



# Meeting summary

15 March 2024

The second meeting of the new European Union Sugar Market Observatory (SMO) took place online and was chaired by DG AGRI, Unit E4.

ASSUC presented the recent developments and prospects for the world sugar market. The 2023/24 global sugar balance is at a small surplus, but for 2024/25 a relatively large deficit is expected. Continuous impact of El Niño on weather conditions in the southern hemisphere are still causing uncertainty, especially regarding Indian and Thai production in 2024/25. After a long period of record levels, prices have come down somewhat again, mainly caused by Brazil's record production and exports. The still attractive world market price could incentivise higher production in Brazil, but there is limited excess crystallisation capacity and exports are constrained by logistical challenges. Ukraine's production is expected to reach 1.7 million tonnes, with an export potential around 0.8 million tonnes, this could increase to 1 million tonnes in 2024/25 due to an increase in production. In the medium term, global political turmoil and logistic issues in the Panama Canal and the Red Sea are affecting world market and trade flows. For the EU, the Red Sea situation is directly impacting ACP/LDC originating sugar. For example, shipments coming from Fiji and Mauritius are now following the Cape route, which increases the freight costs, according to ACP/LDC representatives.

DG AGRI provided an update of the EU sugar market situation. Since the last meeting in November, the EU average sugar price has remained elevated around EUR 855 per tonne. For marketing year 2023/24, EU sugar production is expected to be 15.8 million tonnes. Up to February 2024 cumulated imports and exports reached 0.8 million tonnes and 0.6 million tonnes

respectively. Imports from Ukraine represent 37% of total imports, amounting to 253 000 tonnes so far. A COPA representative informed the expert group that detected aphid levels are high in France. This could lead to similar or higher infestation levels as in 2020. A focussed discussion took place on the declining sugar use in the EU. Delegates were asked to give their views on the developments. CEFS put the decline in the context of the reformulation of food products and the cost-of-living crisis which reduced food purchases in general, which affects sugar sales as well.

DG AGRI presented the Commission Proposal for the prolongation of the Autonomous Trade Measure for goods coming from Ukraine. CEFS and CIBE welcomed the proposed automatic safeguard for sugar. They pointed out the need for aligning Ukraine production with the EU standards to have a level playing field, for example regarding pesticides and emission costs. They stressed the need for timely and reliable monitoring. In an additional presentation on the topic, ASSUC gave an overview of the day-to-day practice of importing sugar from Ukraine and recommendations on how the situation could be improved.

DG AGRI updated the expert group on the outcome of the 13<sup>th</sup> WTO Ministerial meeting and the state of play regarding the negotiations of Free Trade Agreements with MERCOSUR, Australia, India, Mexico, and Thailand.

Presentations can be found on the [sugar market observatory website](#). The next meeting of the SMO will take place on 12 September. An ad hoc meeting could be organised if the market situation calls for it.