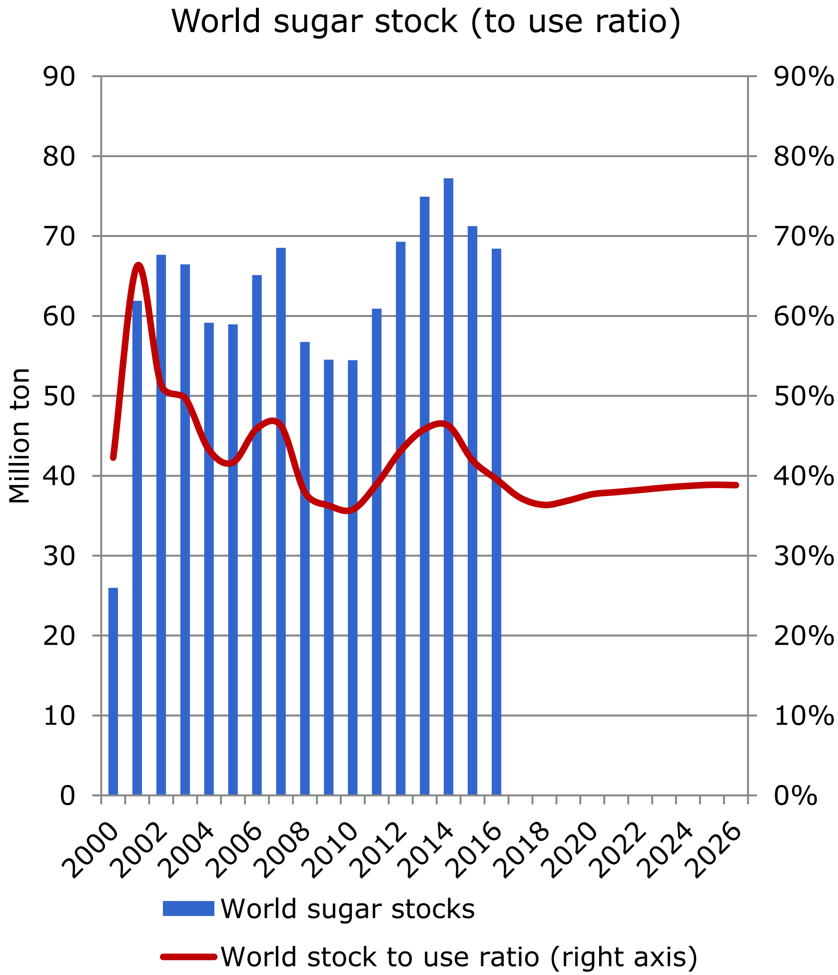
European Commission

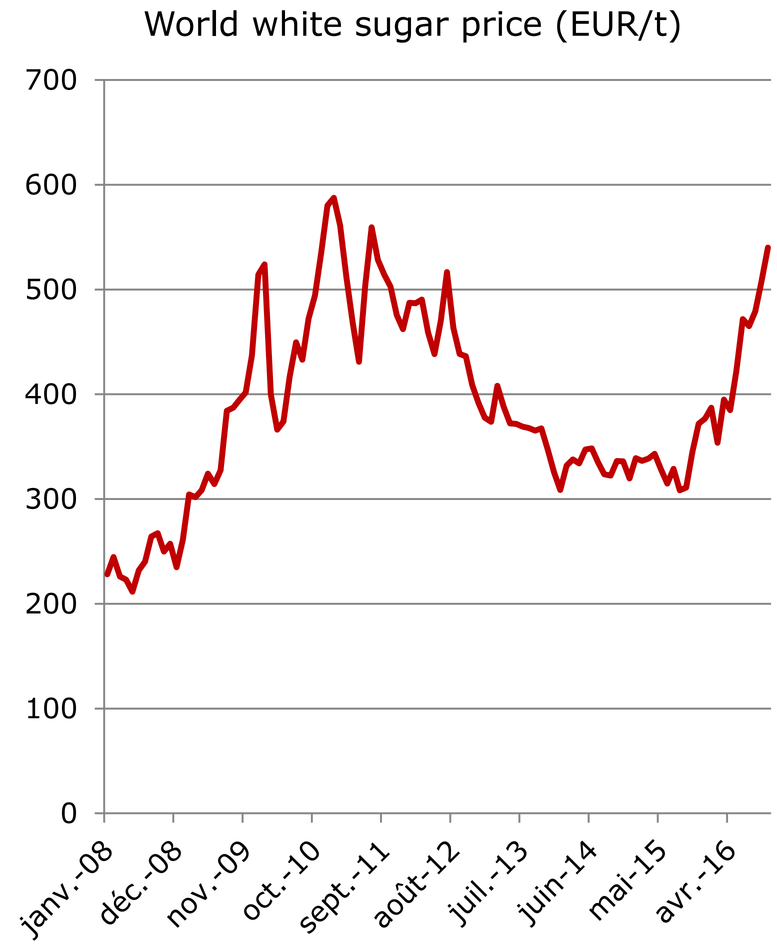
The 2016 EU Agricultural Outlook Conference

Sugar

Brussels, 6-7 December

Surge in world sugar prices over the last year





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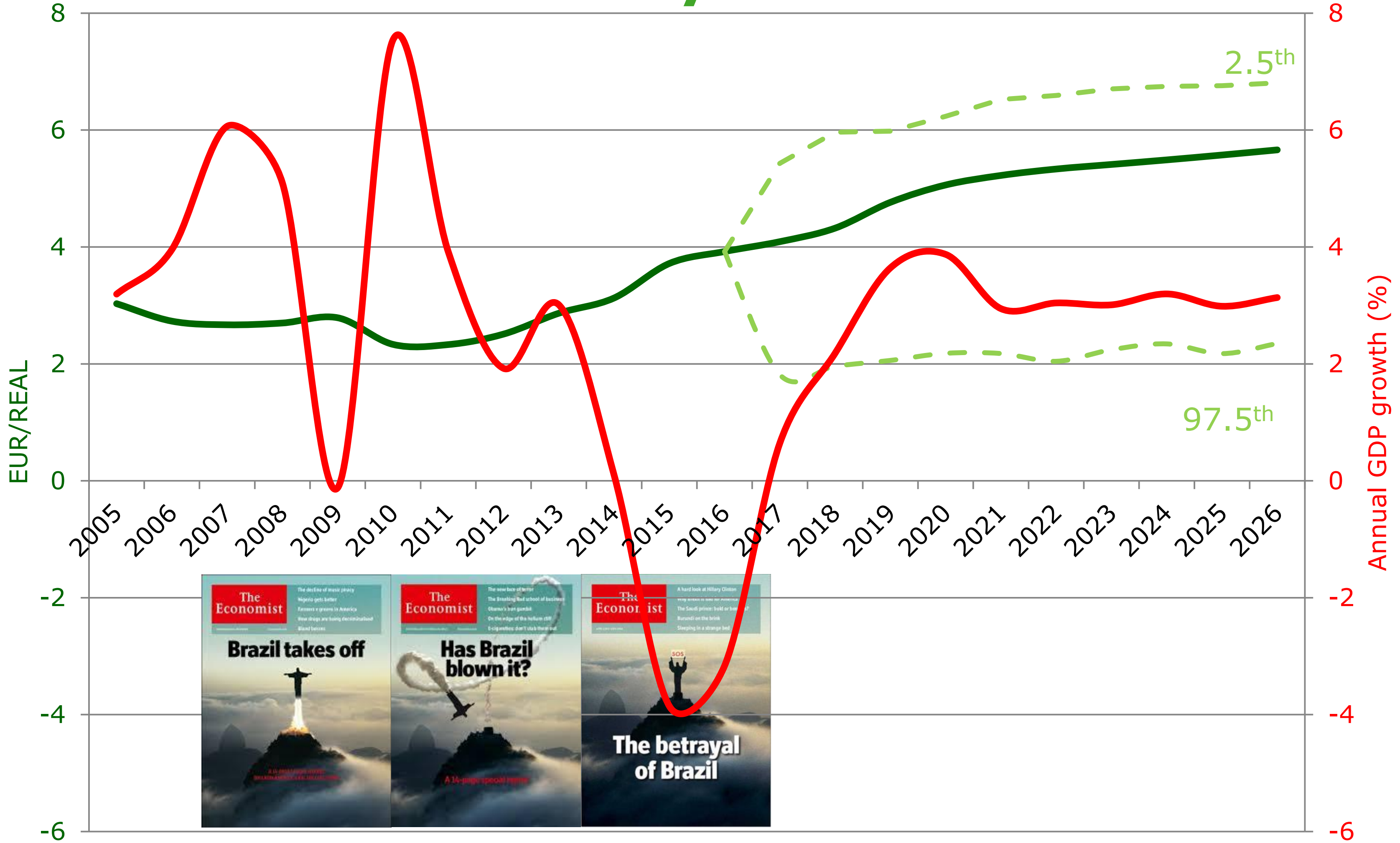
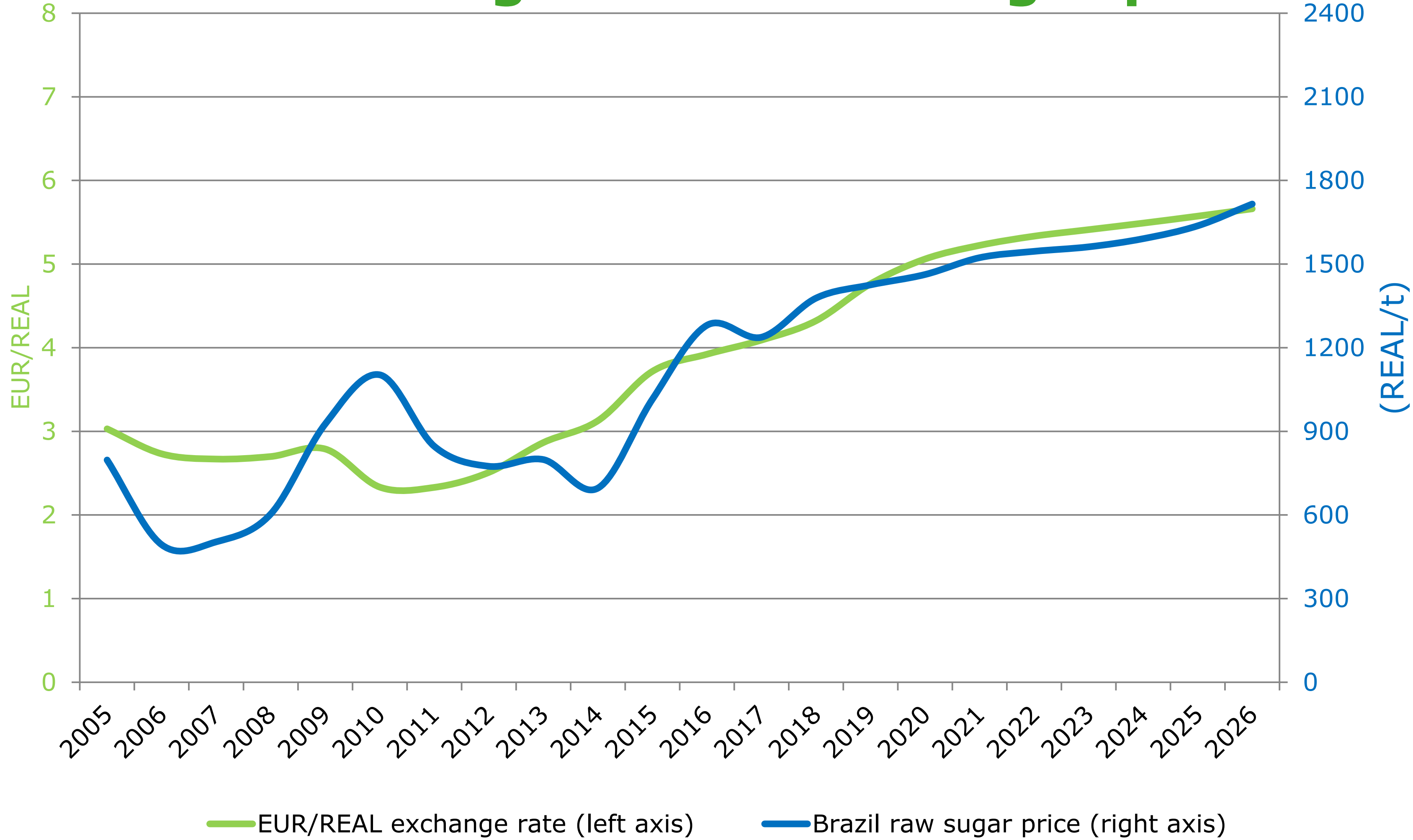
Uncertainty about Brazil



Real strong influence on sugar price



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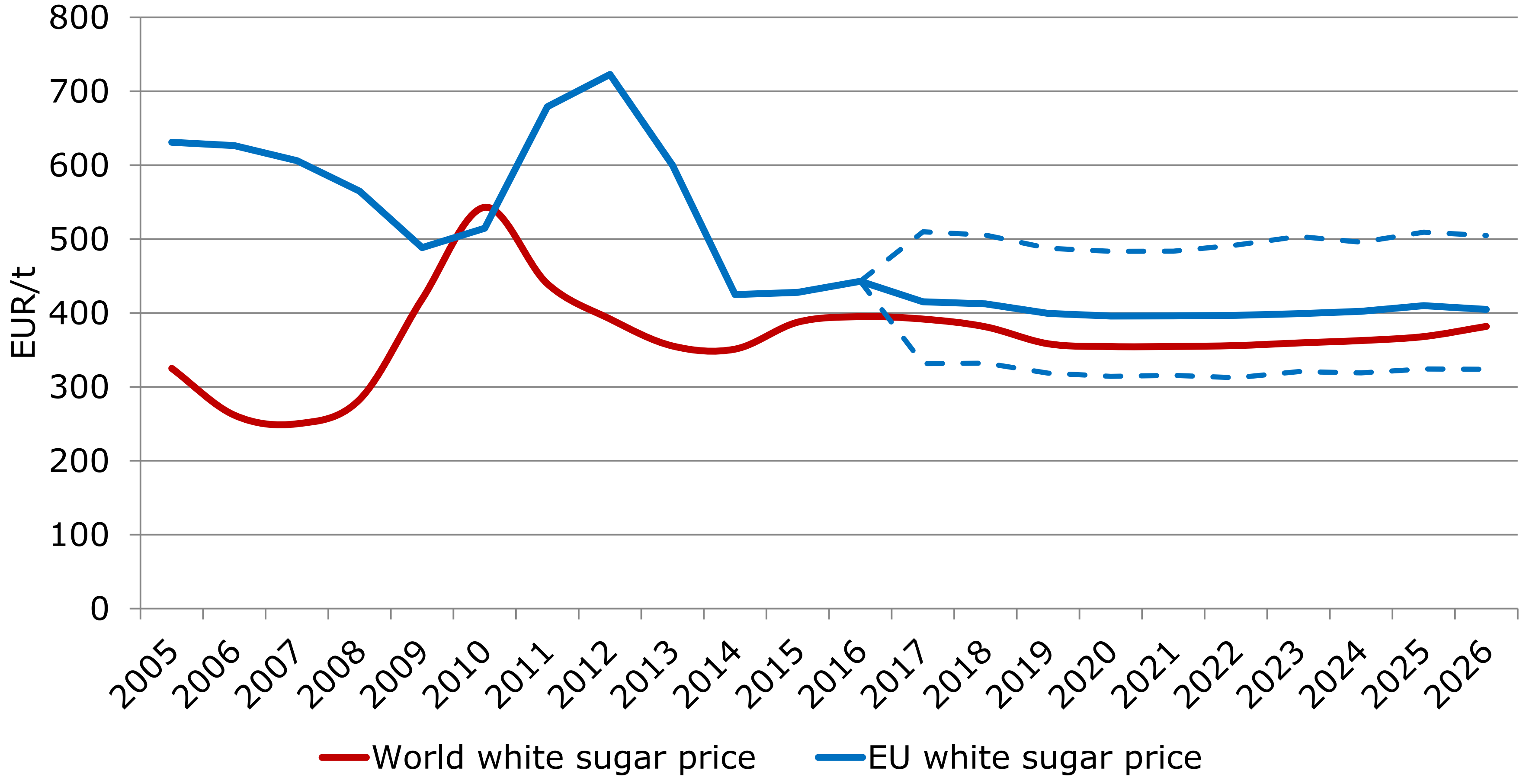
EU domestic price around 400 EUR/t

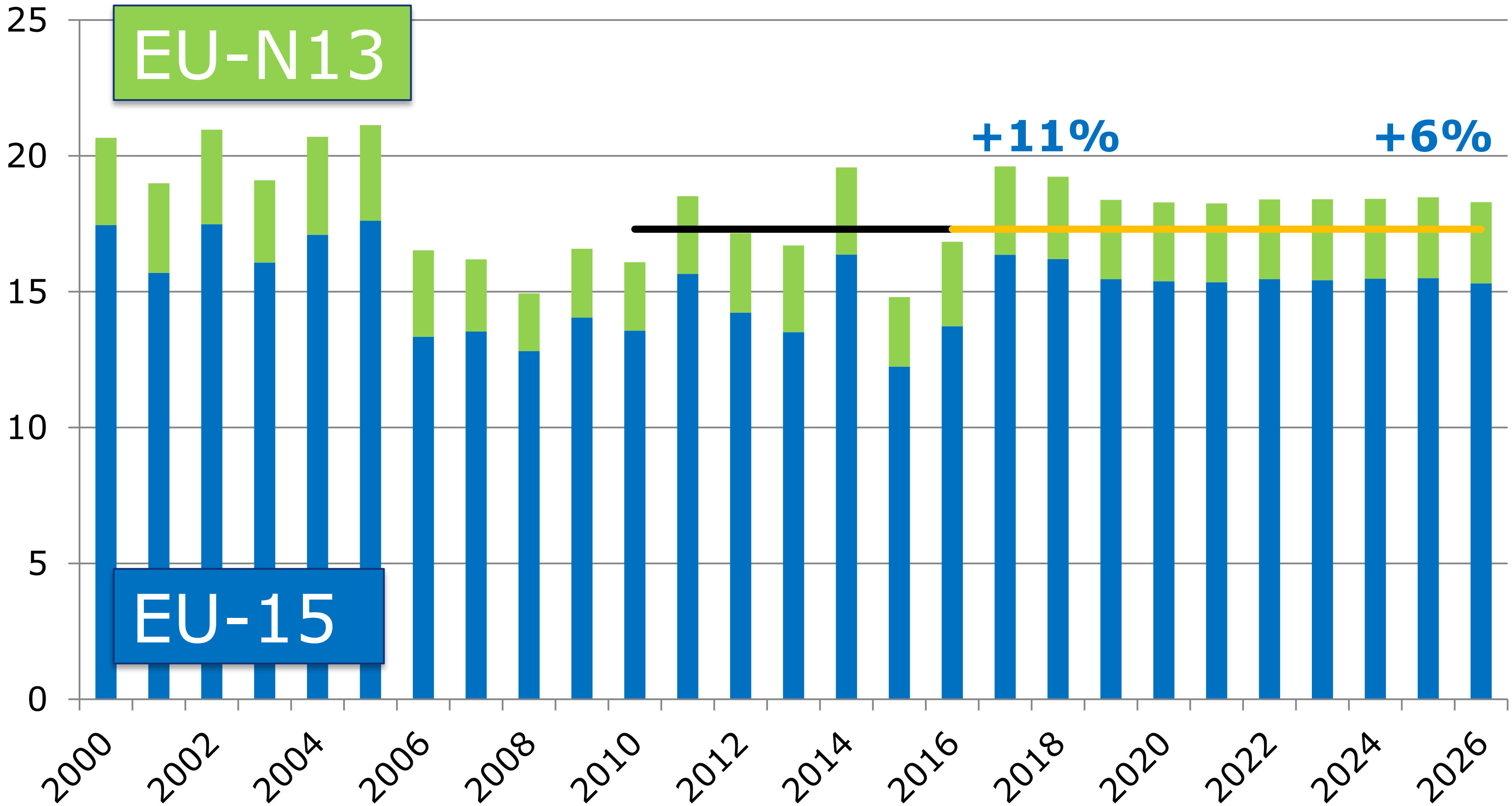


Incentives to EU sugar production increase

- World (EU) sugar price
- Reducing average cost through maximizing capacity use
- Storing and trading capacity
- Market share

- Future delivery rights
- Low arable crop prices
- Specialized equipment
- Voluntary coupled support (EU-N13 mainly)

EU white sugar production (million tons)



What else?

Isoglucose quota to expiry

Increased production to 1.9million tonnes (9% of consumption)

Slow market penetration due to abundant low cost sugar

Imports to decrease as EU market becomes less attractive, especially challenging for CXL imports, <2 million tonnes

Exports to increase > 2 million tonnes

No more differentiation of industrial sugar beets

limited demand for ethanol

Ethanol production located in regions that could export sugar

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Reports and data available at:

http://ec.europa.eu/agriculture/index_en.htm

http://ec.europa.eu/agriculture/markets-and-prices/index_en.htm

http://ec.europa.eu/agriculture/policy-perspectives/index_en.htm

http://ec.europa.eu/agriculture/trade-analysis/index_en.htm

Thank you for your attention!

Annex

Voluntary coupled support