netherlands	14.600	16.167	16.167	16.750	20.000	
Sweden	12.500	12.500	18.000	18.000	18.100	
Italy	11.184	11.294	13.400	13.750	14.500	
Belgium	10.713	11.217	12.875	13.000	14.000	
France	12.204	12.511	12.538	13.165	12.821	
Austria	12.267	12.267	12.700	12.000	12.000	
Denmark	11.000	11.000	12.600	11.900	11.900	
Germany	11.010	11.117	11.467	11.825	11.810	
United Kingdom	9.650	9.650	10.875	10.875	10.875	
Spain	8.464	8.464	9.357	9.200	9.260	
Finland	7.000	7.000	8.000	7.500	7.500	
Hungary	6.800	6.960	6.575	6.500	7.200	
Croatia	-	-	-	-	6.333	
Greece	6.340	6.340	6.167	6.167	6.167	
Poland	3.480	3.866	4.408	5.703	5.880	
Czech Republic	3.485	4.064	5.200	5.143	5.257	
Slovakia	3.460	4.175	4.650	4.800	5.200	
Lithuania	3.075	3.133	3.167	3.600	3.600	
Romania	2.875	2.750	3.200	3.200	3.300	
Portugal	3.125	3.125	3.125	1.250	-	
Bulgaria	3.583	4.000	-	-	-	
Ireland	8.000	8.000	-	-	-	
Latvia	2.200	2.200	-	-	-	
Slovenia	4.000	4.000	-	-	-	
EU Total	7.373	8.270	9.053	9.756	10.202	

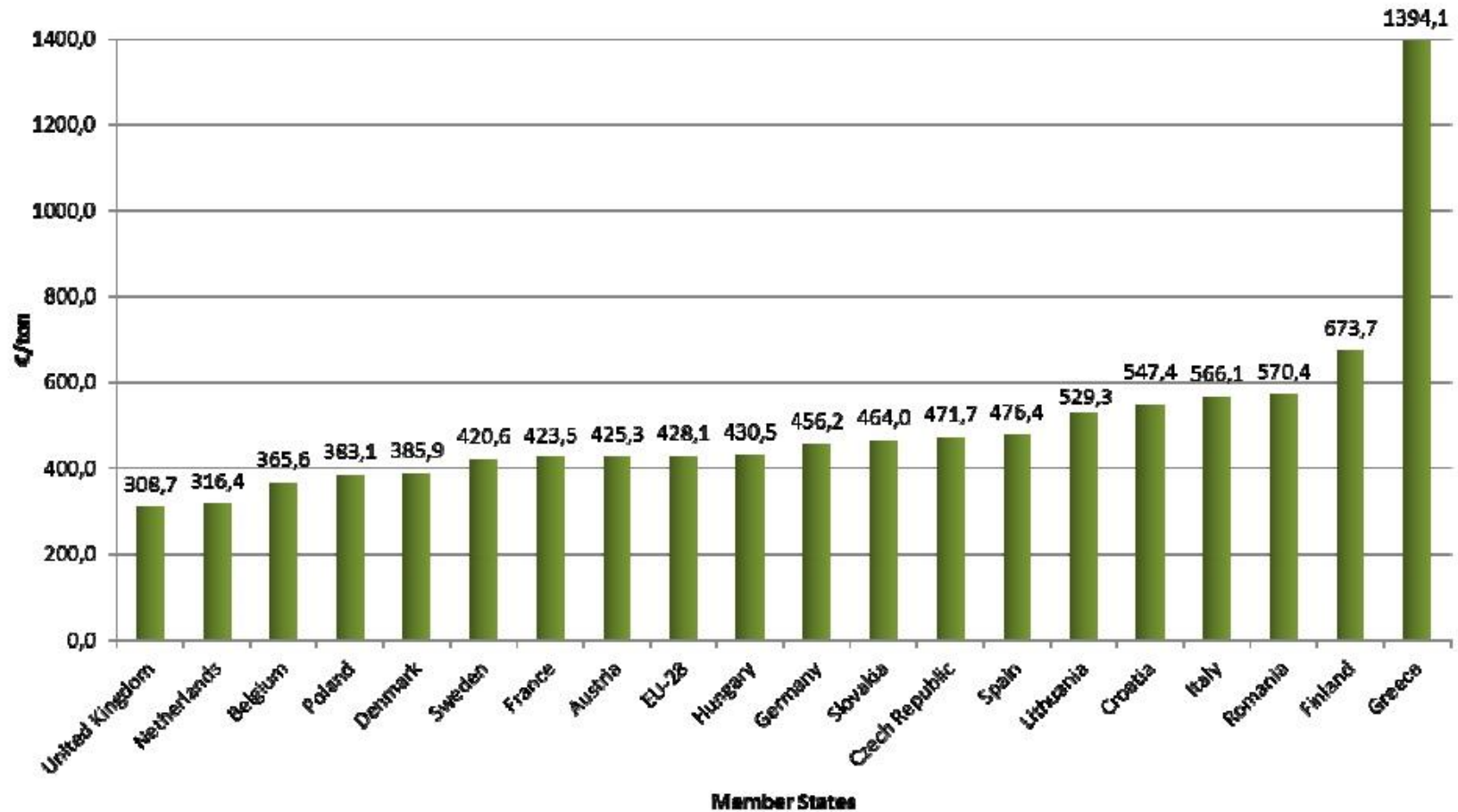
Source: Areté elaborations on LMC International, Bartens and F.O. Licht's data

Member State	2005/2006	2013/2014
Netherlands	303,6	474,0
Sweden	189,4	378,0
United Kingdom	216,7	330,8
Belgium	142,4	260,7
Austria	135,3	241,0
Denmark	155,4	231,0
Germany	149,9	171,4
France	129,3	166,5
Italy	91,9	125,3
Hungary	77,3	116,0
Finland	73,2	116,0
Slovakia	52,7	109,0
Poland	45,0	95,2
Spain	95,8	91,0
Lithuania	35,9	86,0
Czech Republic	43,3	77,0
Croatia	64,7	64,0
Greece	61,2	53,3
Romania	12,0	49,2
Bulgaria	2,1	0,0
Ireland	200,0	0,0
Latvia	33,3	0,0
Portugal	34,1	0,0
Slovenia	47,0	0,0
EU Total	97,5	149,0

Source: Areté elaboration on DG Agri and Bartens data

2006 Reform: cost competitiveness in sugar production

Total sugar production cost (€/ton) - 2013/14



Source: LMC International, 2014

Investments

nearly **200 million** euro of investments
in the three factories

Importance of sugar industry and sugar beet for Italy

Agronomic importance

protection of the fertile layer of soil >
improved fertility > for cereals increase of
production up to 20%)

Importance of sugar industry and sugar beet for Italy

Sugar should be considered as a strategic product for primary and secondary processing industry. A constant supply for these industries must be ensured, mainly in order to face the very frequent unpredictability of prices.

Importance of sugar industry and sugar beet for Italy

Proposal of Italy: the positive effects of sugar beet cultivation on the soil, impose to keep including this crop in the rotation.

A scheme of agri-environment acts should therefore be planned for sugar beet growers. An aid per hectare could be provided for, in order to protect wild fauna and flora of the fertile layer of soil, and to keep the soil structure, that avoids the leaching of mineral nutrients from the soil.

Thank you for your attention