European Commission

The 2019 EU Agricultural Outlook

EU preliminary outlook for sugar

Sugar Market Observatory – 15 November 2019

Agriculture and Rural Development

Agricultural outlooks

Available at:
https://ec.europa.eu/info/food-farming-fisheries/farming/facts-and-figures/markets/outlook_en

- Short-term forecast for main agri commodities
- EU balances on production, consumption and trade
- Published in March, July and October

- 10-year projections of EU agricultural markets and income ≠ forecast
- 2019-2030 projections to be presented at the EU Agricultural Outlook conference (10-11 December 2019)

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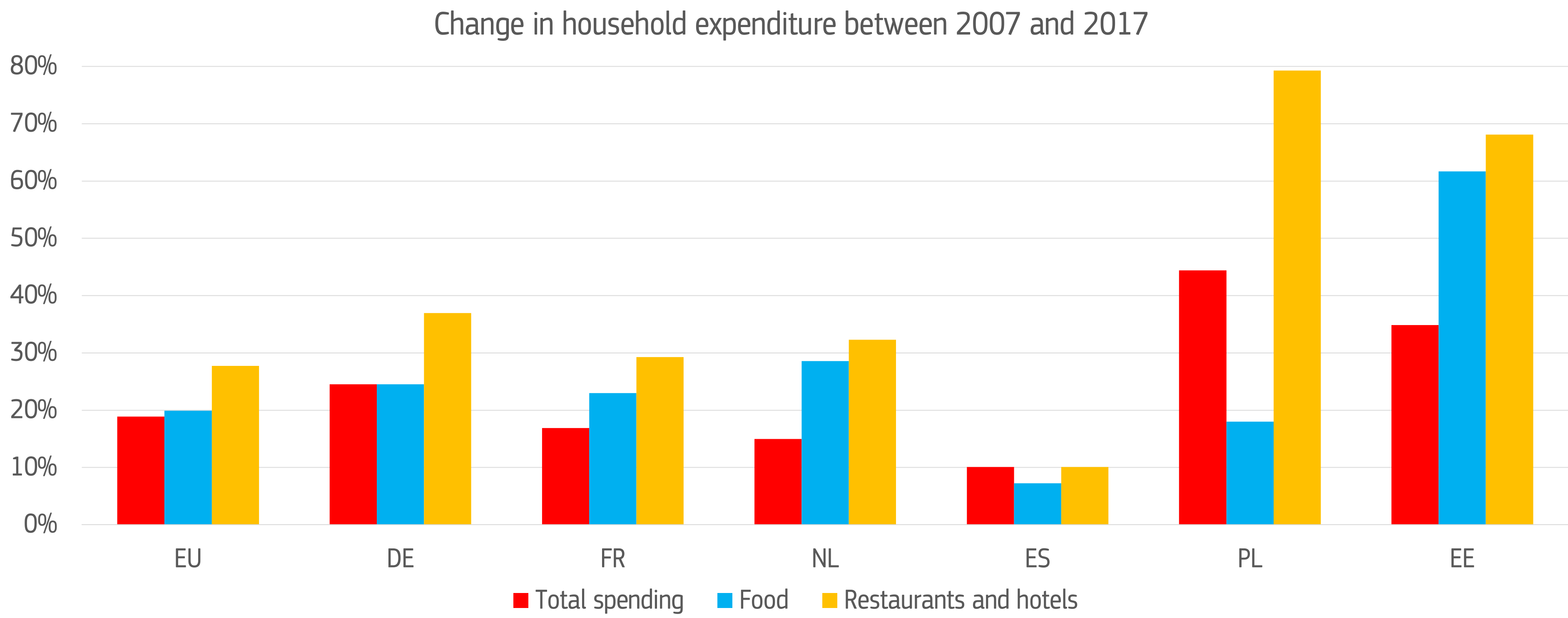
Household expenditure on food

Remains constant in share



Source: DG Agriculture and Rural Development based on Eurostat

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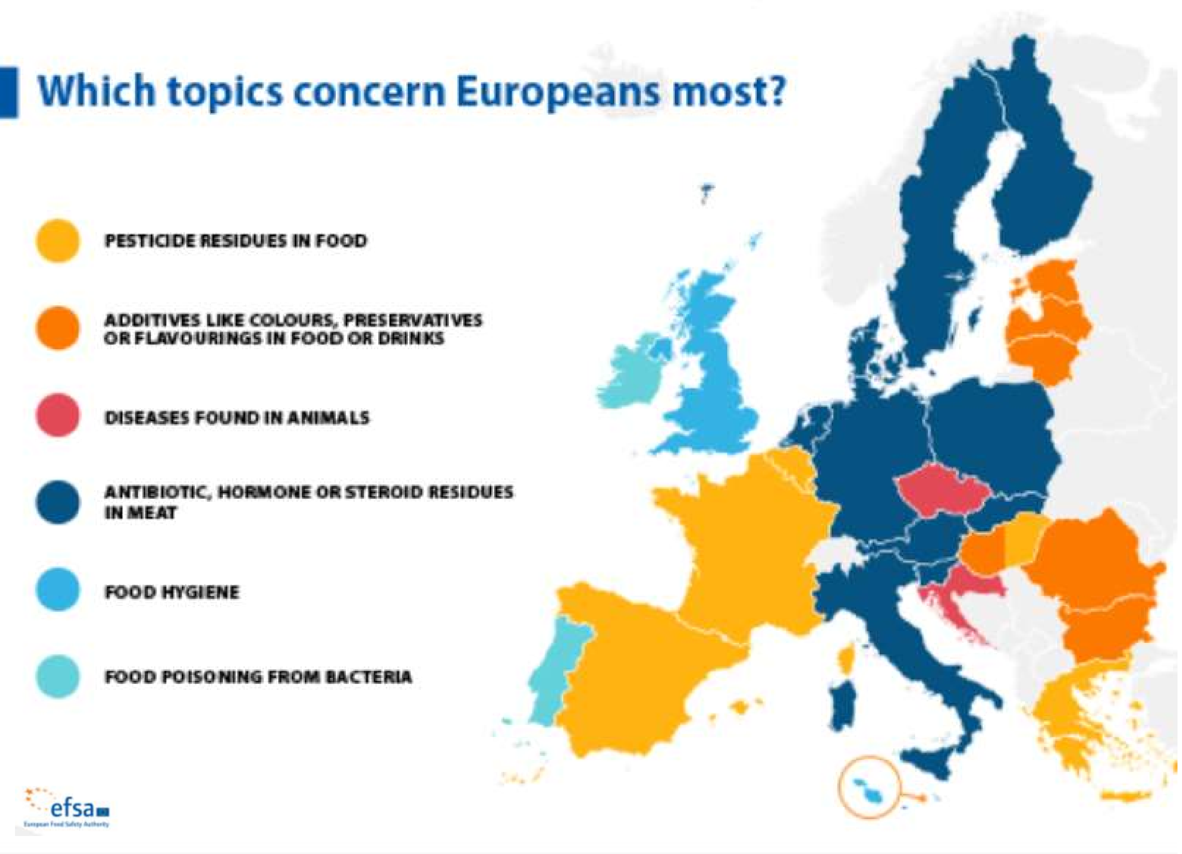
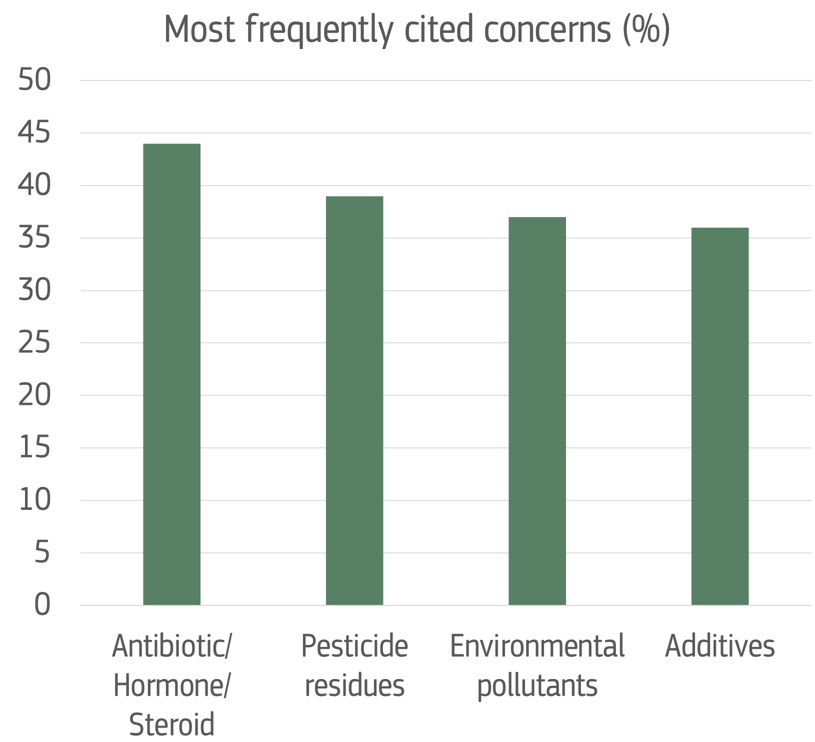
Food safety

The main preoccupation varies according to country



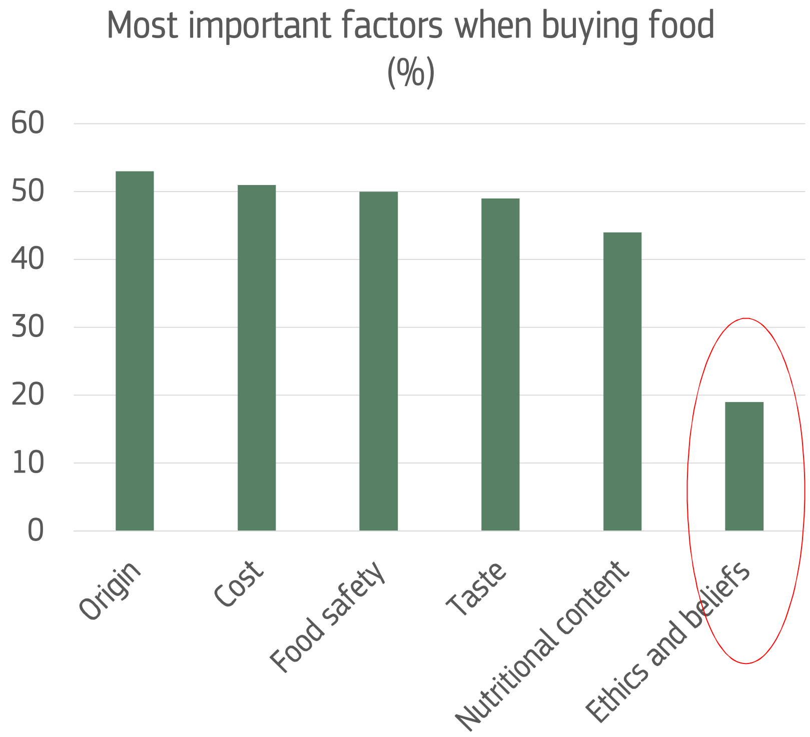


- Less concerns on GMOs than in 2010 Eurobarometer
- New topic: Micro plastics

Source: Special Eurobarometer - April 2019 "Food safety in the EU"
Survey requested by the European Food Safety Authority (EFSA), based on a list of 15 food safety-related topics
http://www.efsa.europa.eu/en/press/news/190607

Most important factors when buying food

Origin and price come first for European consumers



- The debate on labelling is understandable in view of these results
- Confirms the move to 'Local' food
- Surprisingly Ethics and beliefs come low
  - In contradiction with the calls to reduce meat consumption to address welfare and climate issues?
- What about convenience?

Source: Special Eurobarometer - April 2019 "Food safety in the EU"
Survey requested by the European Food Safety Authority (EFSA), based on a list of 15 food safety-related topics
http://www.efsa.europa.eu/en/press/news/190607

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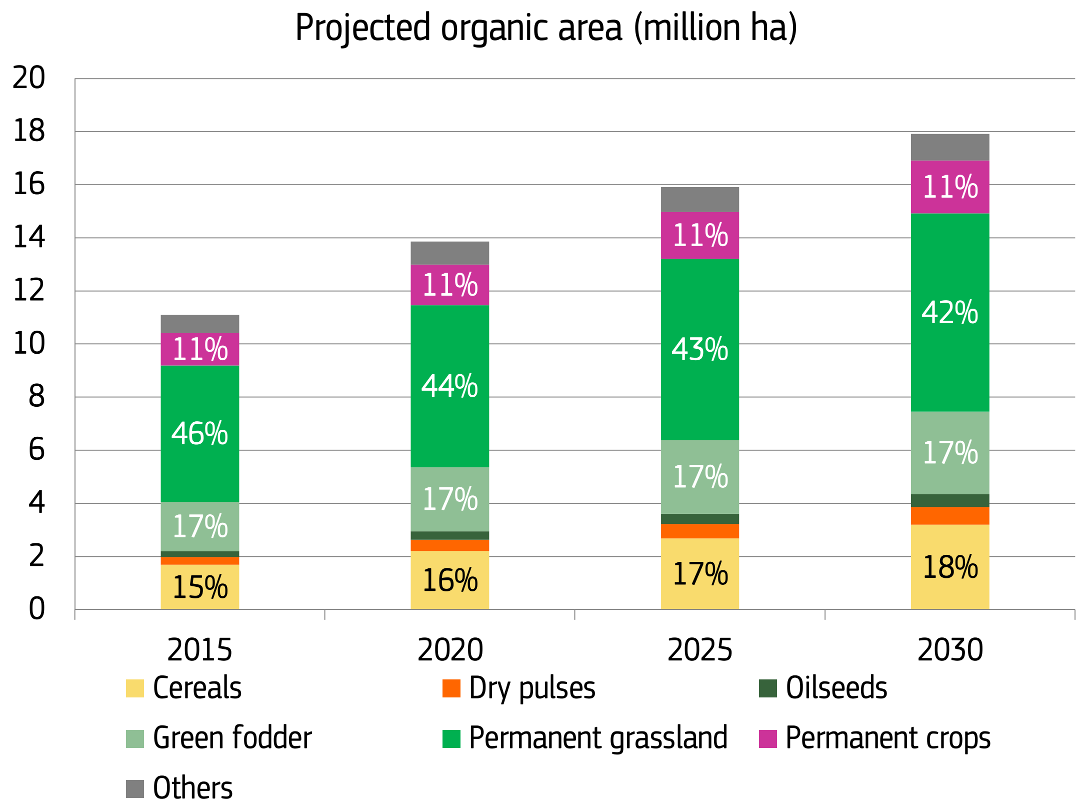
Organic

Increasing demand and production in the EU

- Sustained growth in organic demand
- Organic area to reach 17.9 million ha by 2030
    - 10% of total agricultural area (from current 7%)
- Overall growth slowing down
    - Higher growth in cereals, oilseeds and dry pulses, for feed purposes
    - Slower increase in pastures



Source: DG Agriculture and Rural Development (preliminary baseline)

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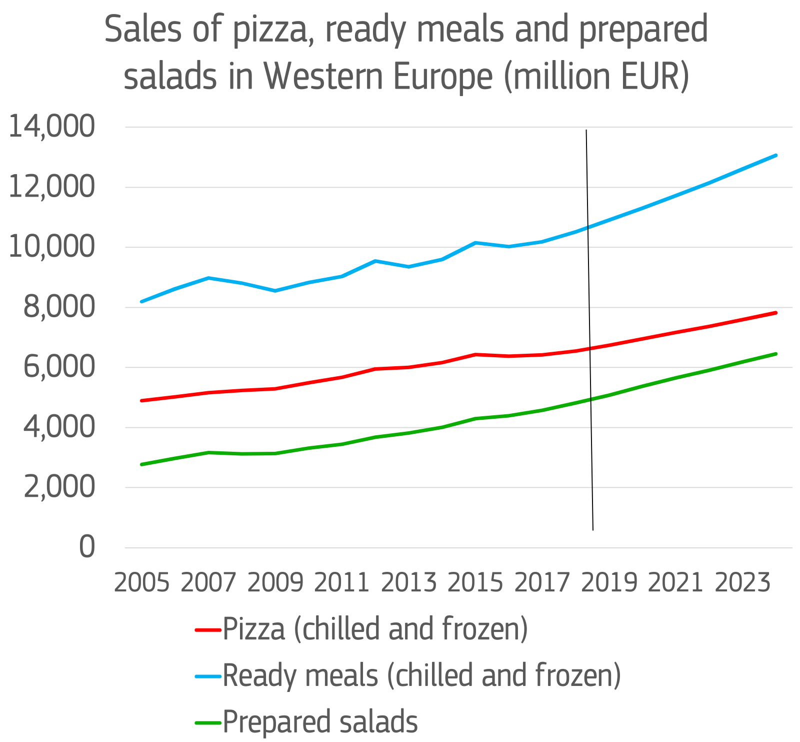
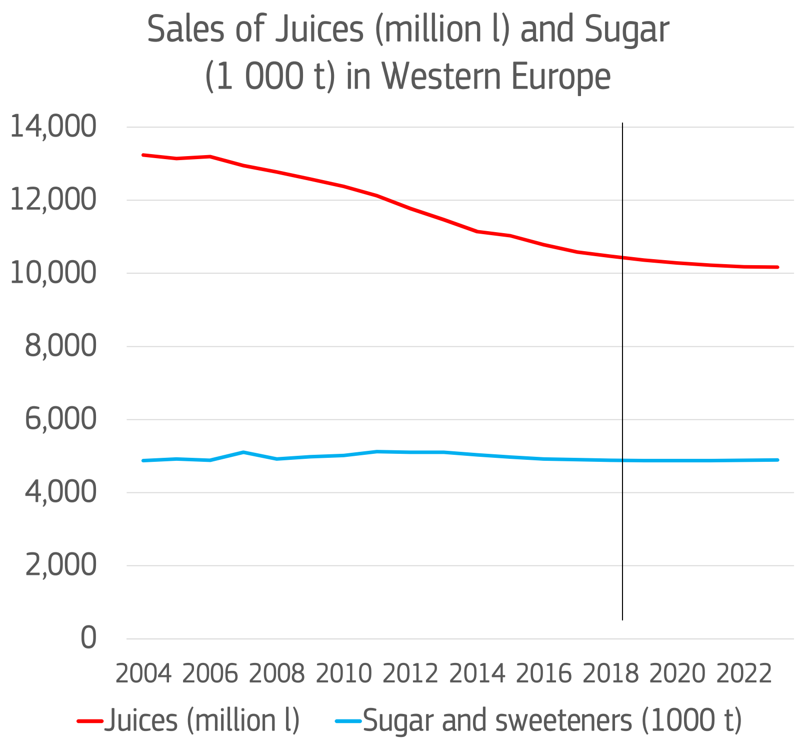
Convenience and Health

Always more prepared meals and less sugar



Source: Euromonitor



Source: Euromonitor

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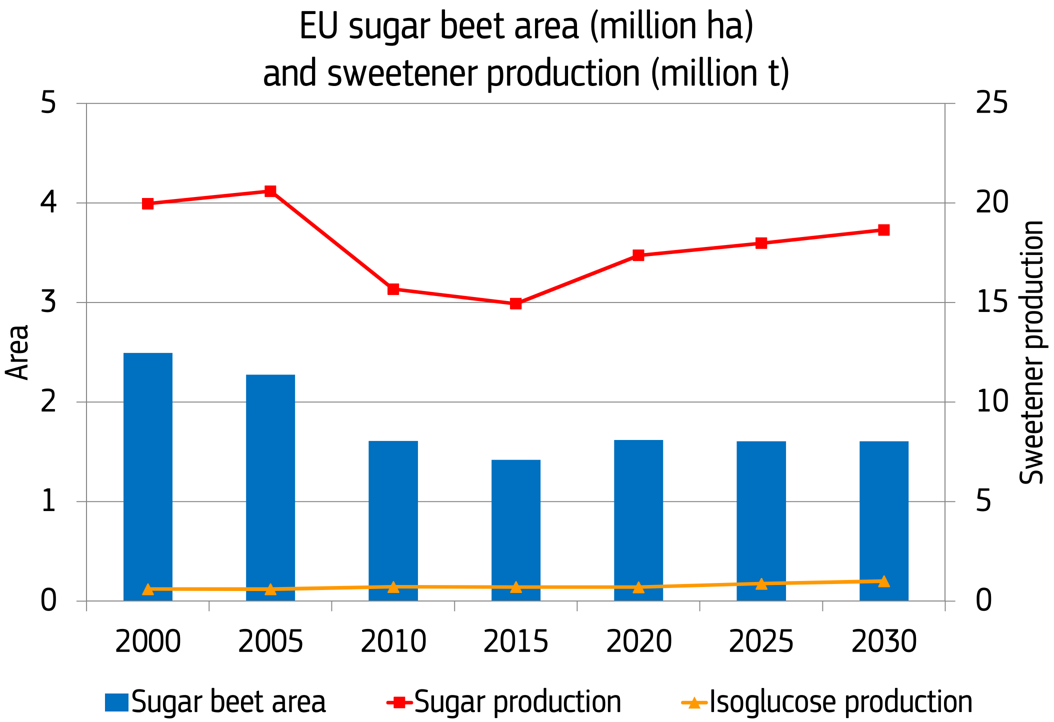
Sugar – main drivers

- Change in sector strategy
- Lower exposure to global market
- Downward pressure on consumption

Sweetener production

EU sugar producers aim at fullfilling domestic demand

- Stable sugar beet area ~ 1.6 million ha
  - Improving crop profitability
- Moderate increase in yields
- Sugar production 2030 ~ 18.6 million t
  - Increase driven by yield improvements
  - Share in global production declines from 10% to 9%
- Slight increase in isoglucose ~ 1 million t



Source: DG Agriculture and Rural Development (preliminary baseline)

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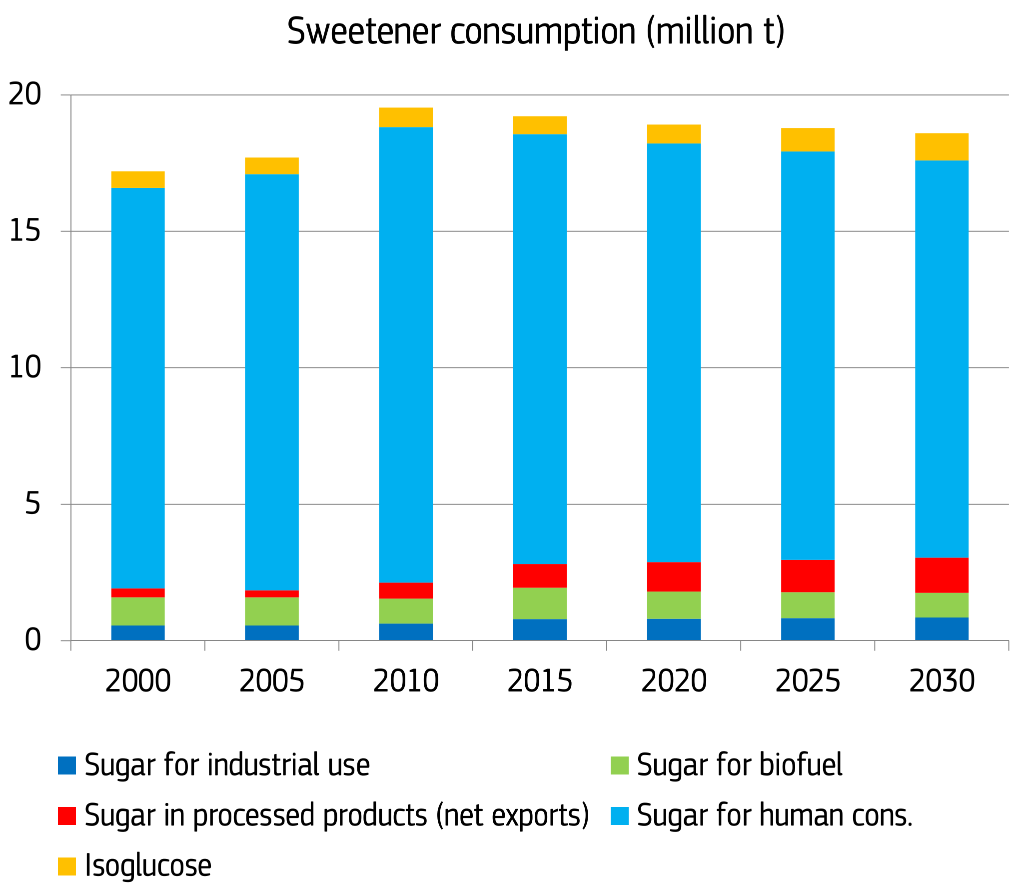
Sweetener consumption

Demand for other sugar uses does not offset decline in human consumption



Source: DG Agriculture and Rural Development (preliminary baseline)

- Overall declining use of sugar
  - \- 8% sugar for human consumption
  - mainly substituted by non-caloric sweeteners
- Increasing use of sugar for
  - Industrial use (pharmaceuticals, cosmetics, etc.)
  - Exported processed food
- Slight decline in use for ethanol

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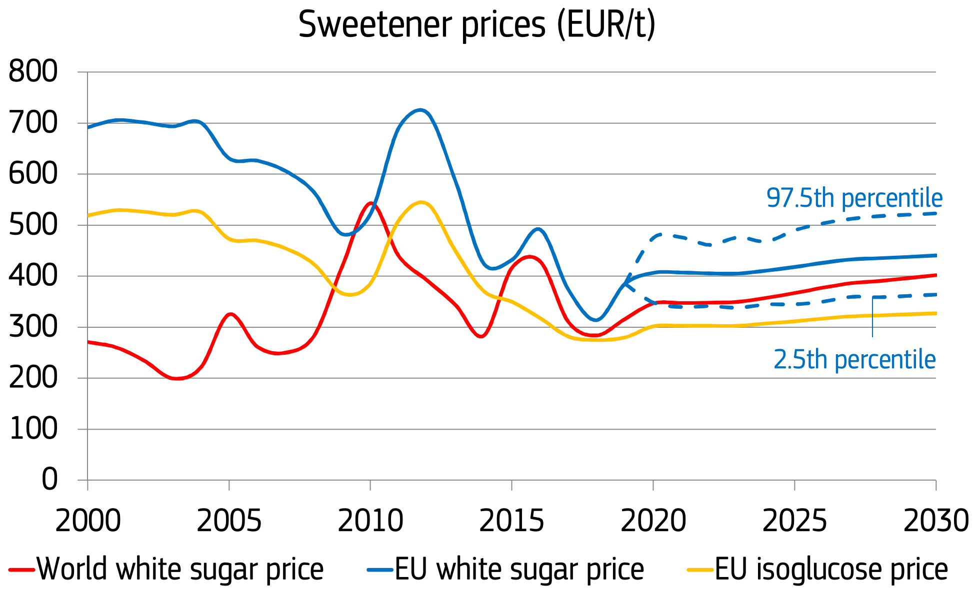
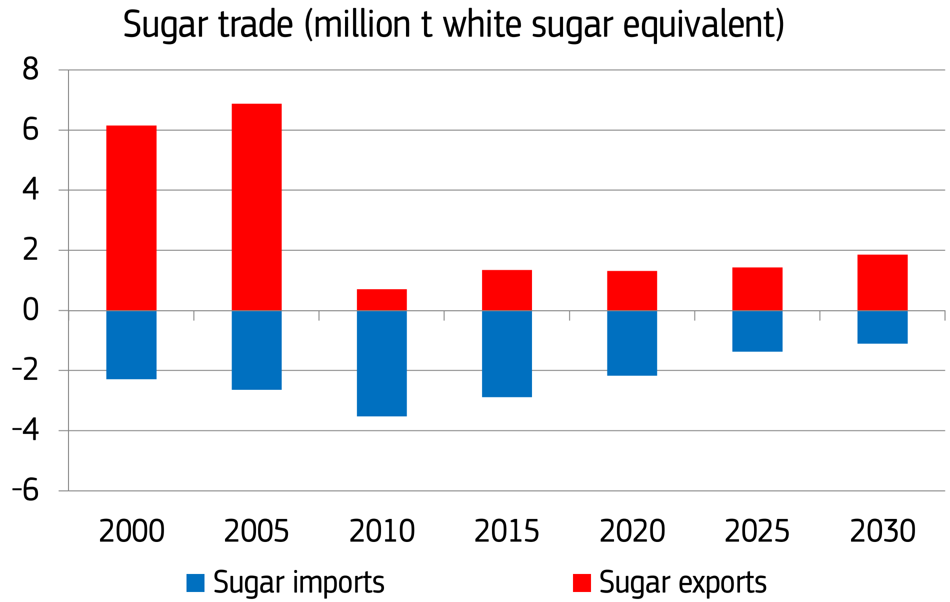
Sugar prices and trade

EU sugar market less exposed to global developments





Source: DG Agriculture and Rural Development (preliminary baseline)

- Increasing trend in prices
- Lower exposure to global markets
  - EU prices EUR 40-60/t above world prices

- Improving sugar export capacity

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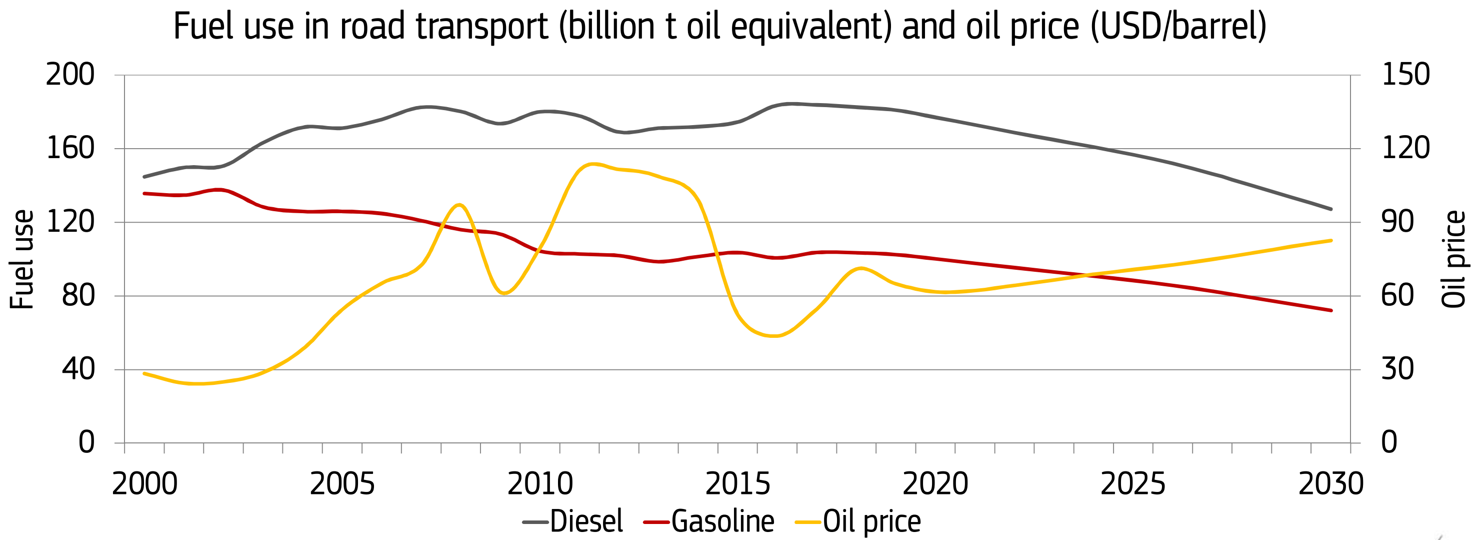
Biofuels – main drivers

- Declining fuel consumption
- Ambitious targets under RED II
- Pressure on crop-based biofuels

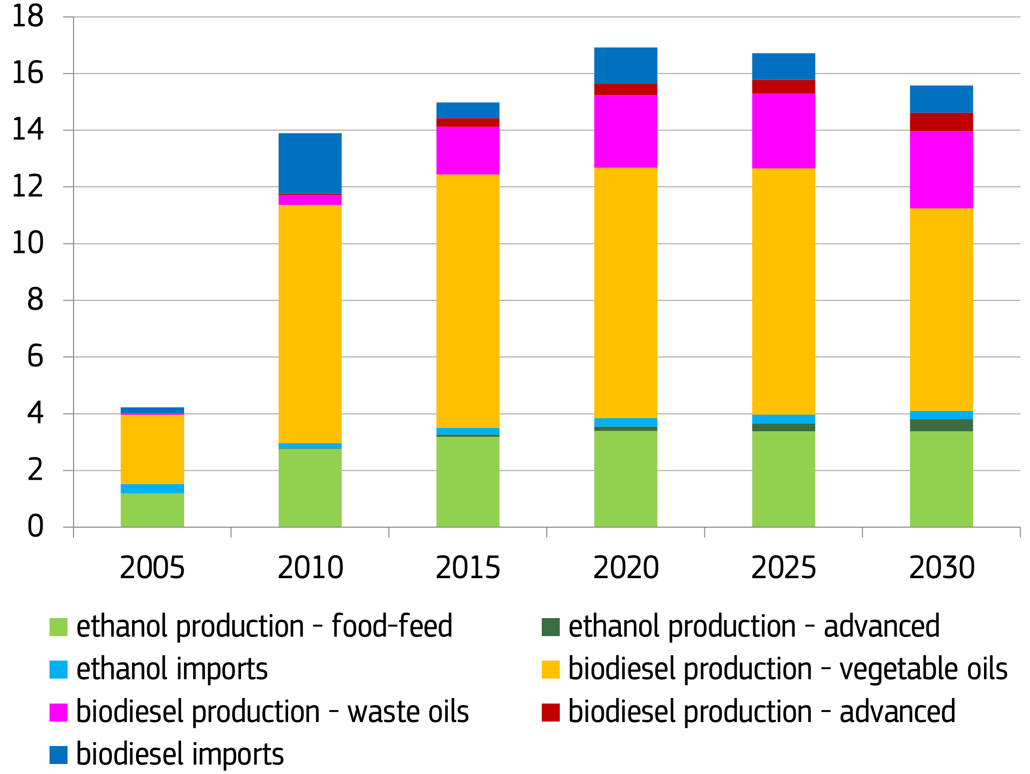


Source: DG Agriculture and Rural Development (preliminary baseline), fuel use from Poles model

Biofuel supply

ILUC-risk of palm biodiesel lowers overall biofuel supply

- Lower biodiesel supply by 2030
  - Need of certification of palm biodiesel
  - Renewed antisubsidy tariffs
- Stable perspective for non-palm food-feed biofuels
  - Limited ethanol imports from US
  - Mandates towards RED II
- Growth in advanced biofuels



Source: DG Agriculture and Rural Development (preliminary baseline)

ILUC = Indirect Land Use Change
RED II = Renewable Energy Directive (recast from 2018)

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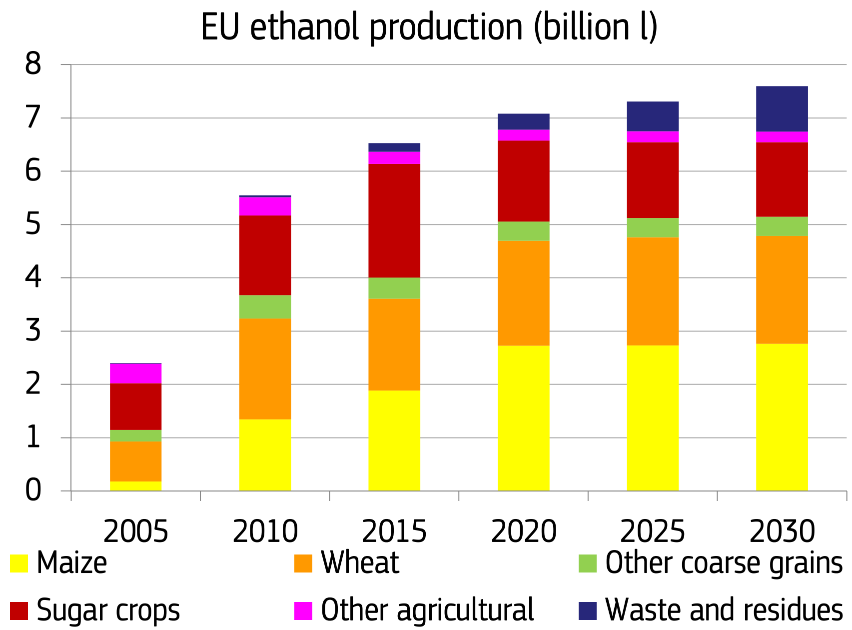
Biofuel production: feedstocks

Feedstock prices will drive minor changes in feedstock use

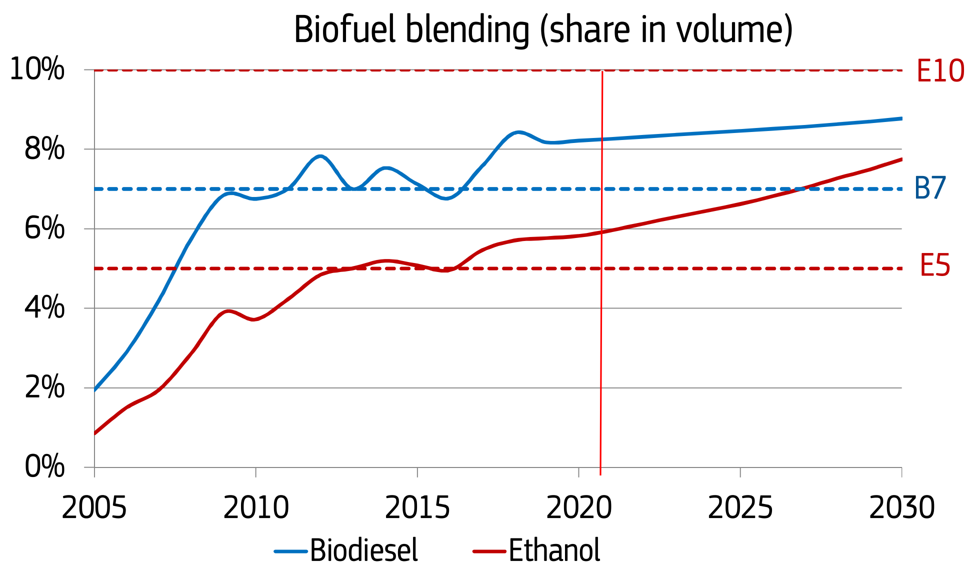


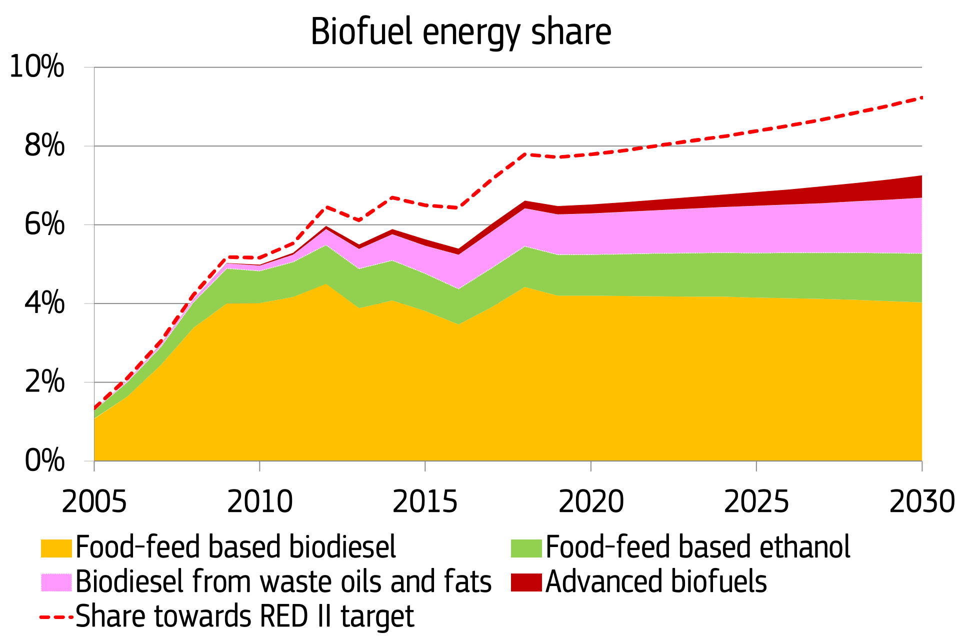
Source: DG Agriculture and Rural Development (preliminary baseline)

- increasing use of wheat over sugar and maize due to prices

Blending and energy share

Overall limited increase in energy share of crop-based biofuels





Source: DG Agriculture and Rural Development (preliminary baseline)

- Increased blending of biofuels
  - driven by mandates and decreasing fuel consumption
  - In energy share, shift from crop-based biodiesel to ethanol

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Thank you