European Commission

EU agricultural outlook 2018-2030

EU outlook for sugar

Brussels 15 November 2018

Agriculture and Rural Development

Medium term outlook

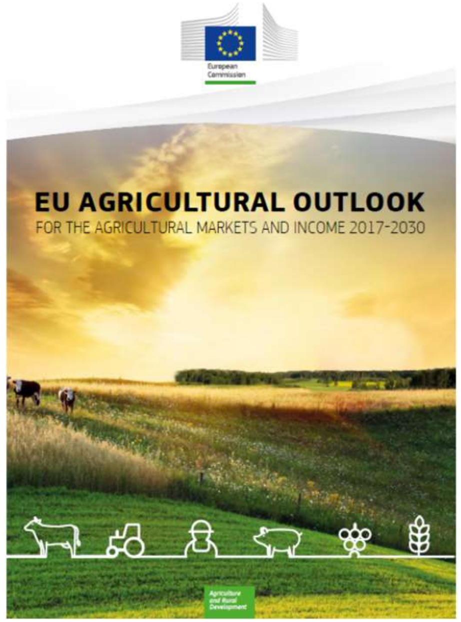
10-year projections of EU agricultural markets and income

≠ forecast

= description of what may happen under a specific set of assumptions, judged plausible at the time of projections

Aim:

- To better understand markets and their dynamics
- To identify key issues for market and policy developments
- To have a benchmark for assessing the medium-term impact of future market and policy issues



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The future of food and farming

The 2018 EU Agricultural Outlook conference – 6-7 December 2018

Day 1:

Focus on digitisation and innovation in the farming sector but also on Africa

Day 2:

Focus on the outlook for EU agricultural markets (crops, biofuels, meat and dairy)

Registration:
https://ec.europa.eu/info/events/2018-eu-agricultural-outlook-conference-2018-dec-06_en

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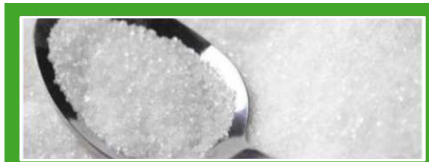
EU outlook for sugar

Sugar beet and sugar production

Prices and trade



Consumption trends

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EU outlook for sugar

Sugar beet and sugar production

- Lower trend for sugar beet yield
- Small area decrease
- Stable sugar production
- Limited prospects for organic sugar

Sugar beet yield

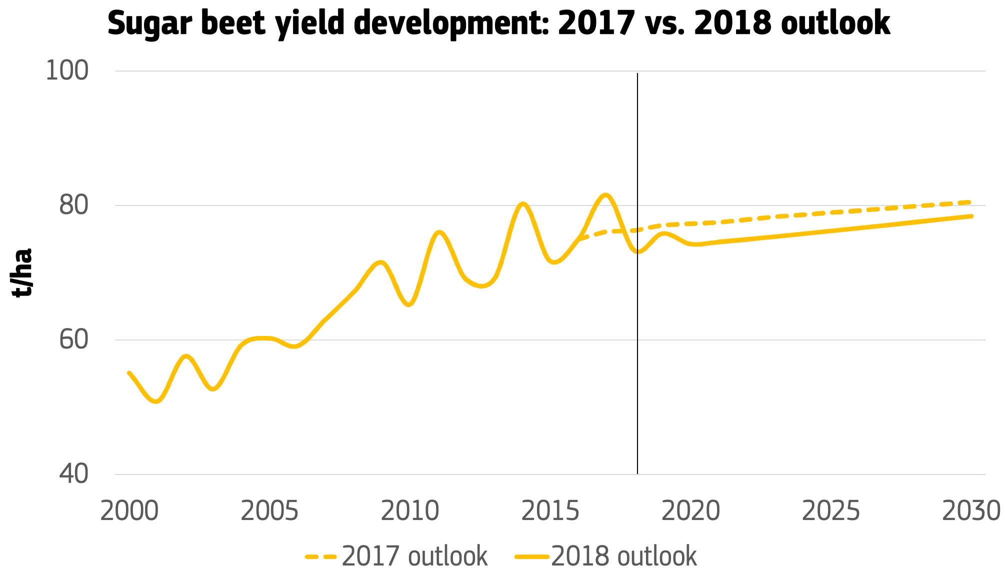
Lower but still increasing yield trend

Drop in yield :

- ban on seed treatment with neonicotinoids from 2019 onwards
- 2019 and 2020

increasing trend:

- adjustment period to develop adequate alternative pest control measures
- 78.4 t/ha in 2030



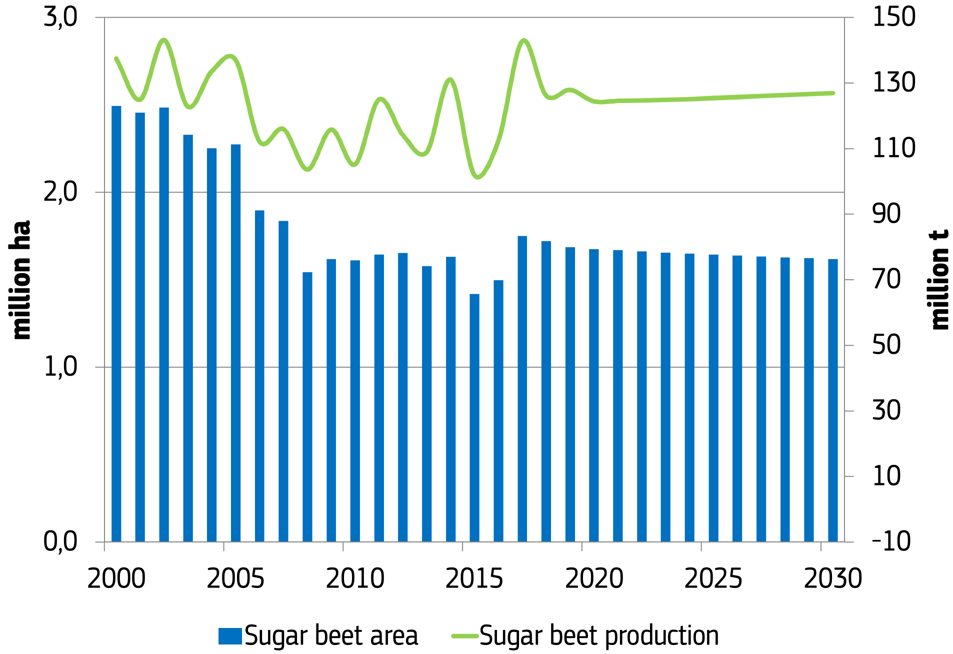
Source: DG Agriculture and Rural Development

Sugar beet area and production

Slightly decreasing area but increasing sugar beet production

Small area decrease (~0.1 million ha) due to :

- increasing costs for pest control
- lower yields



Source: DG Agriculture and Rural Development

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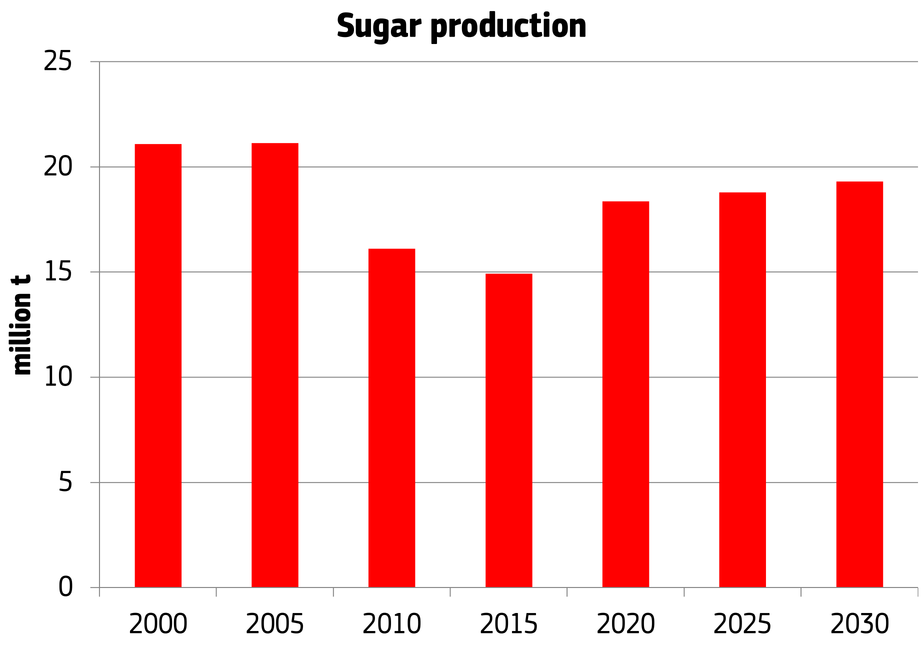
Sugar production

Stable sugar production



Source: DG Agriculture and Rural Development

Sugar production forecast at 19.3 million t in 2030
~13% above quota production

Organic sugar

Organic sugar beet production expected to remain marginal

EU organic area in 2016:

- 4125 ha (0.28% of total area)
- mainly Germany (53%) and Austria (23%)

Estimated available organic sugar:

- maximum EU production: ~50 000 million t
- imports of organic cane sugar: ~100 000 million t
- Latin America is main organic cane sugar producer

Penetration rate of organic sugary products:

- Sugar confectionary and sweet biscuits: <2%

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EU outlook for sugar

Prices and trade

- Further devaluation of the Brazilian real
- Increasing world production
- Slightly increasing trend in EU and world sugar prices
- The EU to remain net exporter

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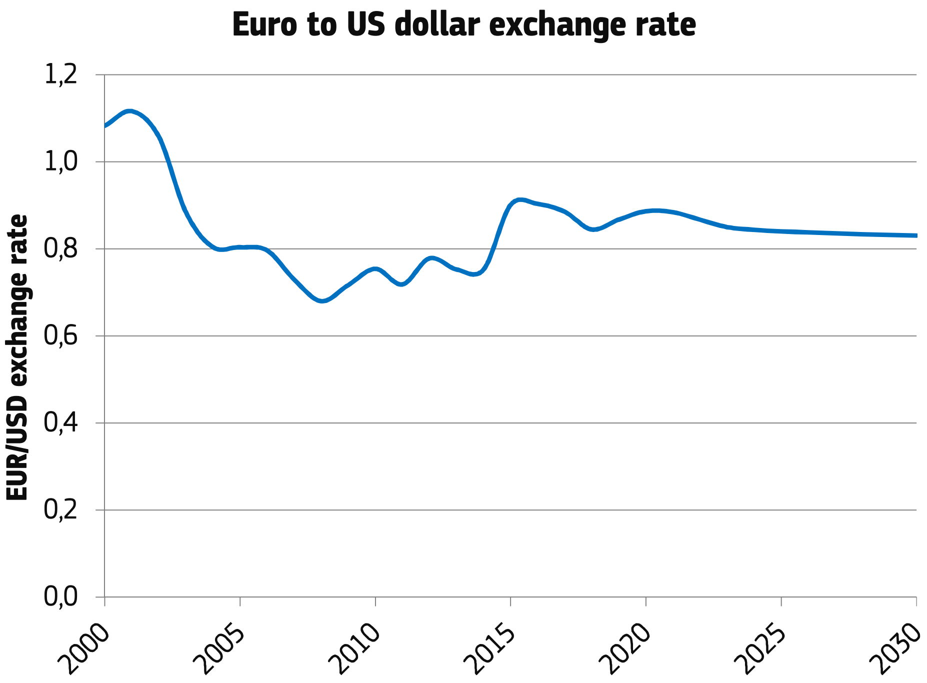
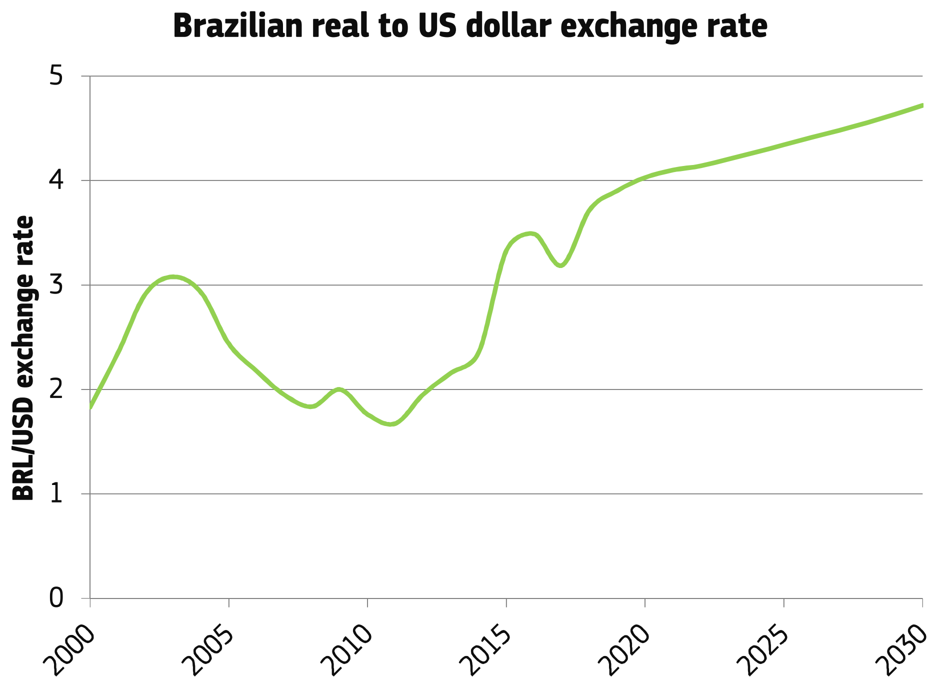
Exchange rates

Further devaluation of the Brazilian real





Source: DG Agriculture and Rural Development

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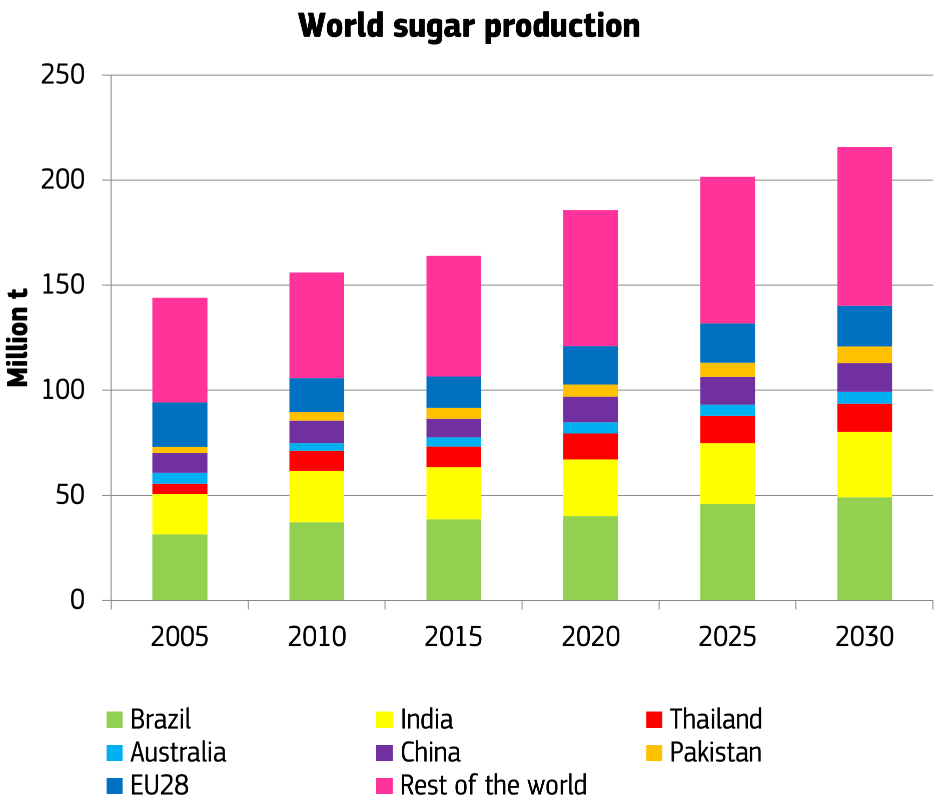
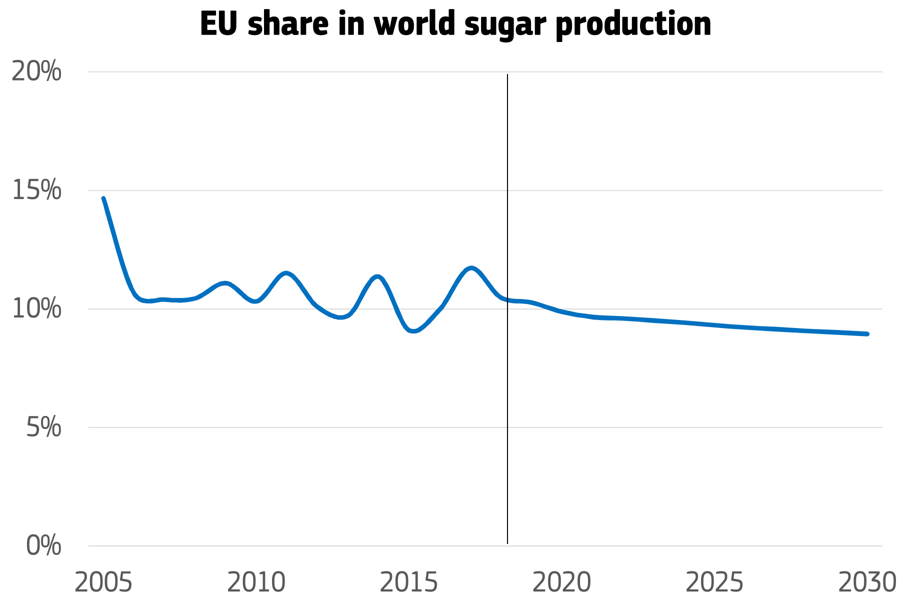
World sugar production

World sugar production increasing to 216 million t by 2030





Source: DG Agriculture and Rural Development, based on OECD 2018 outlook

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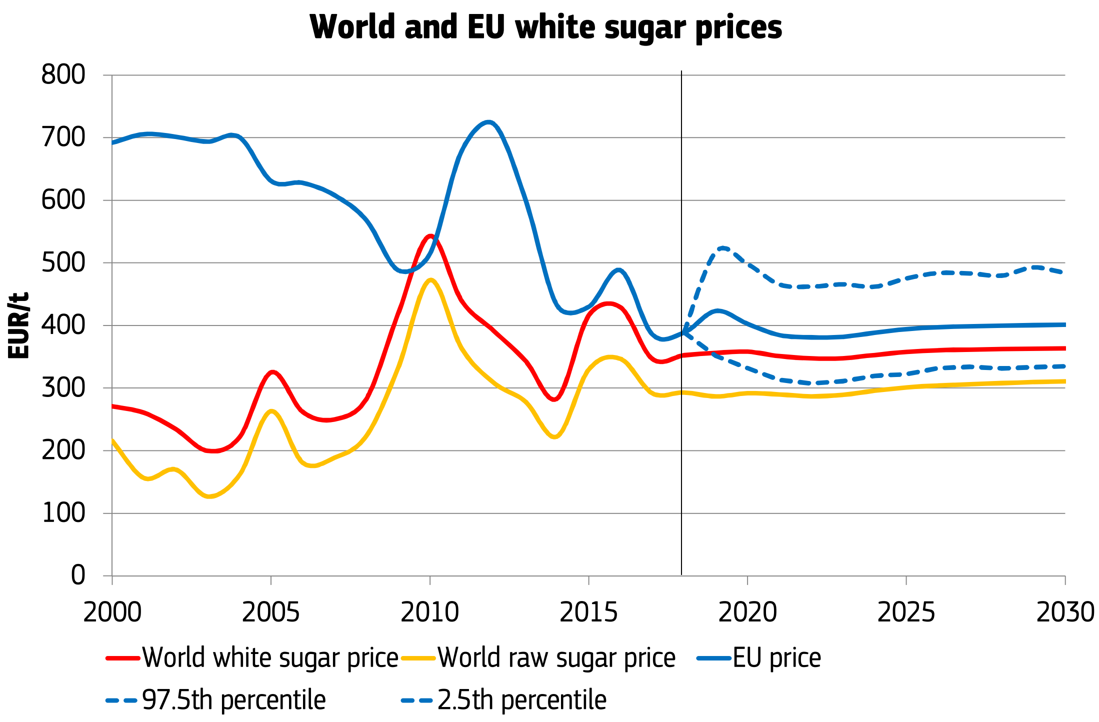
White sugar prices

Slightly increasing trend in world and EU white sugar prices



Source: DG Agriculture and Rural Development

By 2030
- World price at 363 EUR/t
- EU price at 401 EUR/t

Over the outlook period:
- EU-World gap: 35-40 EUR/t
- White premium: 50-70 EUR/t
- World surplus: 4-8 million t

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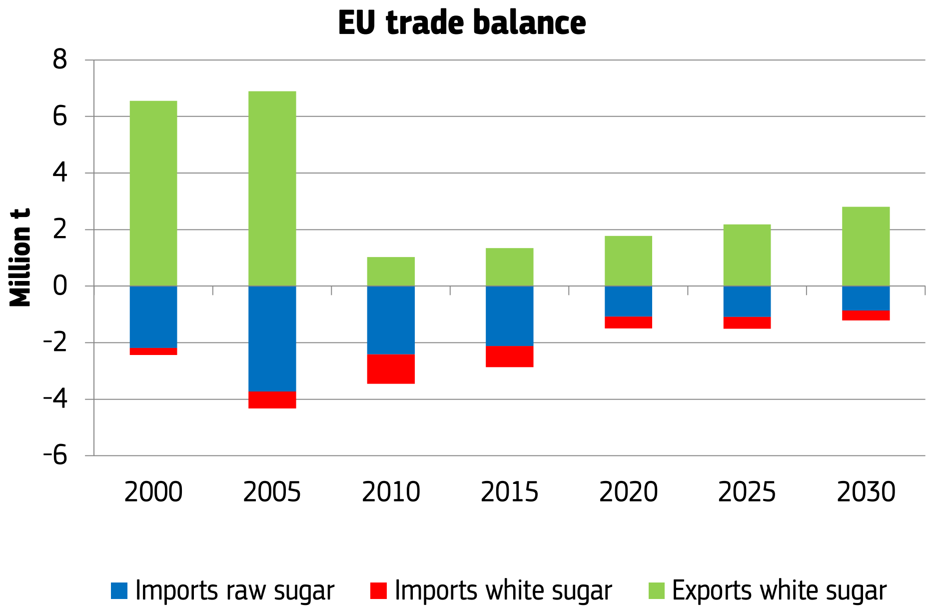
EU trade

Short term lower sugar availability will impact trade

EU remains net exporter
- short term decrease in exports
- but imports remain below 1.5 million t



Source: DG Agriculture and Rural Development

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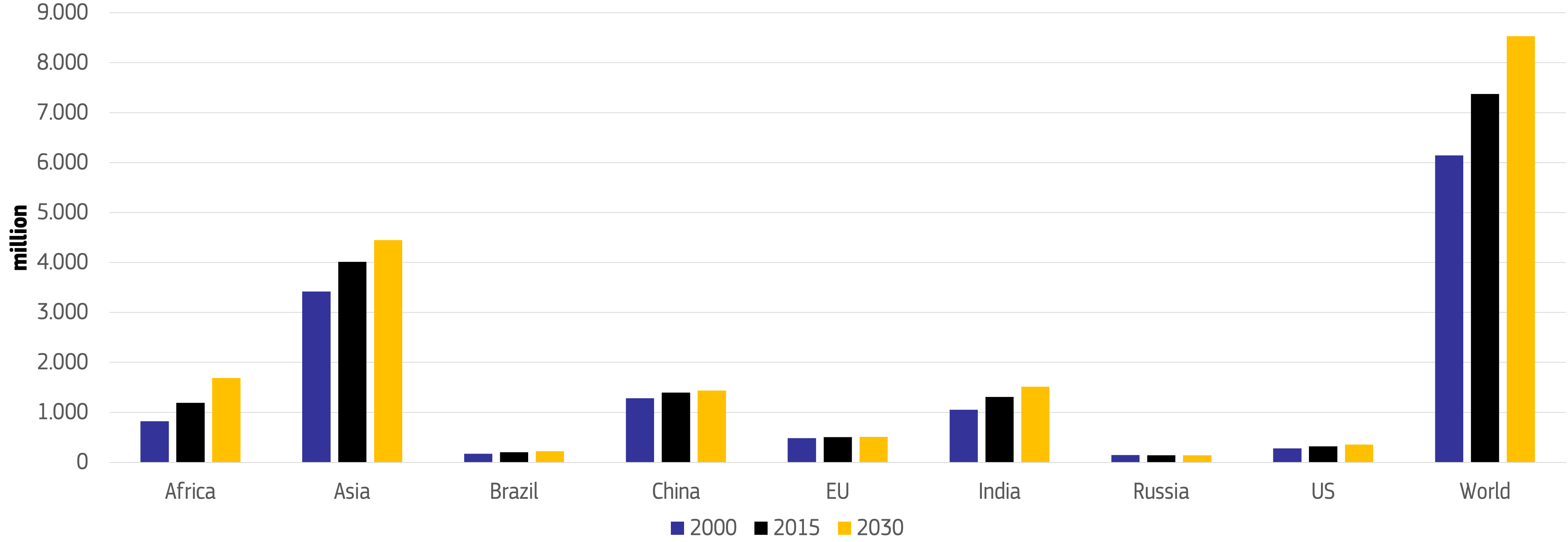
EU outlook for sugar

Consumption trends

- Decreasing consumption of soft drinks
- Limited prospects for isoglucose and high intensity sweeteners
- Small increase in industrial uses
- Stable use for ethanol

Population

World population growing while EU remains stable..



Source: IHS Global Insight

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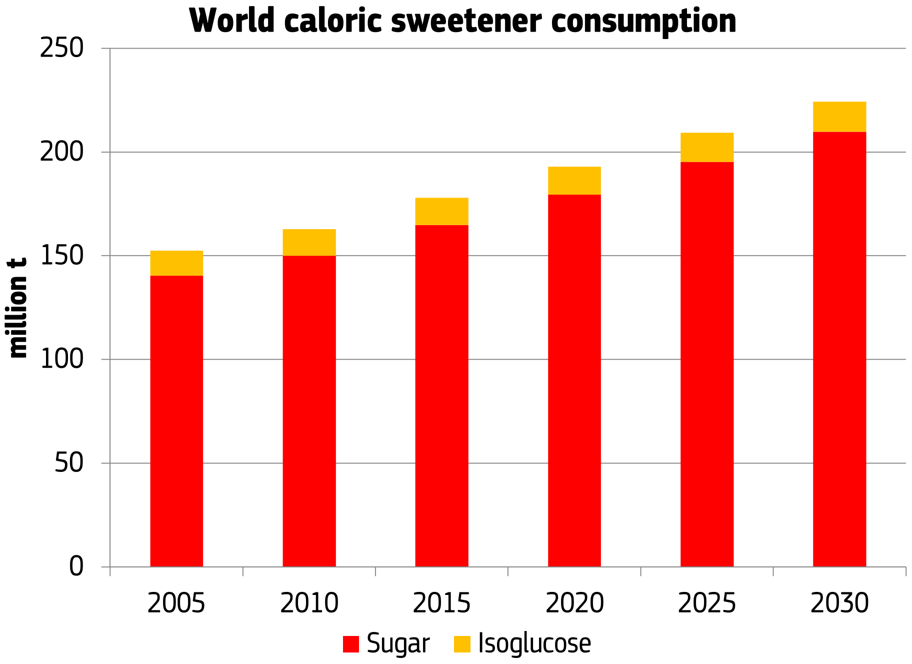
World sugar consumption

Further growth of world sugar consumption



Source: DG Agriculture and Rural Development

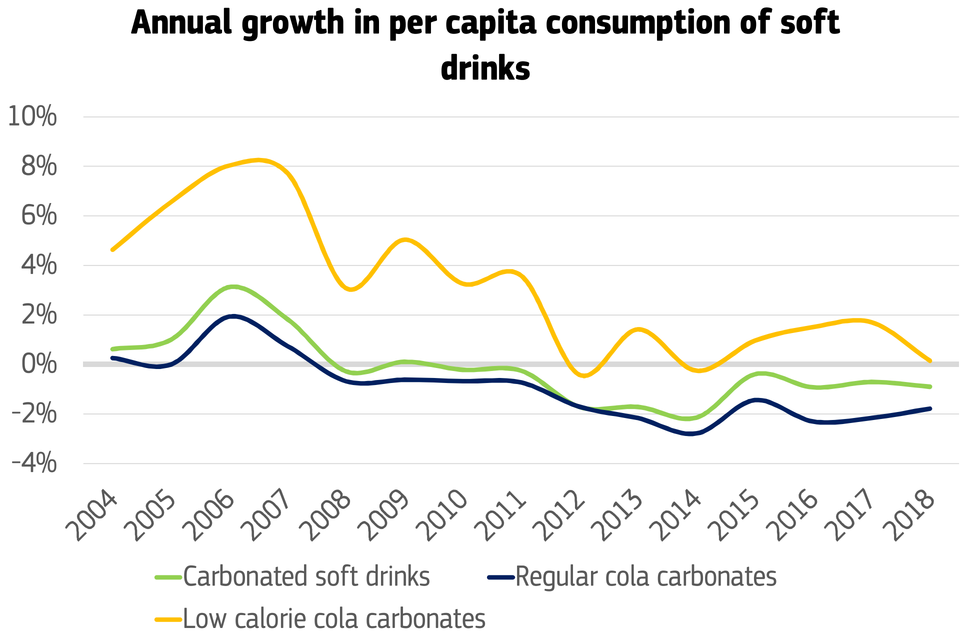
Growing world sugar consumption, driven by:

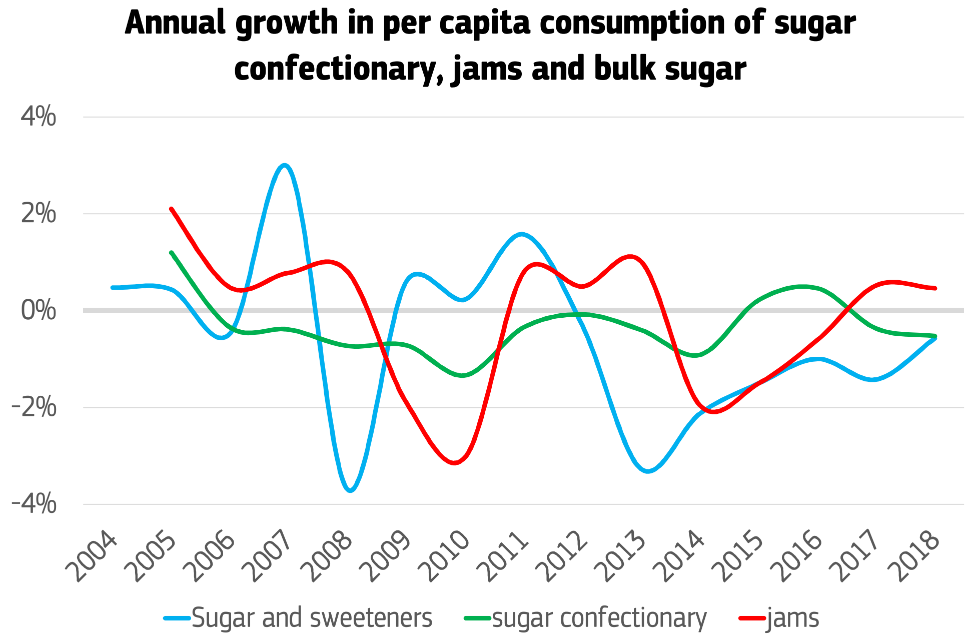
- increase in population
- higher per capita consumption from 22.8 kg/capita in 2018 to 24.6 kg/capita in 2030

→ margin for increase of exports of sugar in processed products

EU consumption of processed food

Decreasing consumption of soft drinks, lower confectionary sales …





Source: DG AGRI calculations based on Euromonitor

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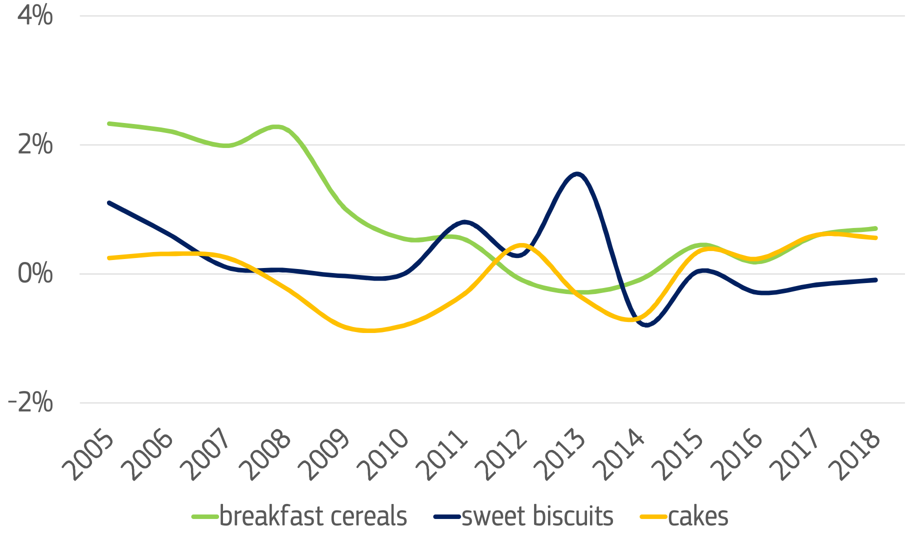
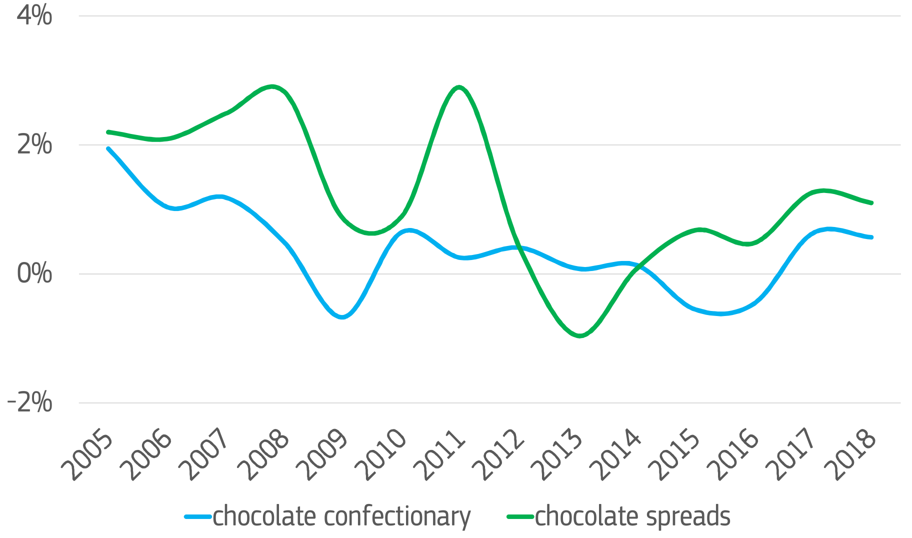
EU consumption of processed food

… stagnating consumption of sweet biscuits and increasing chocolate confectionary

Annual growth in per capita consumption of breakfast cereals, sweet biscuits and cakes



Annual growth in per capita consumption of chocolate confectionary and chocolate spreads



Source: DG AGRI calculations based on Euromonitor

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Sugar content in processed food

Towards the reduction of added sugars in food

	Soft Drinks[b]		Breakfast Cereals		Sweetened Dairy[a,c]	
	Baseline market-share weighted mean (g sugars per 100 g)	10% reduction (g sugars per 100 g)	Baseline market-share weighted mean (g sugars per 100 g	10% reduction (g sugars per 100g)	Baseline market-share weighted mean (g sugars per 100 g)	10% reduction (g sugars per 100 g)
Belgium	6.6	5.9	23.7	21.3	14.2	13.2
Bulgaria	7.0	6.3	24.3	21.9	15.1	14.0
Czech Republic	5.9	5.3	24.1	21.7	12.0	11.2
Denmark	8.6	7.7	06.2	05.6	09.0	08.4
Germany	7.2	6.5	20.5	18.5	14.8	13.7
Ireland	8.8	7.9	13.9	12.5	13.9	12.8
Greece	9.6	8.6	15.5	14.0	13.7	12.7
Spain	7.8	7.0	25.4	22.9	14.1	13.1
France	8.8	7.9	24.0	21.6	13.5	12.5
Italy	9.2	8.3	19.8	17.8	15.7	14.5
Hungary	7.8	7.0	20.5	18.5	12.7	11.8
Netherlands	8.0	7.2	17.2	15.5	11.1	10.3
Austria	7.3	6.6	19.3	17.4	14.3	13.2
Poland	8.1	7.3	20.0	18.0	11.7	10.9
Portugal	7.5	6.8	21.8	19.6	12.1	11.3
Romania	7.9	7.1	18.2	16.4	09.5	09.0
Slovakia	6.7	6.0	24.9	22.4	11.6	10.8
Finland	7.0	6.3	08.6	07.7	11.0	10.3
Sweden	7.5	6.8	11.5	10.4	09.7	09.1
United Kingdom	7.1	6.4	16.0	14.4	13.3	12.3

Source: JRC study

JRC study, October 2018

- estimates of the sugars content of several food and drink categories to monitor sugar reduction
- https://ec.europa.eu/jrc/en/science-update/towards-reduction-added-sugars-food-0

EU consumption of alternative sweeteners

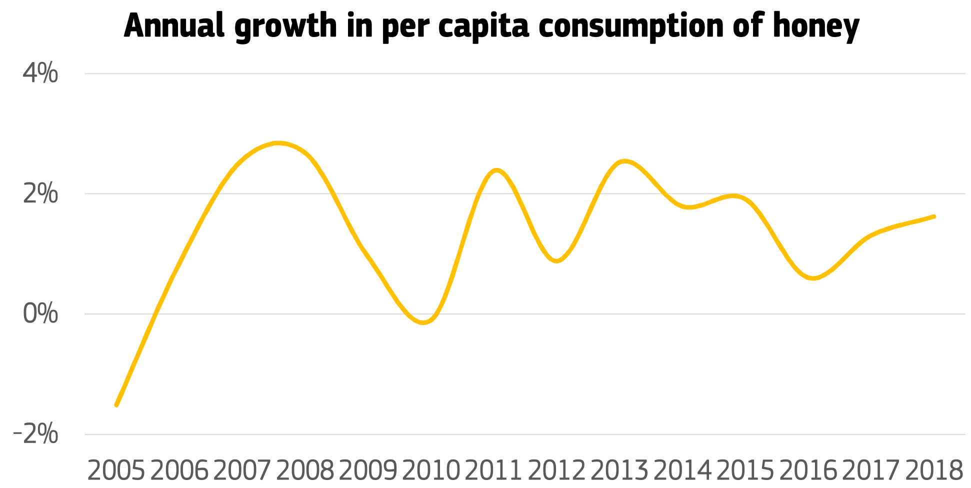
Limited prospects for isoglucose and high intensity sweeteners

Demand side:

- limited application of alternative sweeteners
- consumer preferences, e.g. growing demand for “natural” sweeteners
- limited further growth expected in low calorie soft drinks

Supply side:

- low sugar prices
- use of starch for alternative uses



Source: DG AGRI calculations based on Euromonitor

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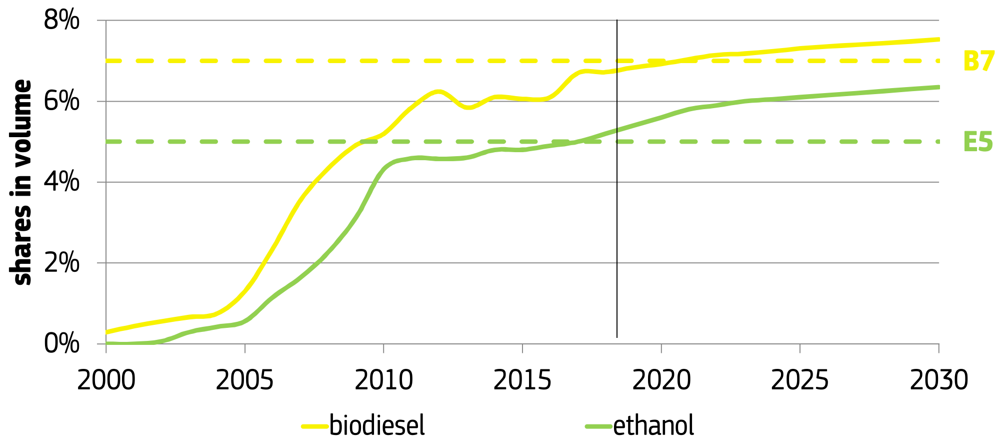
EU fuel use and biofuel blending

Declining petrol use, but increased blending of ethanol

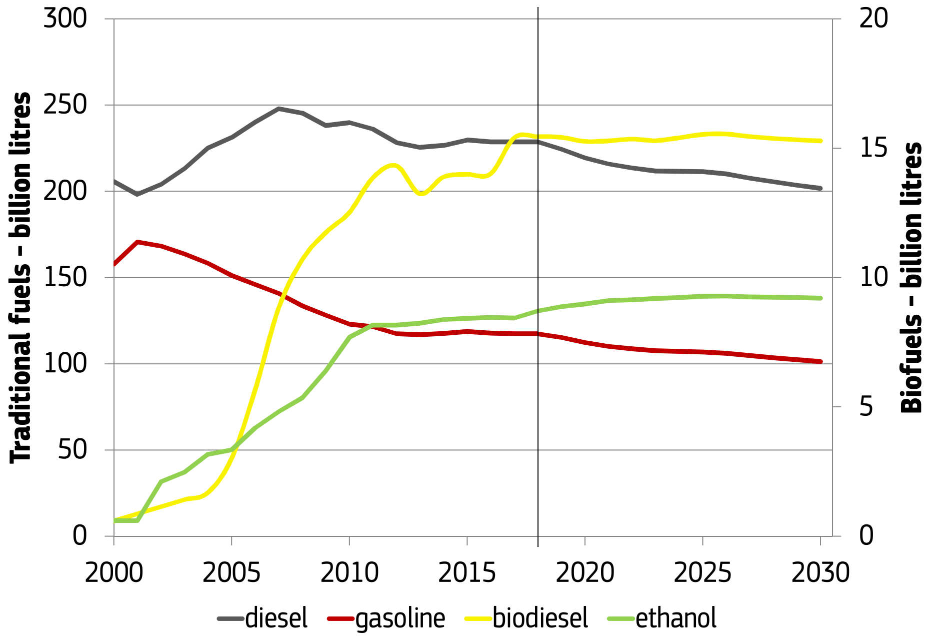
Margin for increased blending:

- RED II agreement on crop-based feedstocks: 2020 Member States level + 1%, max 7%
- Spreading of E10 (+ limited E85)

Blending rates of biofuels in traditional fuels



Fuel use



Sources: DG Agriculture and Rural Development for ethanol and biodiesel, POLES model of DG Joint Research Centre and DG for Climate Action for diesel and gasoline fuels

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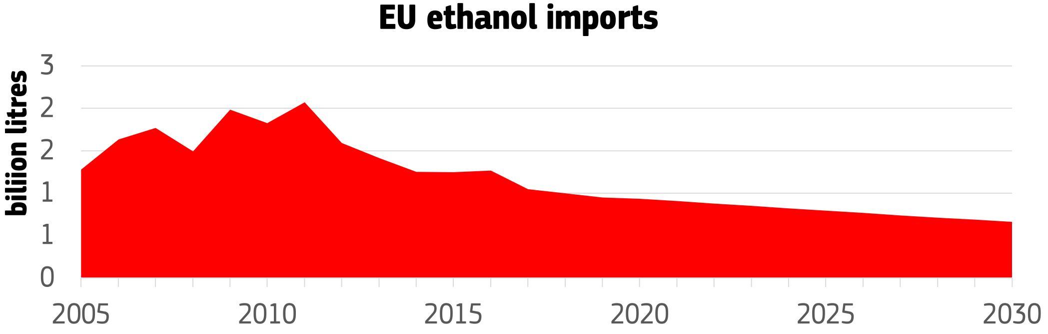
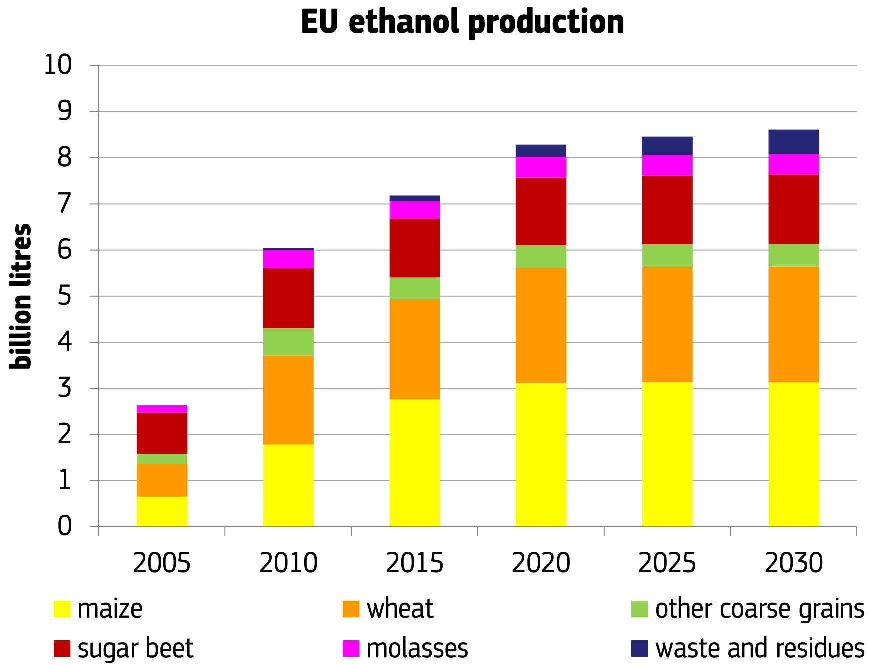
EU ethanol production and imports

Stable production from crop-based feedstocks

Increasing ethanol production
- increase from maize (+6%)
- stable production from sugar and sugar beet
- more cellulosic ethanol

Decreasing import trend, due to
- decreasing fuel consumption
- increasing demand for advanced biofuels





Source: DG Agriculture and Rural Development

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EU industrial uses

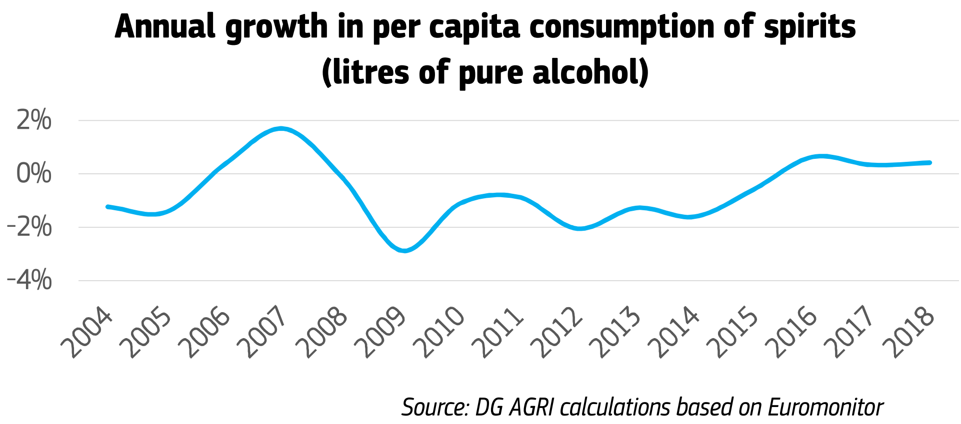
Sustained demand for ethanol and sugar for industrial uses

Industrial uses:

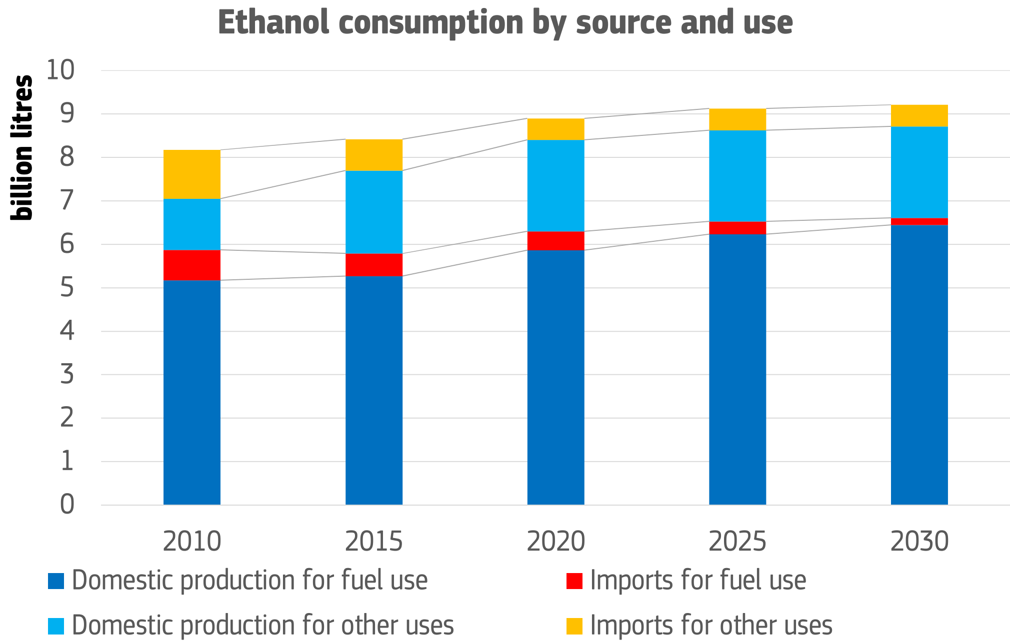
- Increasing cosmetics and pharmaceuticals sales (in value)

Human consumption of spirits:

- Stable demand for spirits
- Premixes and ready-to-drinks are marginal and on a decreasing trend



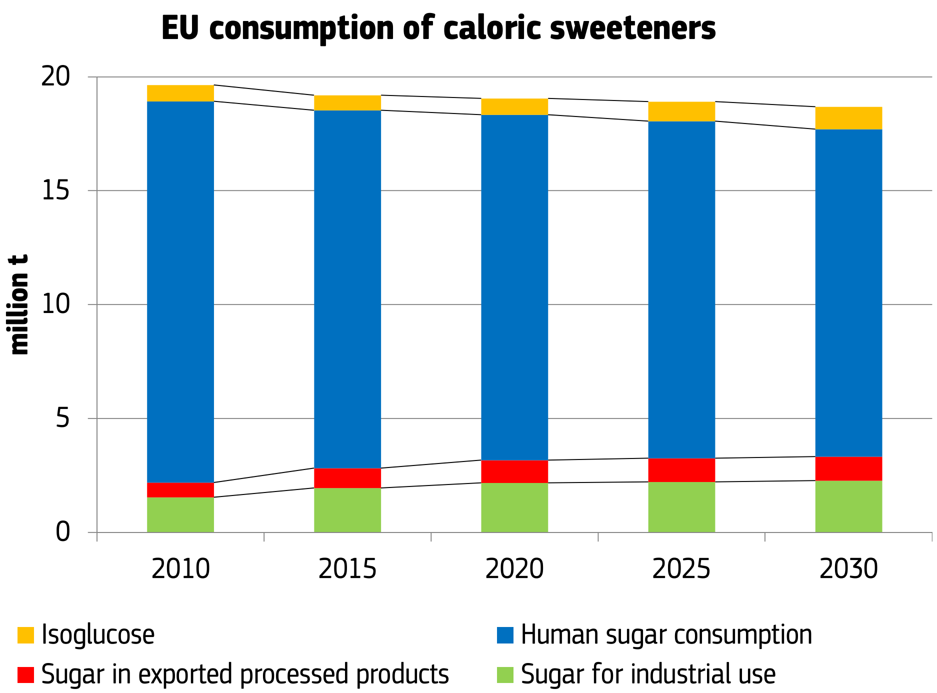
Source: DG AGRI calculations based on Euromonitor



Source: DG Agriculture and Rural Development

Sweetener consumption

Overall decreasing consumption of caloric sweeteners



Source: DG Agriculture and Rural Development

Pressure on sugar consumption

- soda taxes
- industry reformulation
- 17.7 million t in 2030 (-5%)

Moderate increase in isoglucose

- increase in sugar prices
- existing production capacity
- close to 1 million t by 2030

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Thank you for your attention !

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