



Meeting summary

15 November 2023

The first meeting of the new European Union Sugar Market Observatory (SMO) took place in hybrid format 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 expected to be at deficit for the fourth year in a row, caused by lower production in main producers India and Thailand, mainly due to unfavourable weather conditions caused by El Niño. Next marketing year this trend could continue. Global sugar prices are still showing an upward trend, which is in line with the tight situation on the world sugar market and the unstable geopolitical situation. Brazil is the largest supplier to the world market, being able to export around 22 million tonnes thanks to a good crop and the competitiveness of sugar production compared to ethanol. Ukraine's production is expected to reach 1.8 million tonnes, with an export potential of more than 0.6 million tonnes. These exports will have to leave Ukraine, either to or through the EU as long as the capacity on the Black Sea is limited. EU imports from other preferential origins (EPA/EBA, FTAs, CXL) could be displaced in some Member States by higher Ukrainian imports. A CEFS representative asked if the global deficit could be considered a structural issue. ASSUC explained that global production capacity is not constraint and increasing (e.g. Brazil) but crop performance is staying behind, mainly caused by adverse weather events across the world.

DG AGRI provided an update of the EU sugar market situation. Since the last meeting in June, the EU average sugar price has remained relatively stable around EUR 820 per tonne. For marketing year 2022/23, provisional trade figures were shared, with imports reaching 2.6 million tonnes and exports 0.6 million tonnes. Imports from Ukraine represent 16% of total

imports, amounting to 413 000 tonnes. The experts discussed the expected 2023/24 production and the impact of the Ukrainian imports on the EU market. With regard to production, it is difficult to make good estimates for this marketing year. In some regions in Europe, fields seem to be affected by SBR disease (*Syndrome des Basses Richesses*), causing low sugar content and difficulties with processing the beets. Flooding in Northwest France are causing delays in production. Several experts expressed their continued concern about the expected import volumes coming from Ukraine and the possible market disturbance and unfair competition it could cause. The Commission is aware of Ukraine's export potential this marketing year and is monitoring both volume and value of Ukrainian imports, as well as prices at EU and Member State level.

An expert from S&P Global presented their perspective on the global and EU market and spot market prices. SMO experts exchanged views on the S&P spot prices and the EU average price for short term contracts. The prices that both organisations publish are not at the same level, mainly due to a difference in methodology. Short term contracts (delivery within 2 months) represent only a small percentage of the total sugar traded in the EU, but reporting these prices remains a relevant tool to increase market transparency for actors in the sugar market.

Presentations can be found on the [sugar market observatory website](#). The date for the next meeting of the SMO has not been set yet. An ad hoc meeting could be organised if the market situation calls for it.