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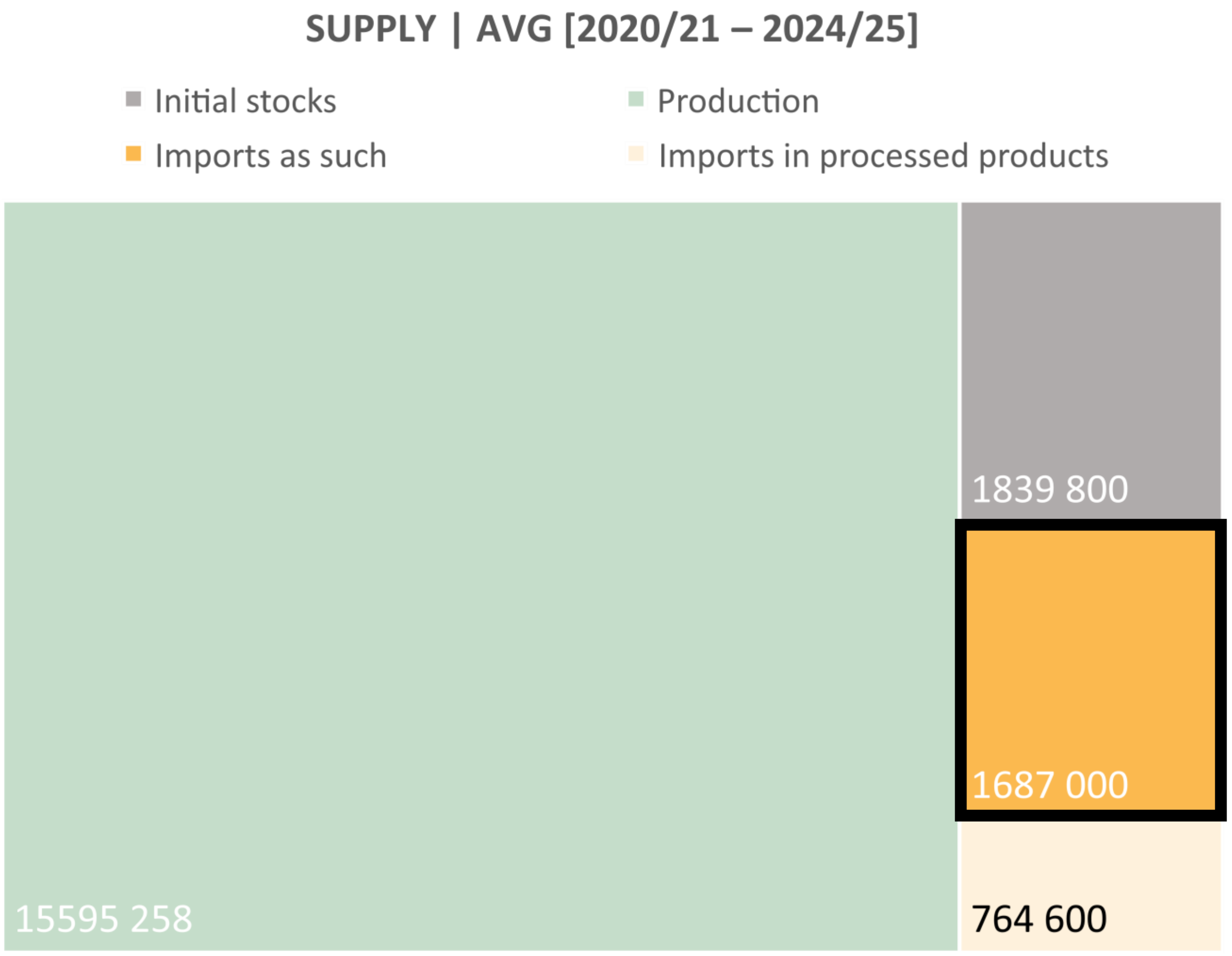
ASSOCIATION DE RECHERCHE TECHNIQUE BETTERAVIÈRE

The EU enlargement

Exchange of views with DG AGRI

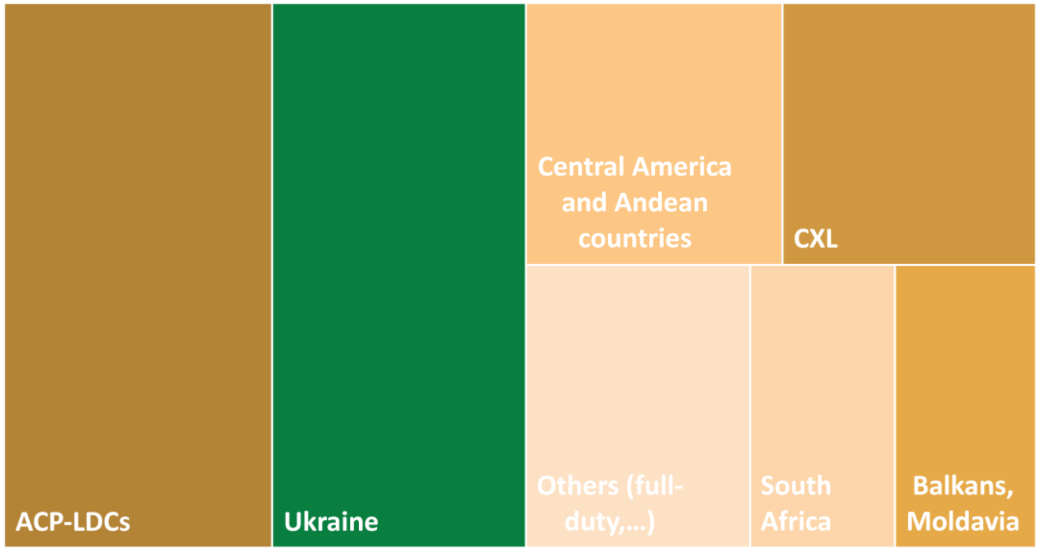
04th July 2024

The EU sugar market to date



- ❑ **EU imports « as such »** = 1,69 Mt

→ **27%** sourced from **Ukraine** over (2022/23 – 2024/25)



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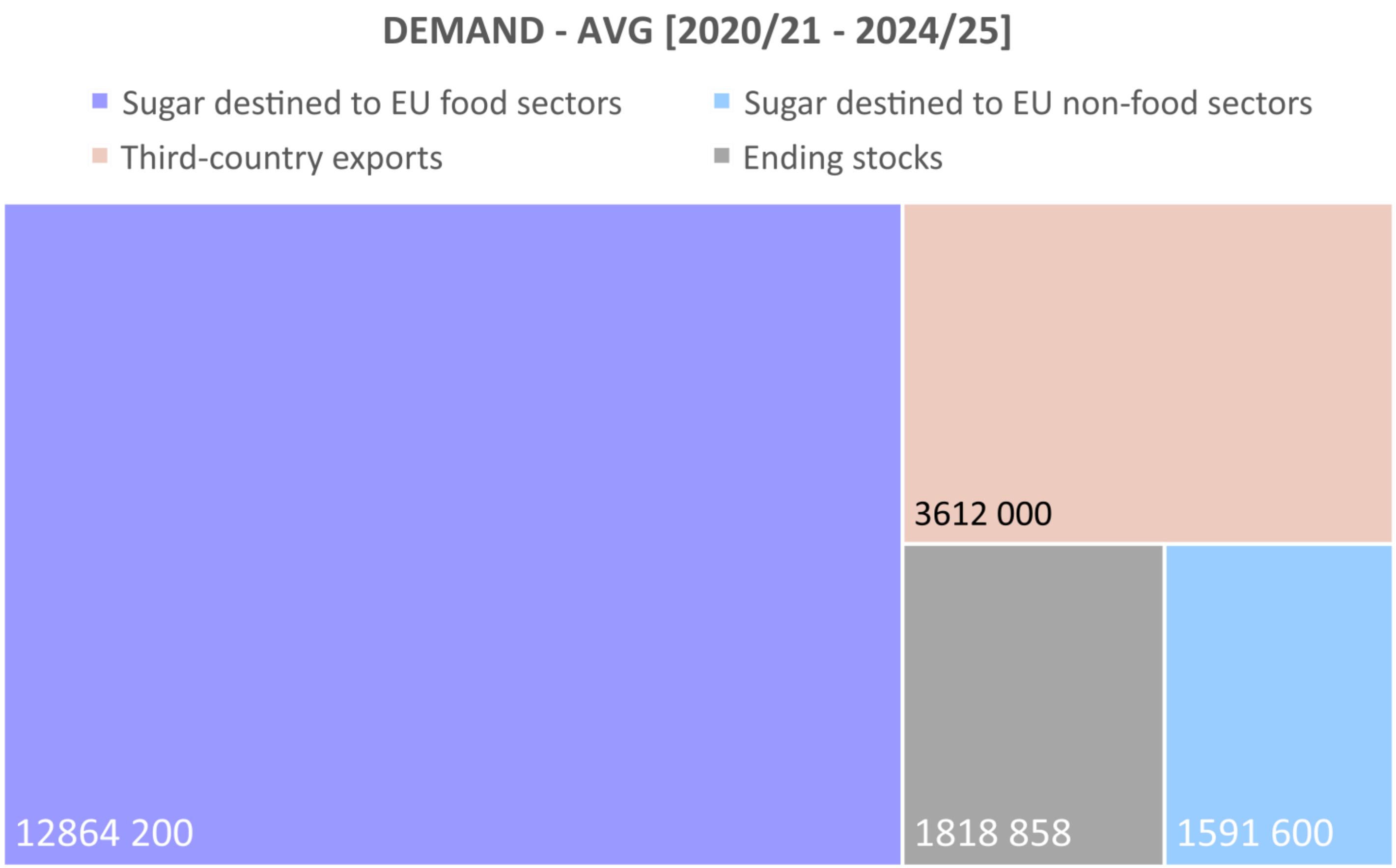
The EU sugar market to date

- EU-27 = A **structural net-importer** of sugar « as such »



- European **sugar consumption** slowly **declining**

- **Third-country exports**
  - As such (28%)
  - In processed products (72%)

- **Non-food sectors**
  - Chemical, pharmacology & cosmetics (58%)
  - Bioethanol (42%)

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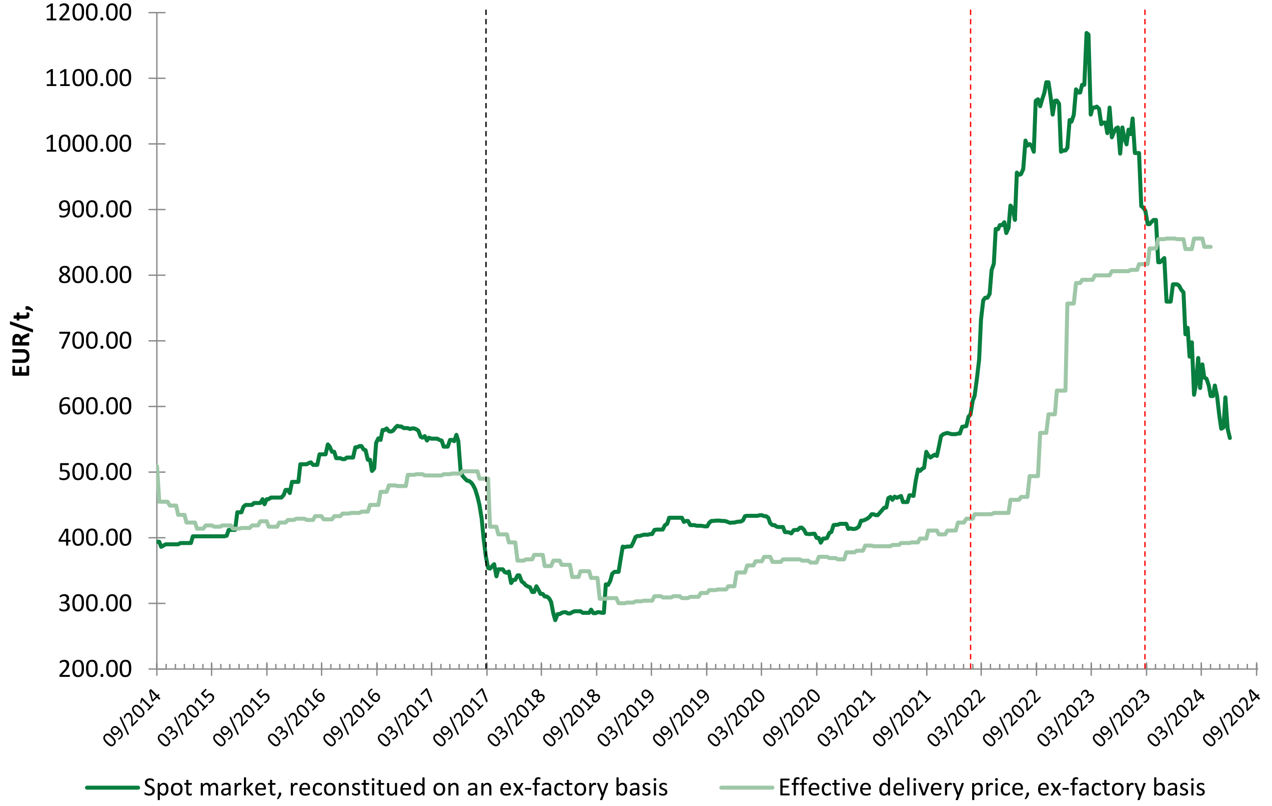
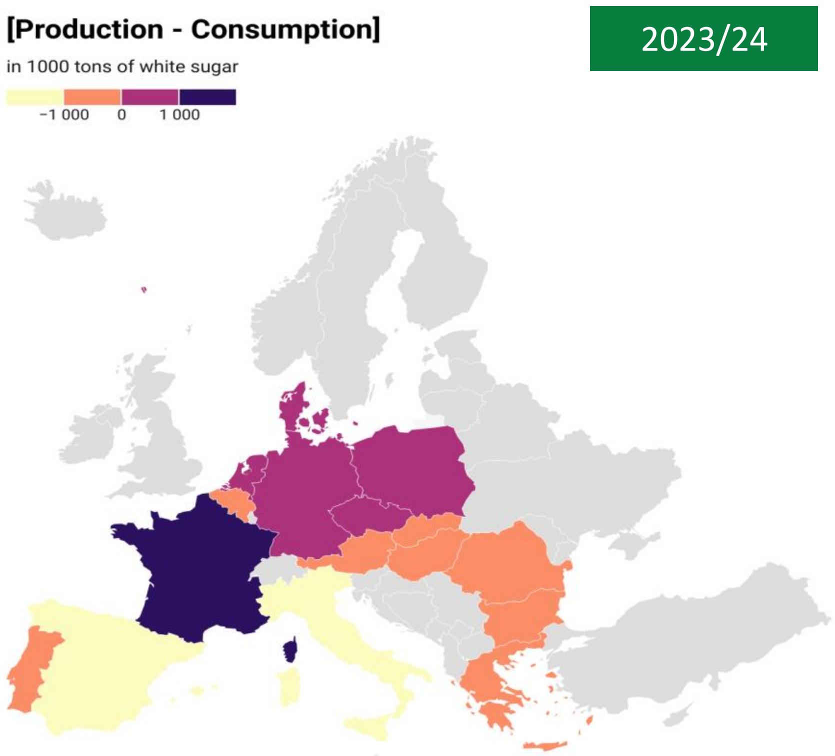
The EU sugar market to date

- ❑ Price dynamics : a roller coaster → increased volatility





- ❑ Significant MS differences : deficit VS surplus

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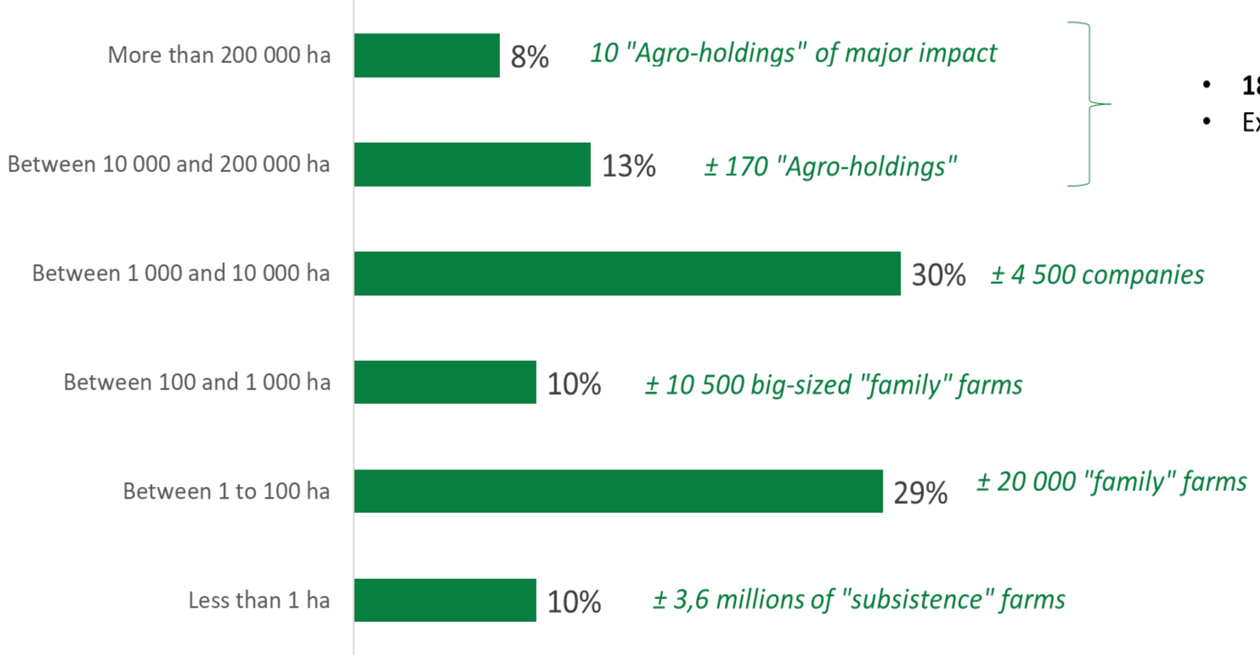
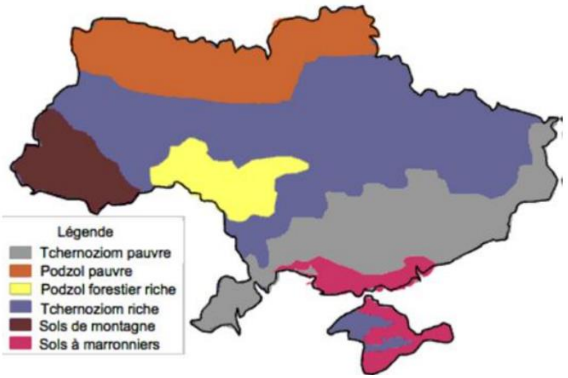
The sugar industry in Ukraine

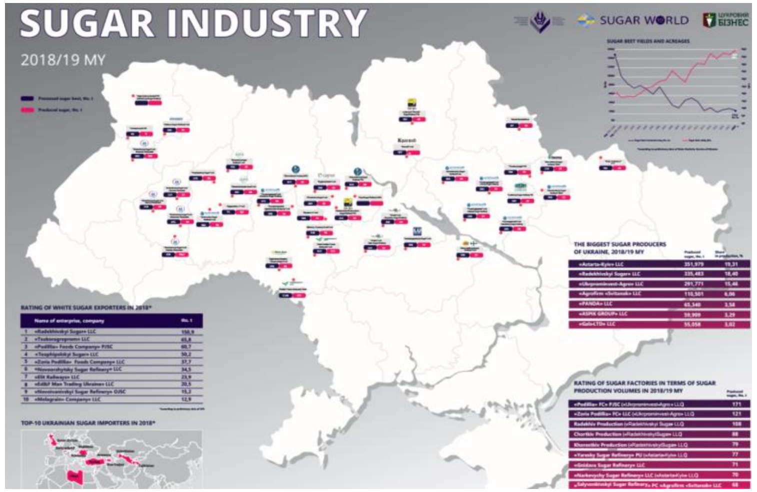
- A vertically-integrated industry controled by agroholdings



- **180 « Agro-holdings »**
- Export-oriented activities

95% of the total Ukrainian beet producton

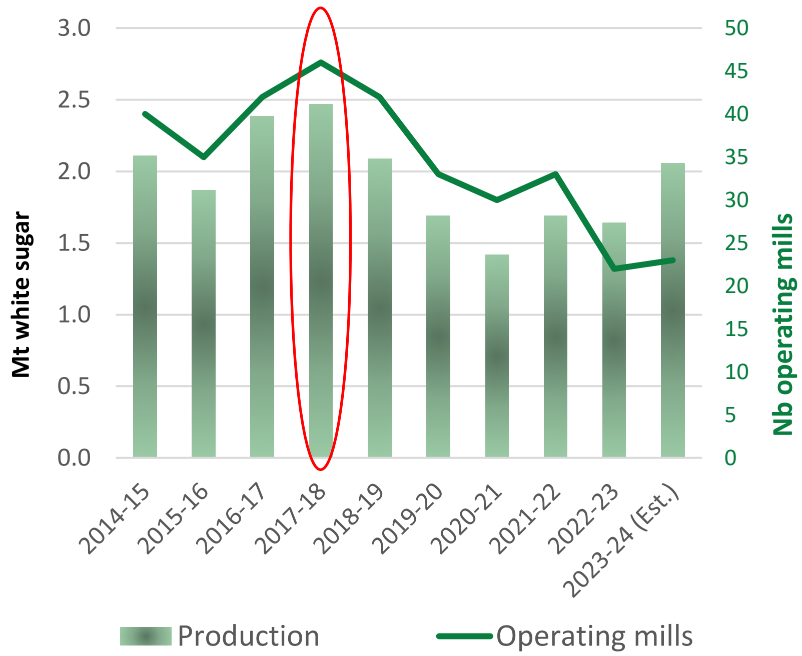




- Located on « rich » tchernozioms

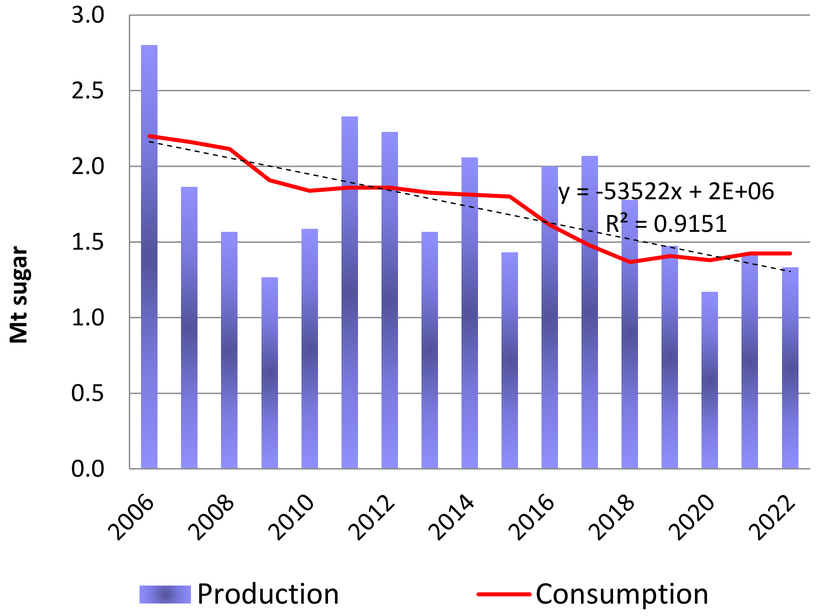
The Ukrainian S&D : useful features

❑ Production



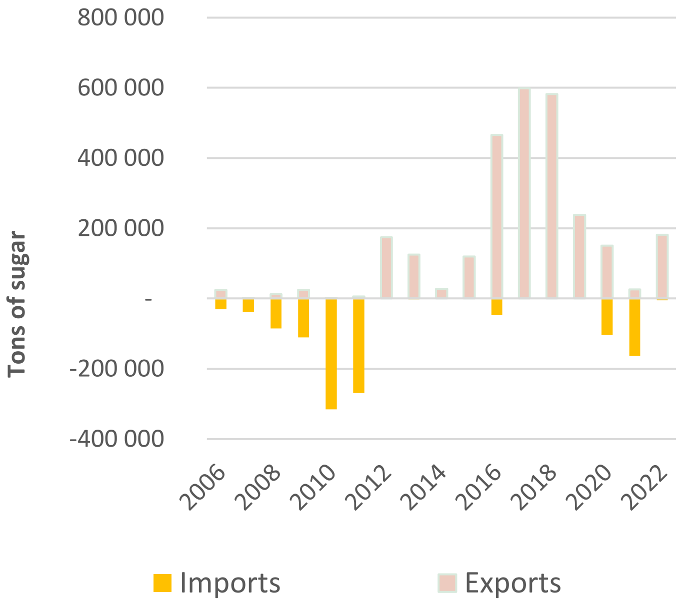
- Between 23 to 46 operating mills over the past decade
- 2,5 Mt of sugar produced in 2017-18

❑ Consumption



- 2,5% annual decline since 2006

❑ M & X



- Hardly any imports since 2012
- No CXL import quota expected
- Historical exports (EU excluded) up to 550 kt annually

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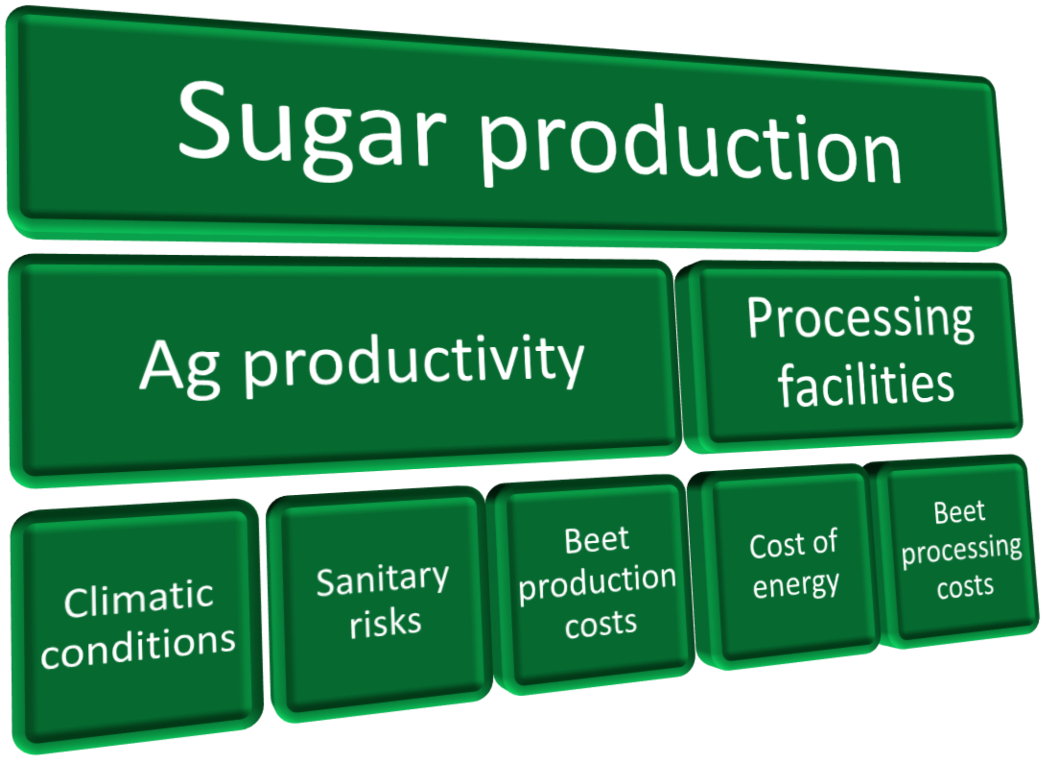
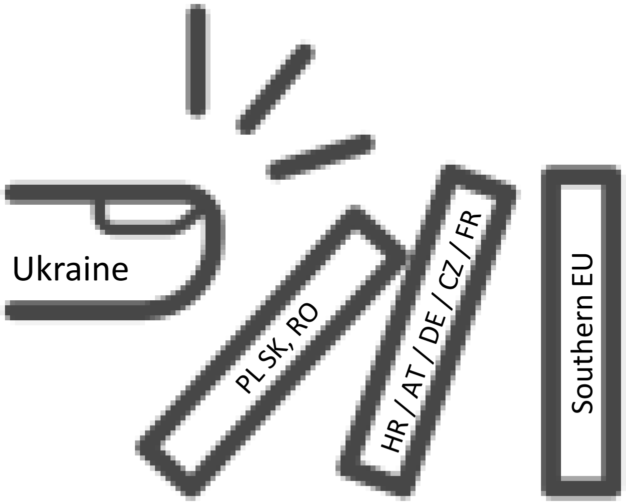
What to expect in 2035 ?



European sugar industry will be **reshaped** by EU's enlargement to Ukraine

WINNERS AND LOSERS



What to expect in 2035 ?

	Average 5-year	2035 (Full capacity)	2035 (70% capacity)
Initial stocks	1 839 800	1 817 167	1 820 400
Production	15 595 258	18 204 548	17 345 258
Imports as such	1 687 000	1 80 000	1 800 000
ACP-LDCs	486 400		
CXL	220 800		
Balkans, Moldavia	128 600		
Ukraine	350 000		
Central America and Andean countries	223 600		
South Africa	136 400		
Others (full-duty,...)	211 200		
Imports in processed products	764 600	800 000	800 000
TOTAL SUPPLY	19 886 658	22 621 715	21 765 658
Sugar destined to EU food sectors	12 864 200	13 850 000	13 850 000
Sugar destined to EU non-food sectors	1 591 600	1 600 000	1 500 000
Chemical, Pharmacology, Cosmetics	919 000	1 000 000	1 000 000
Bioethanol	672 600	800 000	500 000
Third-country exports	3 612 000	4 046 400	4 546 400
As such	996 400	1 246 400	1 746 400
In processed products	2 615 600	2 800 000	2 800 000
Ending stocks	1 818 858	2 925 315	1 869 258
TOTAL DEMAND	19 886 658	22 621 715	21 765 658

- ❑ **Ending stocks could vary substantially**
- ❑ **Different ways to balance the enlarged market**
  - Reduction of sugar production in EU-27
  - Ability to export additional surplus on the world market
  - Use of bioethanol to absorb the surplus and limit European oil import needs

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