



Meeting summary

9 November 2021

- o The thirteenth meeting of the Sugar Market Observatory (SMO) took place by videoconference and was chaired by the Acting Head of Unit for Arable Crops and Olive Oil in DG AGRI.
- o DG AGRI provided an update of the EU sugar market situation. The EU average sugar price for September has reached EUR 408 per tonne. The first available data on the short-term selling prices and the recent update of the EU sugar balance sheet for 2020/21 were shared with the experts.
- o ASSUC presented recent developments and prospects for the world sugar market. 2021/22 is assumed to be another deficit year globally. Prices remain elevated, mainly caused by lower production in Brazil, high energy and freight costs as well as the post-pandemic demand surges. In Brazil the ethanol ratio could move from 46.4% to 43% next marketing year. India's production is estimated at 31 million tonnes of which 3.5 million tonnes could go to ethanol. The Indian government announced its intention of not granting export subsidies this marketing year.
- o JRC presented the methodology and the design of MARS Crop Yield Forecasting system. The forecasting is based on several quantitative data but analysts are making the final assessment. In recent years, crop forecasting showed to be more difficult due to extreme weather events and the impact of pests and diseases. JRC aims to enhance their system. Experts stressed the usefulness of the MARS forecasts.
- o CIBE presented the EU market situation from beet growers' perspective. Since 2006, both the beet area and the five-year average yields per hectare are in decline. Beet farmers are faced with a changing regulatory and sanitary framework and increasing economic risks due to rise of input costs whereas beet prices remain relatively low. Even though the EU is a net importer for the fourth year in a row and ending stocks will be low for the second year in a row, the average EU market price is not responding accordingly. Sugar and sugar beet contracts should be made more responsive to market fundamentals. Some good practices are taking shape, for instance a choice between flexible and fixed beet price models and the improvement of the value-sharing clause. CEJA indicated that "mirror clauses" in trade agreements for sustainability criteria are essential for fair competition on the international market.
- o CIUS presented their view on the demand side of the EU sugar market. European sugar users prefer to use sugar made from European sugar beets but EU being a deficit market for four years in a row makes sugar users more dependent on imports. In 2020/21, sugar users experienced low stock levels that could lead to production line or factory closures. CEFS and CIBE expressed the need for more data on consumption trends for concluding fair contracts. A representative of the ACP countries highlighted that ACP sugar could be a solution if a fair price is offered.
- o The next meeting of the SMO is scheduled for 12 May 2022, although an earlier meeting could be organised if the market situation calls for it.
- o CIBE presented the EU market situation from beet growers' perspective. Since 2006,