

Meeting summary

26 April 2019

- o Mr Michael Scannell, Director of Agricultural Markets and Observatories, chaired the sixth meeting of the sugar Market Observatory on 26 April 2019. Eleven out of fourteen SMO members, representing all stages of the sugar and isoglucose supply chain (except the sugar users), attended.
- o The first part of the meeting was devoted to a thorough analysis of the market situation, which many stakeholders perceived as problematic.
- o ASSUC presented the world market situation, followed by DG AGRI's update of the EU market situation.
- o At international level, prices remain relatively low after a slight increase at the end of 2018—despite the announced world deficit for marketing year 2019/20. In Brazil, current high oil prices favour ethanol production and keep the sugar mix lower than usual. However, India's second year of significant surplus even with lower than planned exports is maintaining a rather pessimistic view on the world price evolution among many participants.
- o In the latest 2018/2019 EU balance sheet of DG AGRI, the production has been revised downwards to 17.5 million tonnes. The average EU sugar price remains low (i.e. EUR 314 per tonne in February 2019). According to the representatives of sugar producers, contracts signed at those prices mostly date back to the beginning of the marketing year when production forecasts were more optimistic. Participants underlined the importance of timely and accurate forecasts for well-informed negotiations on price building and a good functioning of the market.
- o Overall, participants confirmed the revised figures of the updated EU balance sheet, although some suggested slightly higher imports and lower exports.
- o Many participants shared the view that cultivated areas for next marketing year will probably decrease. Farmers' representatives stressed the fact that the recent ban on neonicotinoids will have a negative impact on next harvest's yields. These two factors, together with dry weather in spring in many sugar-producing regions, point again at lower EU supply, closer to demand levels.
- o Some participants consider that spot prices published from private sources are not representative and they asked the Commission to collect/communicate more reliable spot prices.
- o With regard to the work of the High-Level Group on Sugar, Mr Scannell summarised the main issues discussed in the last meeting and the different positions expressed by Member States. He mentioned the lack of consensus on the impact of Voluntary Coupled Support and emergency authorisation for neonicotinoids by certain Member States.
- o DG AGRI presented its proposal for the Market Transparency Initiative. The main novelties concern a proxy for spot prices (i.e. prices linked to short-term contracts signed) and buying prices for sugar (i.e. from the first level of sugar users). While some experts welcome the additional data collection, others considered the information at the level of primary production and first processing stage sufficient and favoured an approach concentrating on high-sugar content food products.
- o Finally, DG AGRI presented a summary of BREXIT preparedness actions, aiming mainly to mitigate market disturbances in case of a "no deal" scenario.
- o The next SMO meeting will take place on 15 November 2019, unless an extraordinary session will be held before the summer break.