



Meeting summary

8 November 2022

The fifteenth 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 a global deficit in marketing year 2021/22, a surplus of 3.9 – 5.4 million tonnes is expected for 2022/23. This is mainly due to high production in India, Brazil and Thailand. World market prices and trade flows are currently very volatile because of the instable geopolitical situation and high oil prices. Global consumption was recovering after the pandemic, but inflation and the imminent global economic recession is slowing down global demand development due to reduced purchasing power. The increased occurrence of extreme weather events in different parts of the world has the potential of impairing global availability of sugar and destabilising the world market.

DG AGRI provided an update of the EU sugar market situation. The EU average sugar price for September reached EUR 512 per tonne; average short-term selling prices for July 2022 EUR 596 per tonne. The sugar beet campaign is ongoing in all producing Member States. Average yield estimate for the EU is 73.2 tonnes per hectare, slightly below the five-year average. Estimated sugar production for 2022/23 is 15.5 million tonnes. In the last quarter of marketing year 2021/22, imports have increased compared to the same period last year, while exports were considerably lower. The September update of the EU sugar balance sheet for 2021/22 was shared with the experts.

A representative from the OECD presented the sugar consumption trends in different world

regions for the coming decade. Global consumption is growing with 0.9% each year, but the per capita consumption remains stable. Additional demand will grow mostly in Asia and Africa compared to current situation. In high-income countries, per capita consumption has seen a decline in the past and this is projected to continue. In Europe, the pace of the consumption decline is expected to slow down compared to the previous decade. In spite of the decrease, high-income countries will remain the largest sugar consumers worldwide. High fructose sweeteners (isoglucose) demand is projected to grow globally, mainly due to increased demand in China. It is expected to remain the main alternative for sugar in the world.

CEFS presented an overview of what members are doing to mitigate the effects of high energy costs and possible shortages caused by the current geo-political situation. Many producers are switching energy supply sources, from gas back to oil. Some producers have started the campaign earlier than usual (France; Germany), or beets are processed abroad (Sweden). Long-term solutions are underway. Companies are investing in renewable energy (solar and wind). Electricity is only part of the solution, as the production process requires a dispatchable energy source for heat. Biogas production from biomass (beet pulp) could offer a solution for the sector.

The next meeting of the SMO is not yet scheduled, but is likely to be held in spring 2023. An ad hoc meeting could be organised if the market situation calls for it.