



## Kick-off meeting summary

**11 July 2017**

- o The kick-off meeting of the Sugar Market Observatory (SMO) took place on 11 July 2017, chaired by Mr. Jens Schaps, Director for Agricultural Markets. It gathered representatives of organisations from all stages of the sugar and isoglucose supply chain: CEJA (young farmers), COPA-COGECA (producers and cooperatives), CIBE (sugar beet growers), CEFS, Azucarera and Viro (beet sugar producers, some of them with cane sugar refining activity), CIUS (food industry sugar and isoglucose users), ePURE (ethanol producers), CEFIC (fermentation industry), ASSUC and Zucker Handels Union (sugar traders), ACP/LDC Sugar Industry Group (ACP/LDC sugar producing industry) and STARCH EUROPE (starch industry including isoglucose production).
- o The Deputy Director General of DG AGRI, Ms María Angeles Benítez Salas, opened the meeting on behalf of Commissioner Hogan and highlighted the role of the SMO as a discussion platform to assess the sugar market situation, based on the positive experience of Milk and Meat Market Observatories and following the recommendations on market transparency of the Agricultural Markets Task Force. She underlined the timely pertinence of the initiative under the perspective of the sugar production quotas ending in a few months and the new economic environment that comes along.
- o The Head of Unit G4 informed the participants about the structure and functioning of the SMO, the rules of procedures and the main objectives being the assessment of the sugar market situation by its Economic Board and the dissemination of market information through a dedicated web site. The floor was subsequently open for an exchange of views and the group adopted the Rules of Procedures after clarification on different provisions.
- o Another discussion covered the data, and the corresponding sources, that will be available after the end of the sugar quotas as well as the content of the SMO web site launched during the meeting. Participants provided suggestions on data sources and underlined the margin to improve available information, in particular more timely and detailed data on prices and more information on consumption, including non-food uses and stocks. Generally speaking, participants welcomed the initiative and expressed their readiness to contribute constructively to the dissemination of relevant market information. These suggestions will be examined and the website will evolve with time.
- o Finally, the Economic Board had a first and general exchange of views on the current sugar market developments and its outlook for the coming marketing year on the basis of relevant market and outlook presentations by Commission's Services. The current market situation does not indicate a shortage of supply and the still lagging behind imports – despite an increasing gap with external prices – seem to be compensated by a reduction in consumption. In view of the upcoming marketing year participants shared the assessment that the expected increase of domestic production could be absorbed by a doubling in exports (no longer limited by the WTO ceiling) while imports would be cut in half, with a considerable degree of uncertainty on the level of ending stocks. Internal prices would adjust down in line with additional supply and the currently observed negative price trend on world markets.
- o The first ordinary meeting of the SMO economic board will take place on 15 November 2017.

# **ANNEX 1**

- **Structure and Functioning of the SMO**
- **Rules of Procedure**



# **ANNEX 2**

## **Sugar Data Sources**



# **ANNEX 3**

## **Sugar Market Situation:**

- **Price**
- **Trade**
- **Stocks**
- **EU Balance**



# **ANNEX 4**

## **EU Sugar Short Term Outlook**



