CIUS
European
Sugar Users

Sugar Consumption analysis

Economic Board Meeting of the Sugar Market Observatory
15/11/2017

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CIUS is the Voice of European Sugar Users

CIUS is the association representing European sugar users, ranging from artisan, small and medium sized enterprises to multinationals

15 000+ COMPANIES

700 000+ DIRECT EMPLOYEES

70% **of Europe's annual production of sugar for food** is purchased by and used by CIUS members, supporting sugar beet and cane farmers.

40% **of the total value of food exported** outside of the European Union comes from sugar users.

Over last 5 years exports have grown by:

60% for chocolate, confectionery and fine bakery wares.

The CIUS Code of Conduct

CIUS MEMBERS DO

- ✓ Make members aware of and share with them publically available information
- ✓ Discuss sugar related regulatory issues that impact our businesses
- ✓ Agree on actions and necessary steps to address these issues
- ✓ Meet and exchange views with other sugar market stakeholders
- ✓ Issue position papers giving our views
- ✓ Maintain an on-going dialogue with EU Institutions (Commission, European Parliament, EU Member States)

The CIUS Code of Conduct

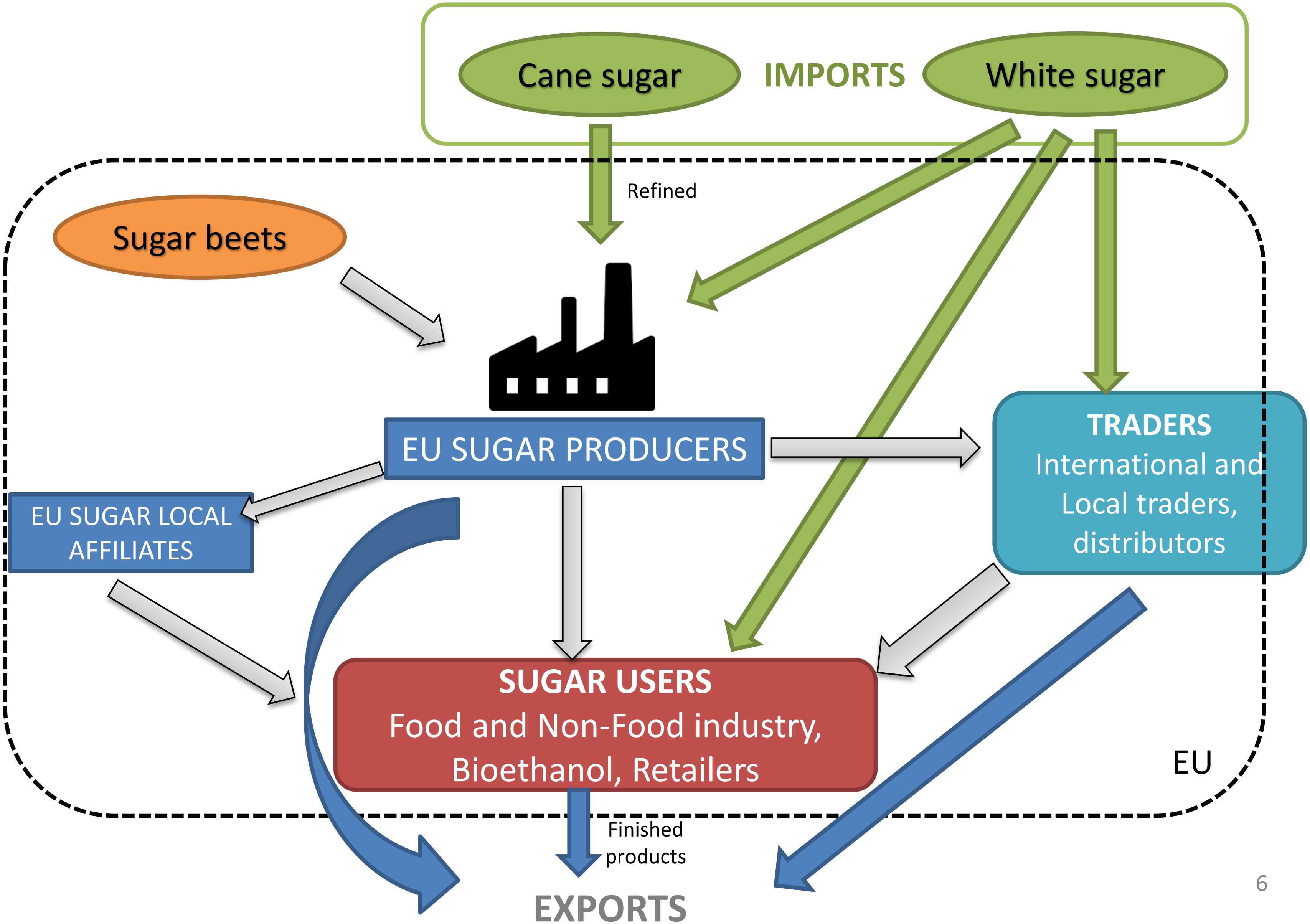
CIUS
MEMBERS
DO **NOT**

- ✗ Share prices or discuss the impact of sugar prices on CIUS members
- ✗ Share, allocate markets and/or suppliers
- ✗ Support commercial discussions
- ✗ Share purchasing strategies

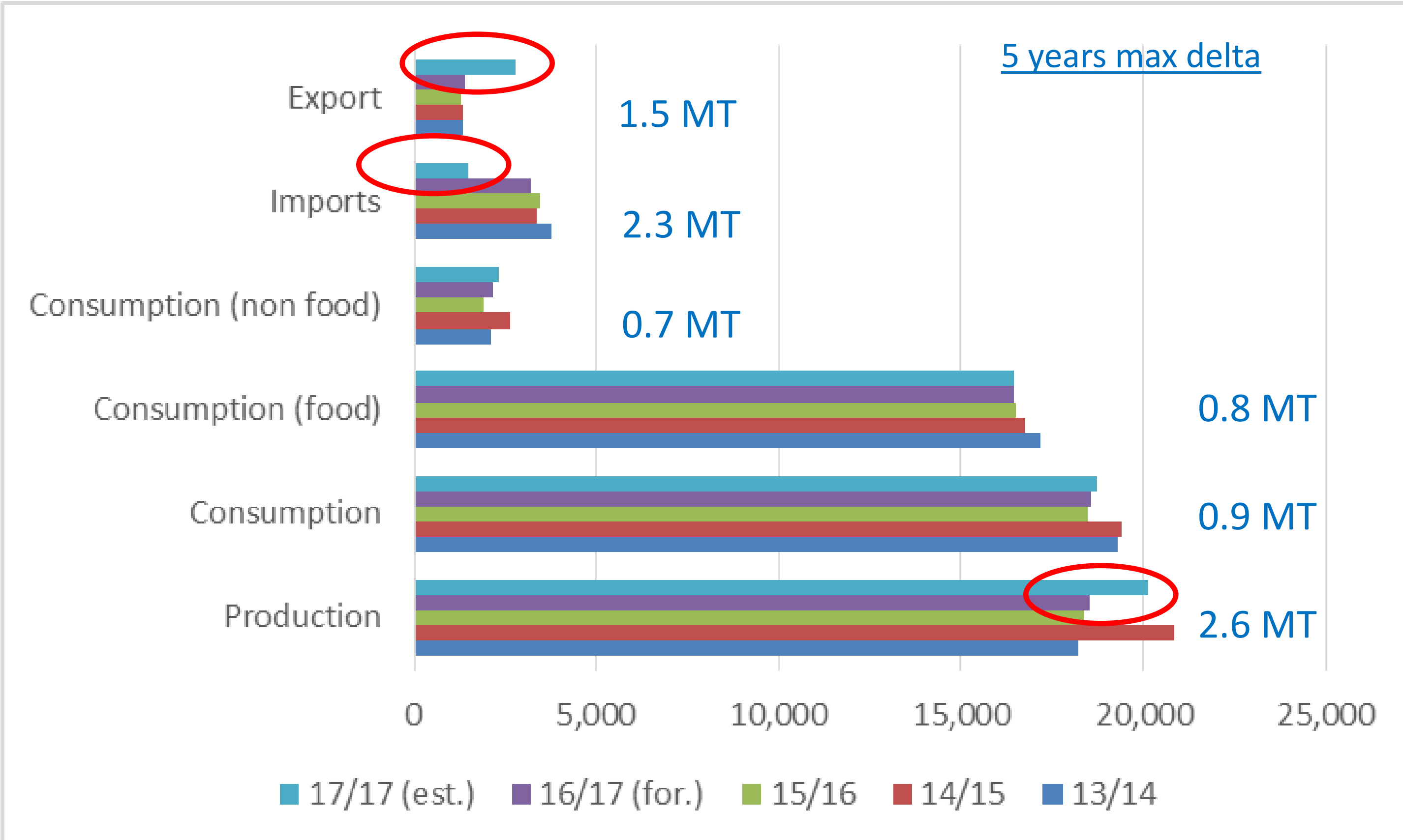
Understanding consumption in the EU

- Consumption is a complex Issue, one needs to analyse its characteristics
- CIUS only does not represent all sugar consumption in the EU we need to also consider
  - Sugar for retail use
  - Sugar for industrial/chemical industries
  - Sugar for fuel (bioethanol)
  - Sugar for export
- Previously the available sugar was generally segregated by end user type
  - Quota sugar for food and drink manufacturers/retailers
  - Out of quota for industrial and bioethanol consumption
  - Exports were fixed at 1.35Mmt but are now unlimited
  - TRQ’s existed to support industrial/chemical uses but these have now ended
- From Oct 2017 all users of sugar will have to find sugar from the same pot
- Consumption of sugar for bioethanol is price sensitive and depends on the relationship between petrol and sugar prices

The White Sugar Route – Main flows



Balance sheet key indicators quota/out of quota



Source: European Commission

- Max deviations of production/export/import levels higher than consumption levels
- Non-food consumption deviation as important as food consumption

Current EU Market Information: what is available and what could be improved

Information on STOCKS

- The MY 16/17 balance sheet has shown very critical low level of stocks which should have led to shortage issues. Was the information on stocks received accurate?
  - **Sugar users do not store sugar. Only producers, their affiliates and traders.**

PRICE REPORTING: SALES AND OUTLETS

- The Mechanism does not ask Sugar Producers information on outlets.

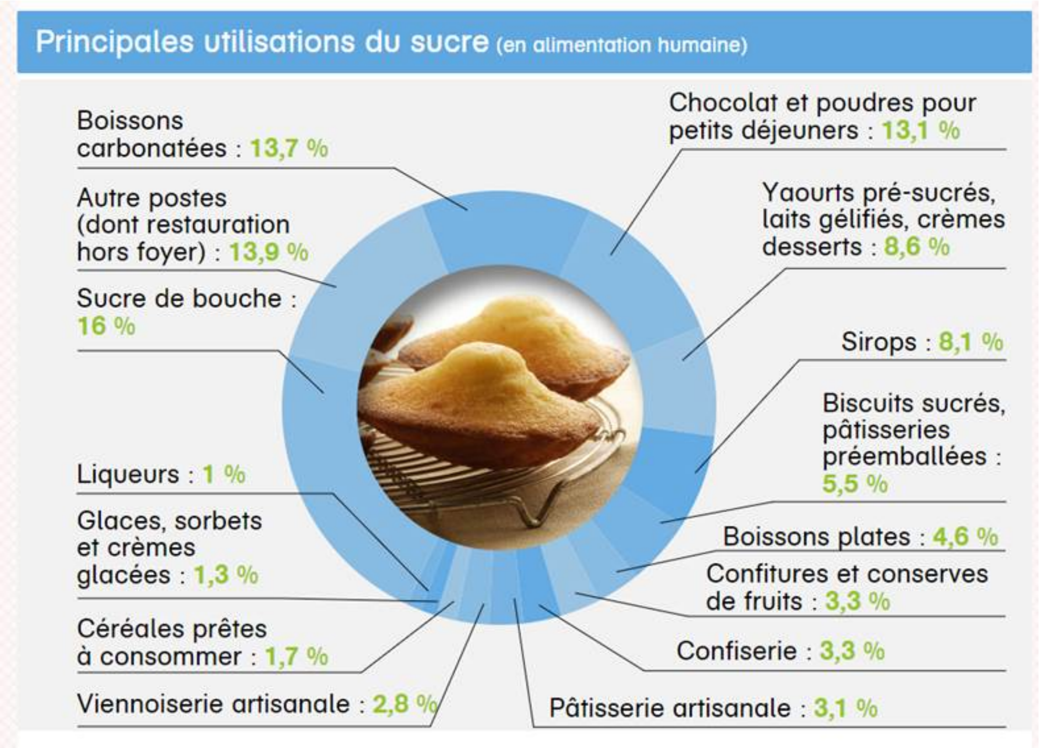
➢ EC could request within their monthly report received from producers, **information on final "user"/outlets: company affiliate, trader or users (food, non-food, ethanol)**

INFORMATION ON OUTLETS OF SUGAR COLLECTED IN MEMBER STATES

- France (CEDUS)
- Germany – Ministry of Agriculture and Food

Collecting of consumption in all food and drink applications is impossible for CIUS

- As an example, let's look at public information published by CEDUS in France



- We see a large number of applications
- The market is fragmented into many companies
- We should add the non-food and bioethanol use to complete the information on consumption.
- The EC should look into what is being done in Member States: example, Germany.

Germany: Agriculture and Food Ministry (BMEL)

Sugar Outlets of the Sugar Industry and Traders

1 000 t

4030310

Breakdown	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15[1)]
Retail Sugar	**425,7**	**446,6**	**505,8**	**487,5**	**493,6**	**475,9**	**443,1**
divided in							
Retail and End Consumer	338,3	345,6	371,4	368,9	373,5	349,9	329,2
Wholesale	87,4	101,1	134,4	118,7	120,1	125,9	113,9
Industrial Sugar for Food purposes	**2 139,5**	**2 141,9**	**2 313,1**	**2 275,5**	**2 146,5**	**2 155,5**	**2 247,1**
for							
Confectionery	604,1	585,4	599,1	595,9	559,8	500,9	521,5
Bakery products	191,7	193,2	200,3	188,9	315,8	331,1	318,6
Nutritous and bakery ingredients	109,6	98,4	123,1	108,4	66,7	81,6	115,5
Jams and processed fruits and vegetables	155,4	159,8	176,4	163,8	153,4	145,5	151,2
Ice cream and milk products	147,1	143,3	161,9	181,4	126,3	120,1	136,0
Wine and sparkling wine	18,5	14,7	14,2	10,7	16,9	24,8	21,4
Beer and spirits	35,5	34,9	28,5	29,2	23,9	28,5	33,9
Soft Drinks and Juices	531,1	538,1	553,7	527,6	466,6	467,2	473,0
Other products	346,6	374,1	456,0	469,7	417,1	455,8	476,1
Food Sales	**2 565,2**	**2 588,5**	**2 818,9**	**2 763,1**	**2 640,1**	**2 631,4**	**2 690,2**
in percentage of							
Wholesale, retail and end consumer	*16,6*	*17,3*	*17,9*	*17,6*	*18,7*	*18,1*	*16,5*
Sugar using industry	*83,4*	*82,7*	*82,1*	*82,4*	*81,3*	*81,9*	*83,5*
Chemical industry	83,9	66,0	60,0	21,2	30,1	23,0	25,1
Energy purpose	261,0	300,0	233,0	358,7	375,3	371,6	448,9
Total Sugar Sales	**2 910,1**	**2 954,5**	**3 111,9**	**3 143,0**	**3 045,5**	**3 026,1**	**3 164,2**

Note: without external trade of sugar-containing products. Changed dates and calculation since 2012/13.

1) estimate

Source: BLE - Federa Office of Agriculture and Food, BMEL - Federal Ministry of Food and Agriculture

Past information on consumption may not give future trends to evaluate the market needs

Factors influencing consumption: (list non-exhaustive):

- Change in recipes (done once only)
- Competitiveness of the sector in the EU
- Competitiveness of the sector at export
- Trends of the evolution of the consumption in one sector
- Prices of the raw materials
- Surplus or deficit in raw materials (e.g. Butter)
- Taxes on sugar
- BREXIT: storage of finished goods
- Storage of sugar within trade companies
- New FTA's may help to increase exports
- The sugar debate
- Climatic conditions (warm or cold summer) / Seasonality
- Etc.

CIUS is prepared to work constructively with the EC and the Supply Chain

- CIUS examined this and was prepared to gather information and collect information, but realised that in analysing the different aspects, it did not make sense.
- Market Transparency and better monitoring are essential for CIUS
- Collecting information is a challenge as every sugar using company wants to be compliant with EU competition law.
- High fragmentation of the users base with thousands of companies to be involved in a consumption analysis (to reach 80%)

Conclusion

- Collecting consumption is a real big challenge globally
- They is already available information that could be improved
- There are factors influencing more the market balance than consumption, such as exports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