



Meeting summary

20 June 2023

The sixteenth meeting of the European Union Sugar Market Observatory (SMO) took place by videoconference and was chaired by DG AGRI, Unit E4.

ASSUC presented the recent developments and prospects for the world sugar market. After an initial surplus forecast, lower production in Europe and India have tipped the balance to a deficit of 1.7 million for 2022/23. World market prices and trade flows are currently very volatile because of the instable geopolitical situation and delays in production in Brazil. The first fresh supply from Brazil has come on the world market, which led to a slightly lower price in recent weeks, but prices remain strong. One of the reasons is that the start of an El Niño causes uncertainty about production, leading to a bullish market sentiment. Freight costs have come down to levels as before the start of Russian invasion of Ukraine, which supports global trade flows. Global consumption remains strong; the impact of inflation and economic hardship are not clearly visible yet but remain factors of concern.

DG AGRI provided an update of the EU sugar market situation. Imports are compensating for lower domestic production. Figures up to June 2023 show that already more than 2 million tonnes have been imported, including 350 000 tonnes from Ukraine. Exports are lower compared to recent years. Compared to 2021/22, sugar stocks decrease more slowly, thanks to increased production of full-time refiners in the EU. Sowing for the 2023/34 campaign has been completed. Total area has slightly increased to 1.37 million ha. The experts discussed the sugar availability on the EU market and the developments around sugar imports from Ukraine.

A discussion took place on the recent development of the EU average sugar price. The In April prices reached an average of EUR 812 per tonne; average short-term selling prices for February 2023 EUR were 951 per tonne. In contrast to the world market price and the prices of other commodities, sugar prices are not decreasing. The Commission asked the experts to share their insights on the market development. On the supply side, the experts mentioned input costs (labour, fertilisers, energy) have increased significantly and expected high future investment require additional capital. These cost pressures push the prices up. On the demand side, the experts were of the view that the lack of reaction to lower energy prices indicate that strong demand and not sufficient supply is causing higher prices.

A representative of ACP/LDC sugar producing countries presented the production developments are in countries that have preferential access to the EU market. Current production forecast in the main producing countries is good, but El Niño is causing concern. Exports have picked up again but do not yet match the levels of the past. Regional markets become more important destinations for ACP sugar, but the EU still forms an important destination for sugar produced in these countries. ACP countries are investing in quality and sustainability improvements to develop their sugar sector and continue to be able to export to the EU market.

Presentations can be found on the [sugar market observatory website](#). The next meeting of the SMO will take place on 15 November 2023. An ad hoc meeting could be organised if the market situation calls for it.