Sweetener Markets

Long-term analysis at MS-level

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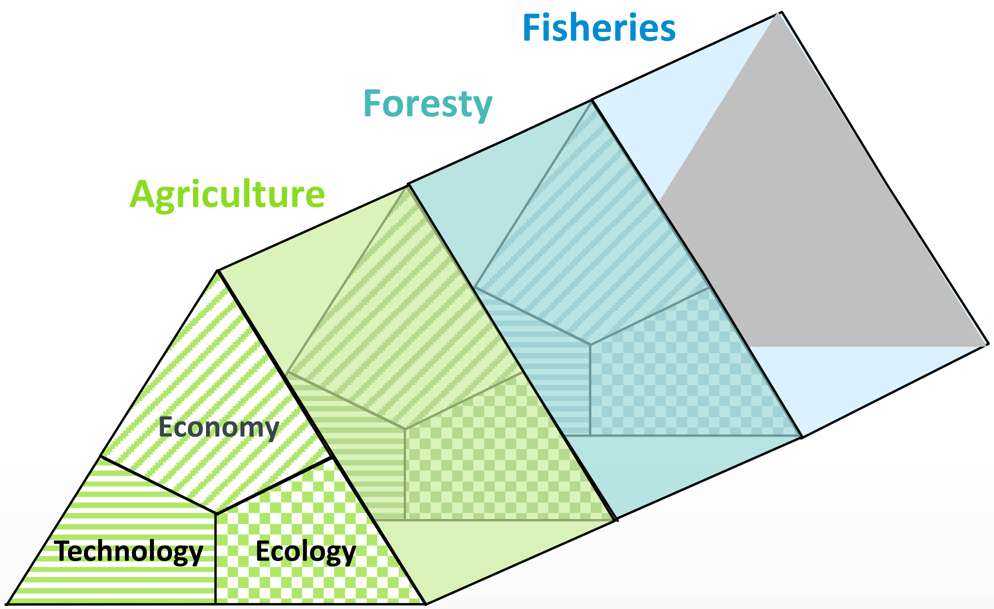
Brussels, 19 March 2019

Thuenen Institute: Federal Research Institute for Rural Areas, Fishery and Forestry

Fields, Forests, Seas – shaping life basics



Sea Fisheries SF

Fields of Activity:

- Model-based Policy Impact Assesment
- Analysis of Agricultural and Food Sectors
- International Agricultural Trade & Food Security
- Consumer Research

Forestry & Forest Economics WF

Woo... HF

Rural Studies LR

Farm Economics BW

Market Analysis MA

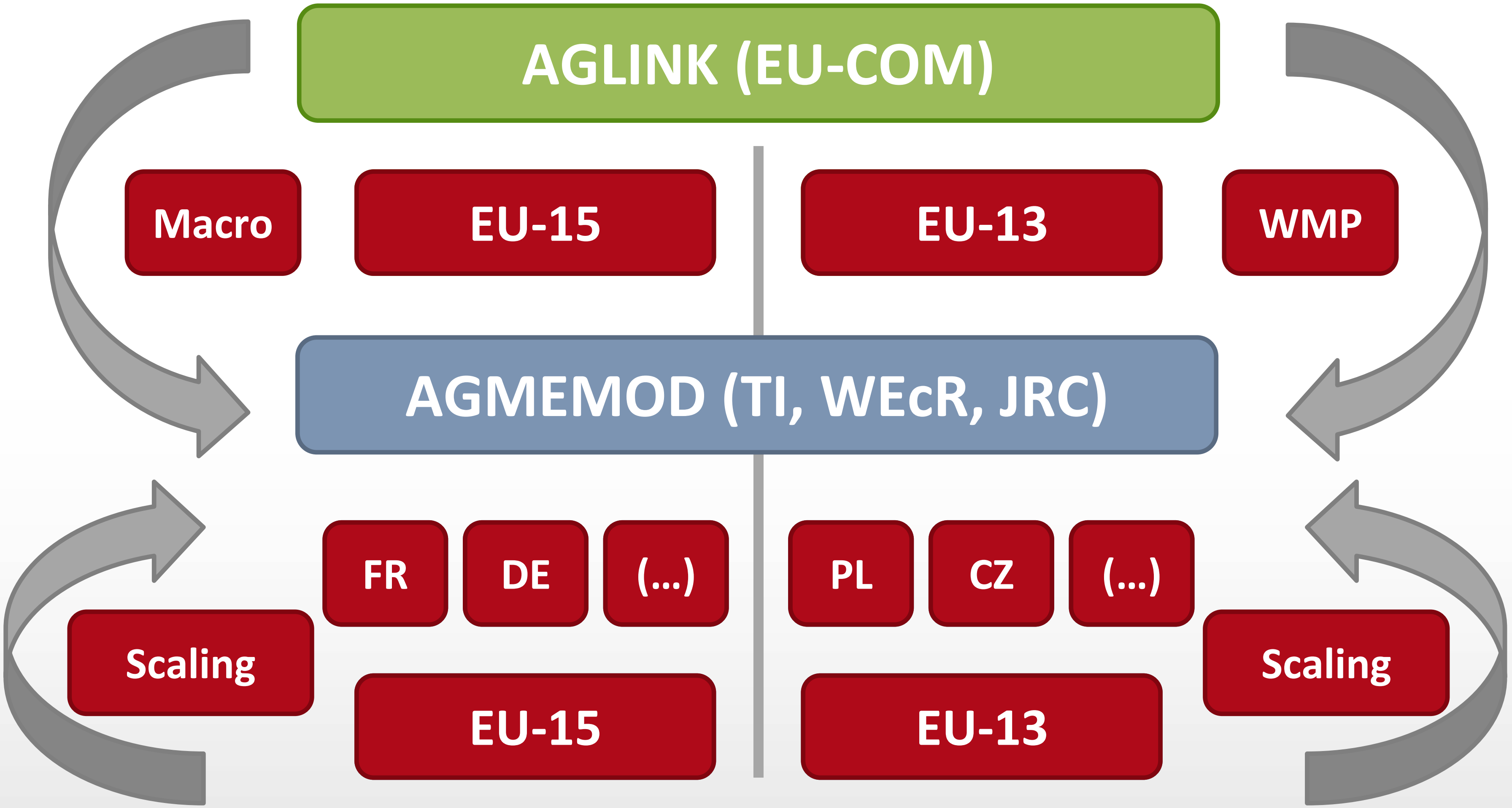
Agricultural Technology AT

Biodiversity BD

Climate-Smart Agriculture AK

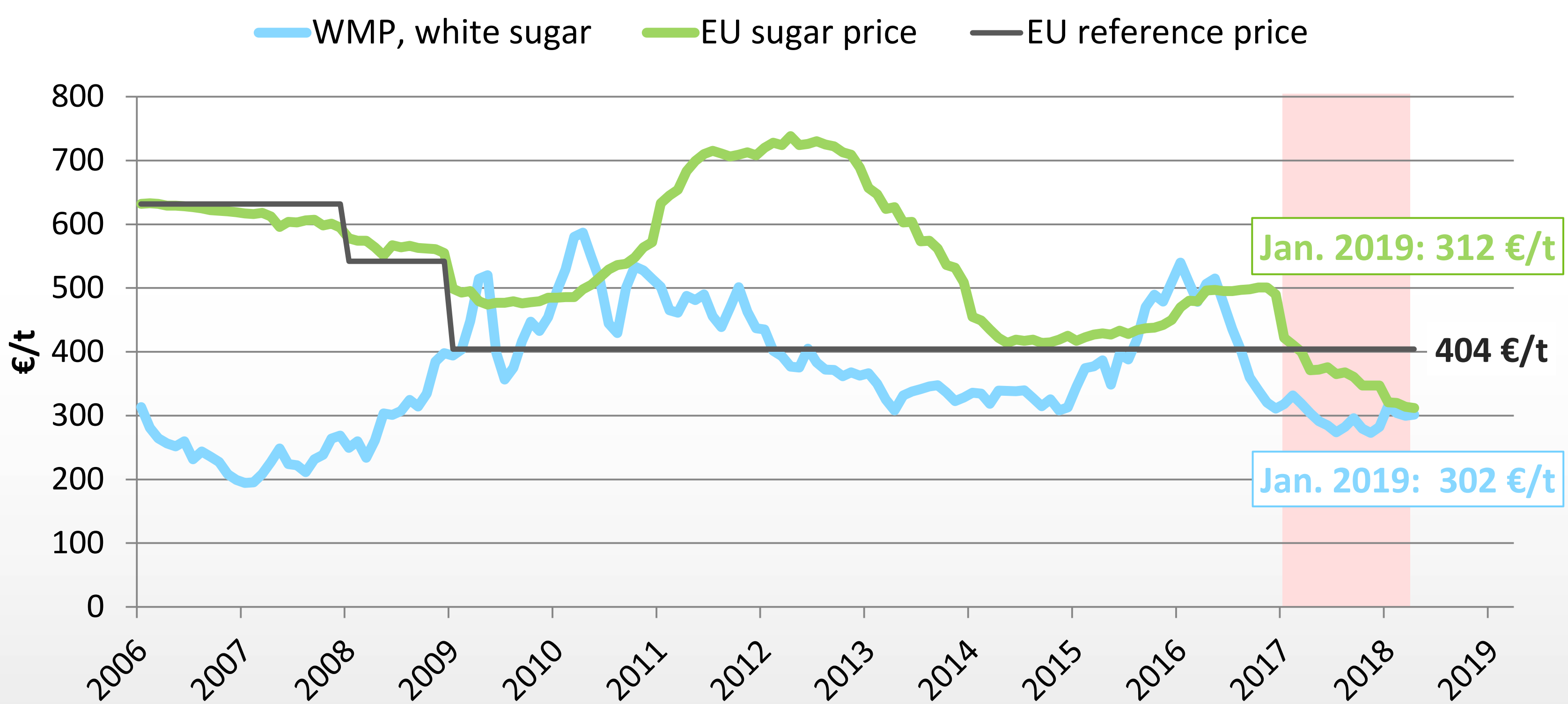
Organic Farming OL

EU-Outlook Project



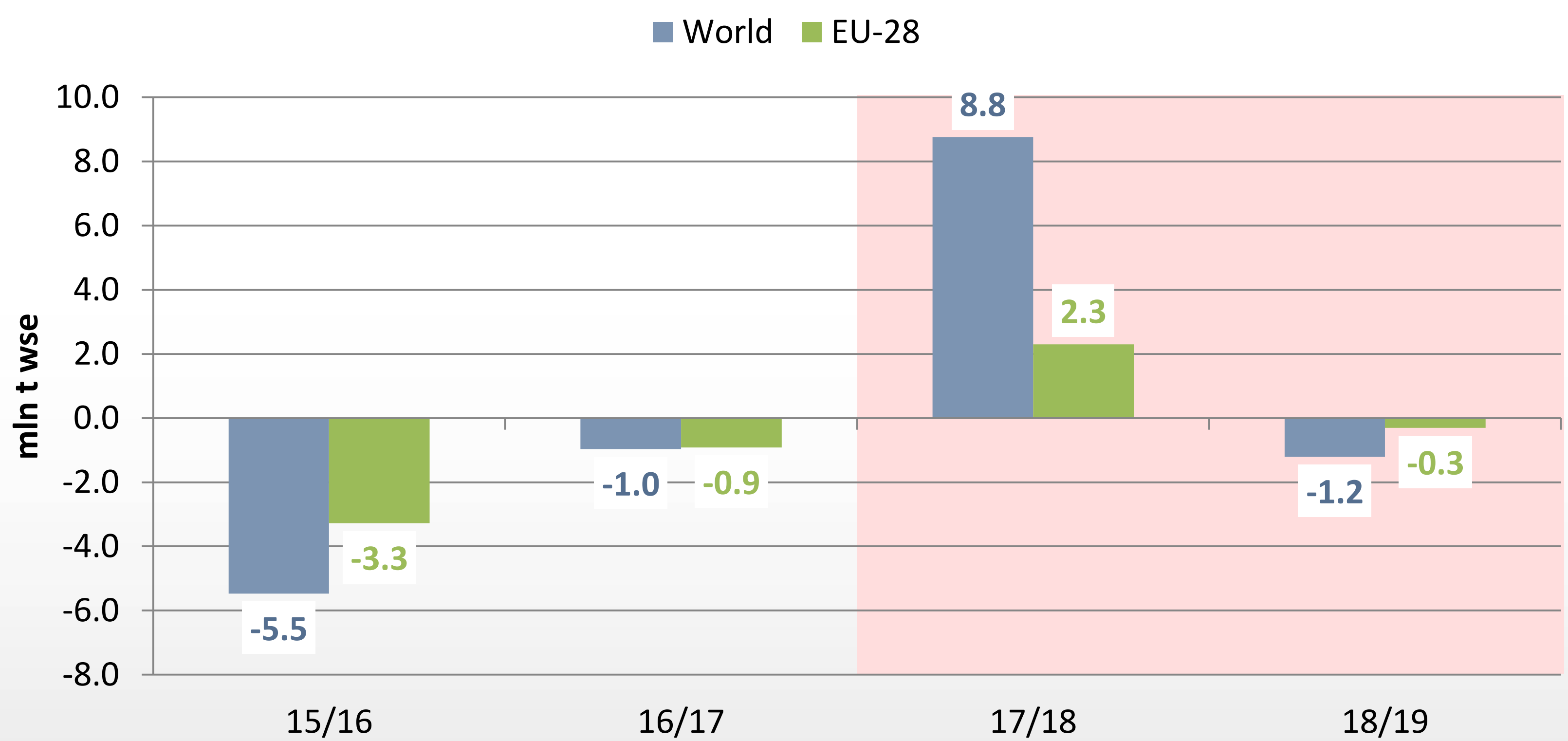
Current market situation:

Price development



Current market situation:

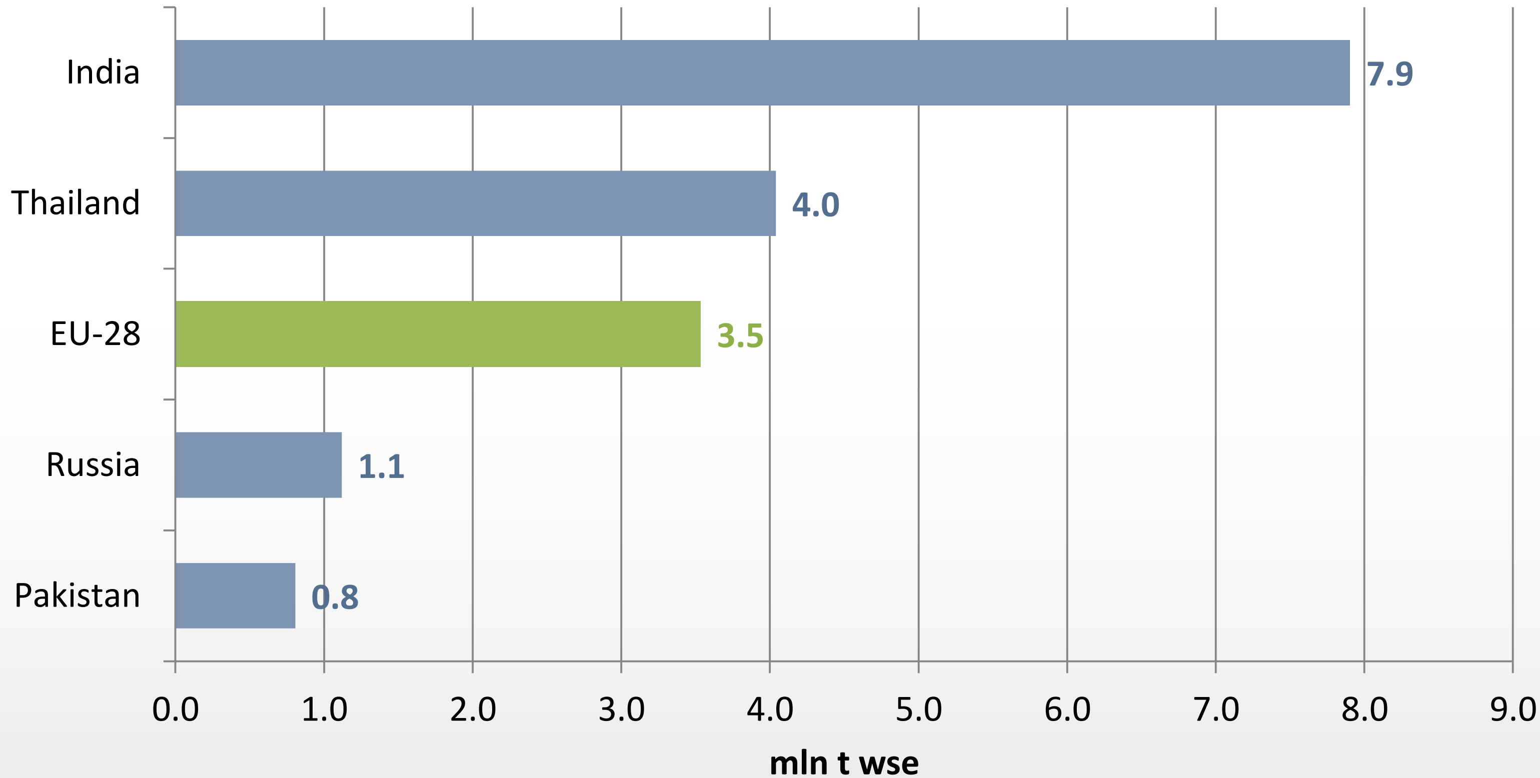
Surplus / Deficit



Year 15/16 refers to 10/2015-09/2016.
Source: F.O. Licht (2018): 4. World Sugar Balance 2009/10 - 2018/19. F.O.Licht's International Sugar and Sweetener Report 150 (36), Supplement.

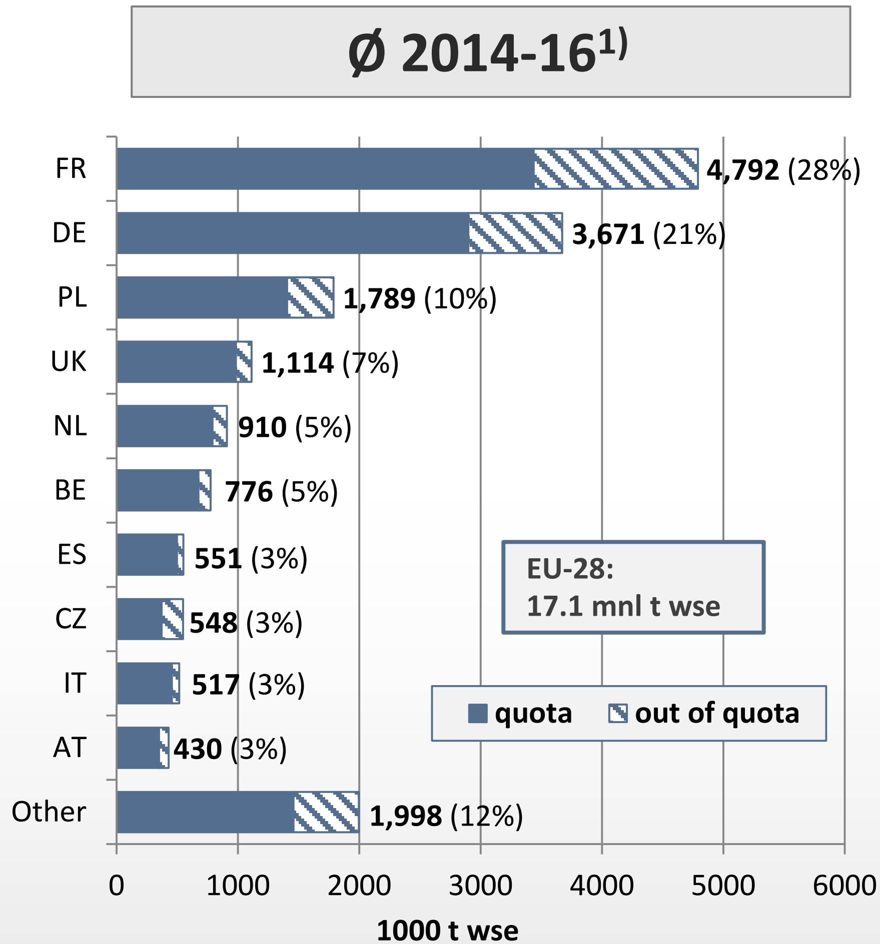
Current market situation:

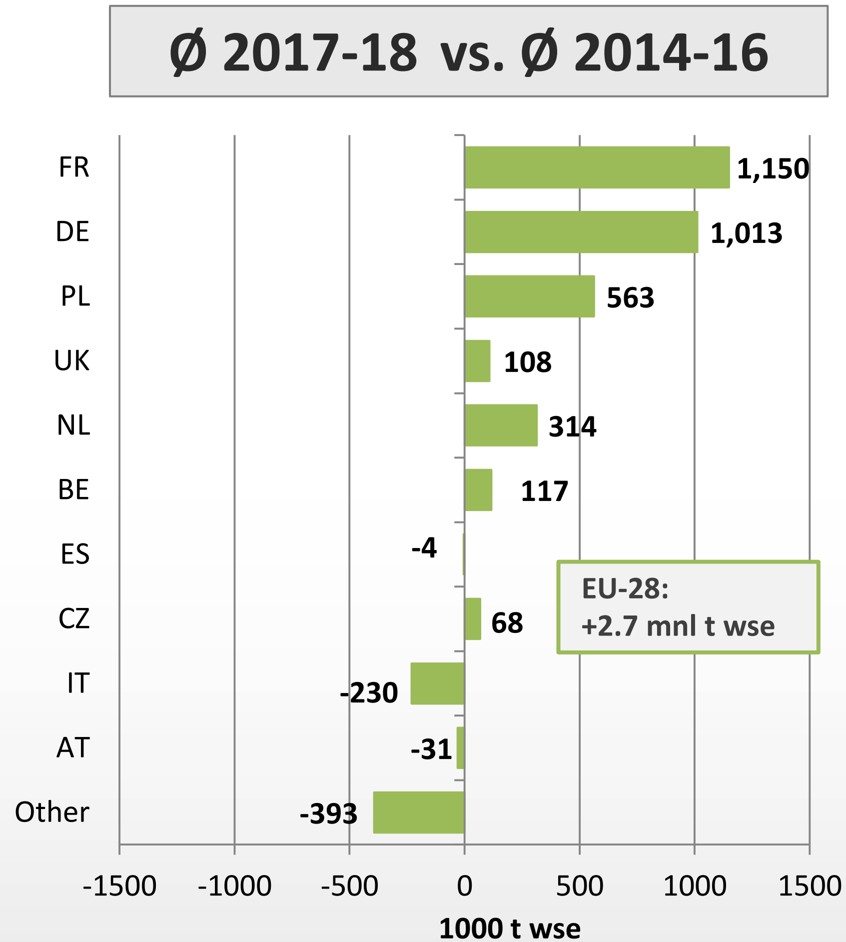
Change in Production, 17/18 vs 3y avg



Year 17/18 refers to 10/2017-09/2018.
Source: F.O. Licht (2018): 4. World Sugar Balance 2009/10 - 2018/19. F.O.Licht's International Sugar and Sweetener Report 150 (36), Supplement.

Sugar: Change in Production





1) Year 2014 refers to 10/2014-09/2015.

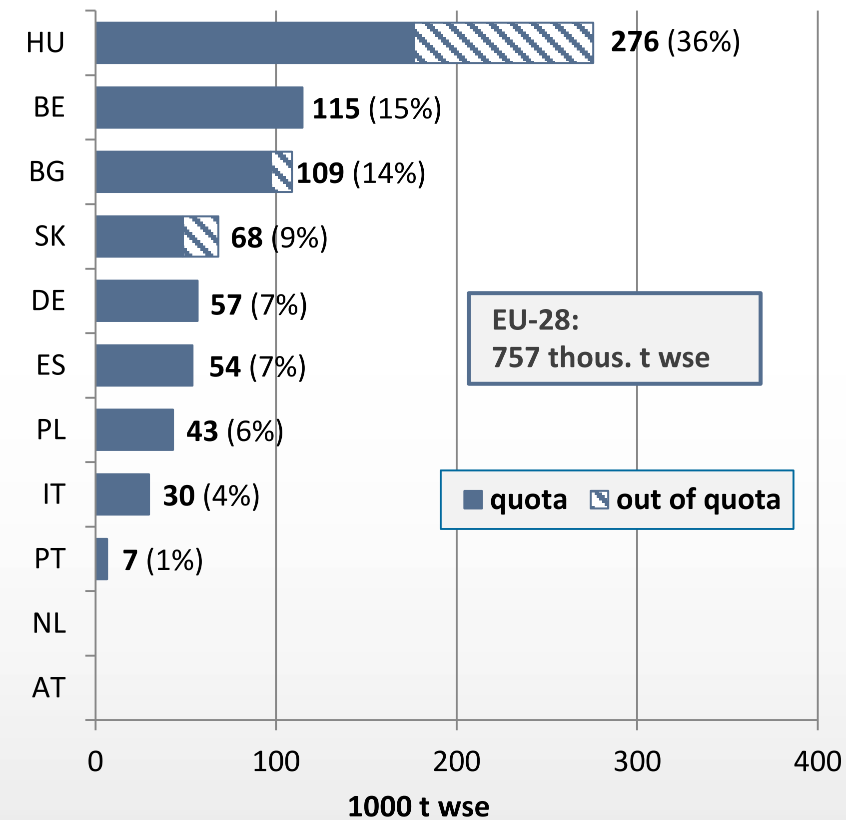
() Share in EU production; wse: white sugar equivalent; including ethanol.

Source: EU-COM (2018): Balance Sheet (Updated: 20 December 2018) . Online: https://ec.europa.eu/agriculture/market-observatory/sugar/balance-sheets_en

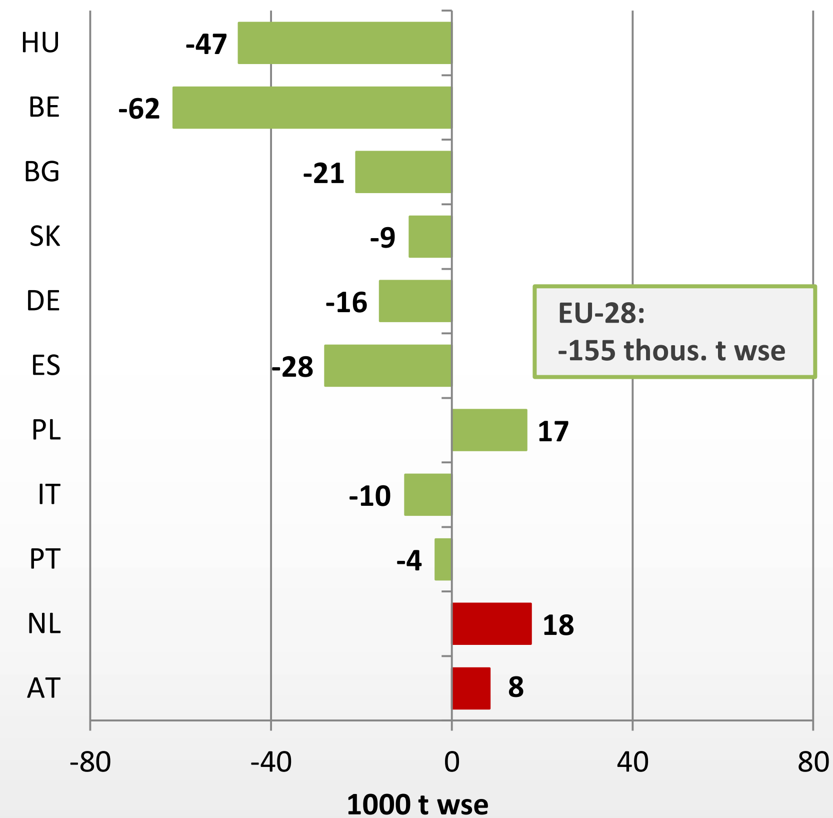
Isoglucose: Change in Production

AGMEMOD

Ø 2014-16[1)]

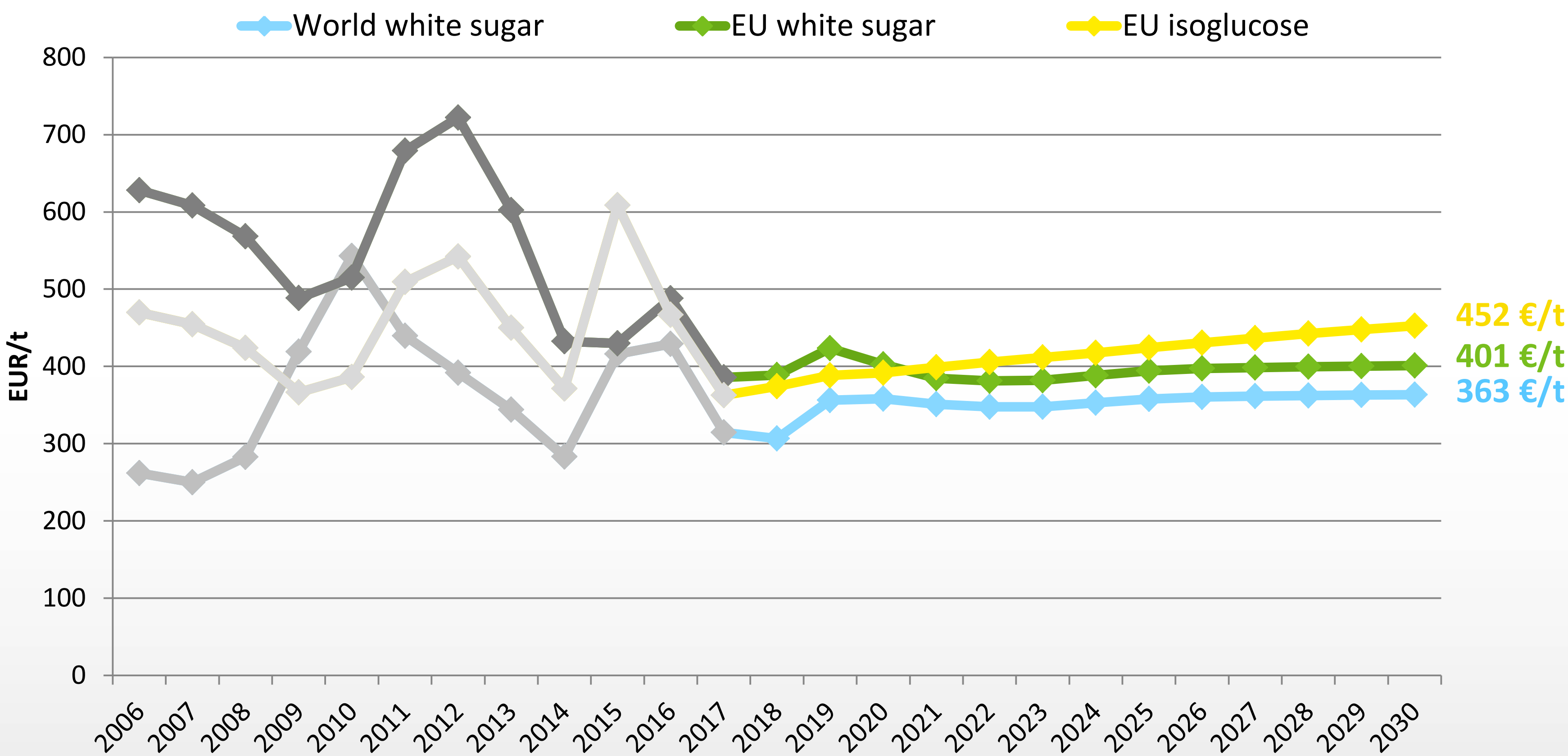


17/18 vs. Ø 2014-16[1)]



1) Year 2014 refers to 10/2014-09/2015.
() Share in EU production; wse: white sugar equivalent.
Source: EU-COM (2018): Balance Sheet (Updated: 25 January 2018). Online: https://ec.europa.eu/agriculture/market-observatory/sugar/balance-sheets_en

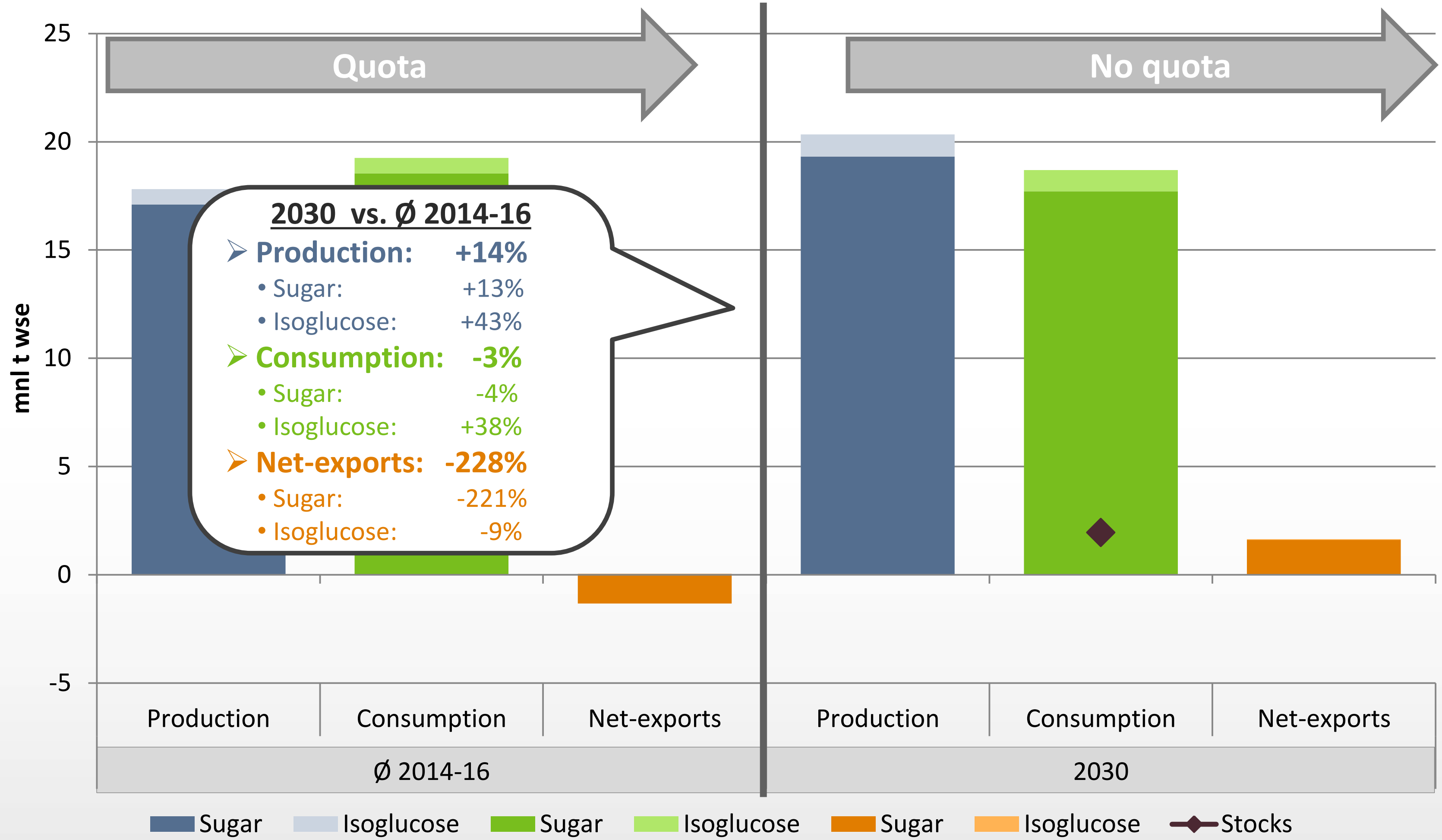
EU-Outlook: Price development



Year 2006 refers to 10/2006-09/2007.

Source: EU-COM (2018): EU Agricultural outlook for the agricultural markets and income 2018-2030. Online: https://ec.europa.eu/agriculture/markets-and-prices/medium-term-outlook_en

EU-Outlook: EU Sweetener Balance

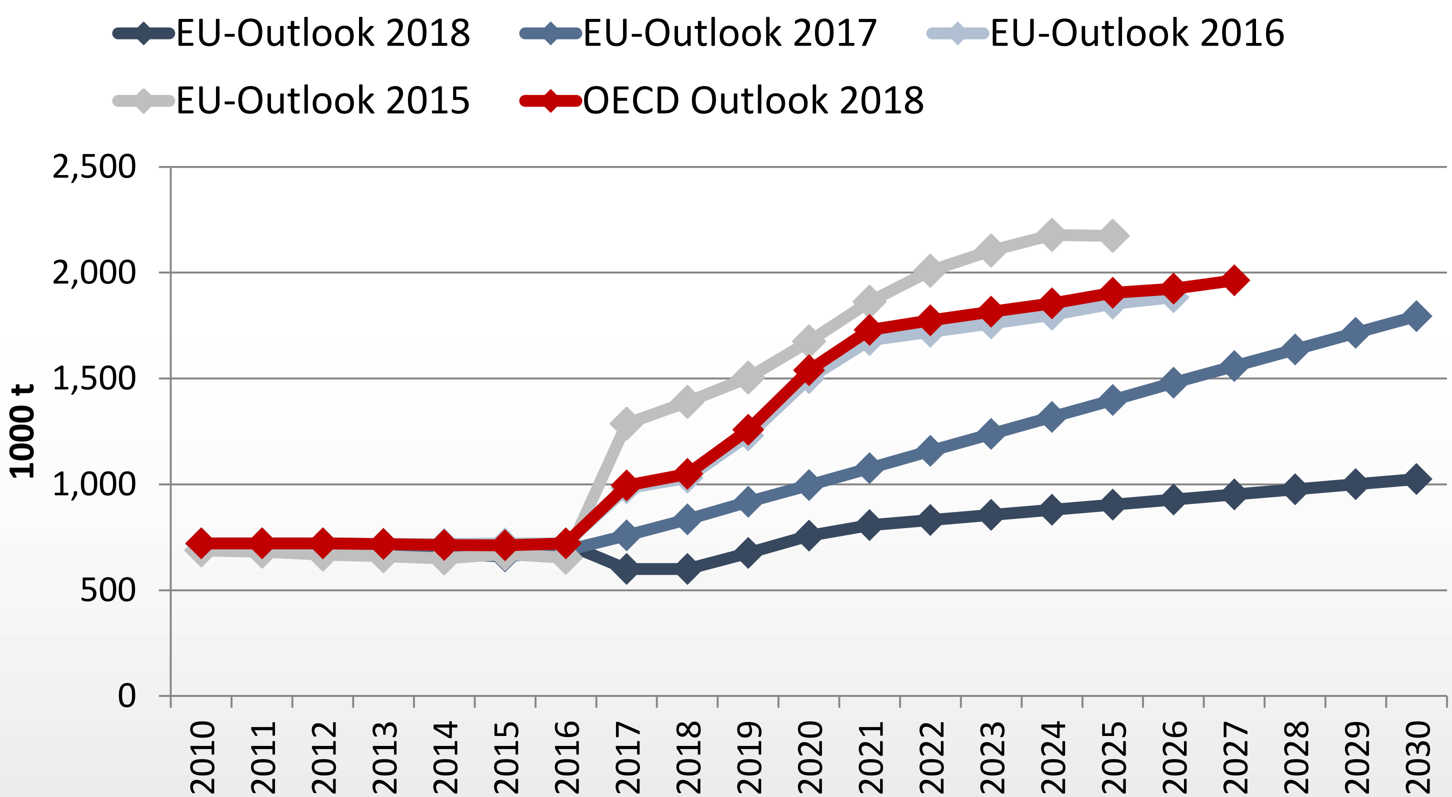


Year 2017 refers to 10/2017-09/2018

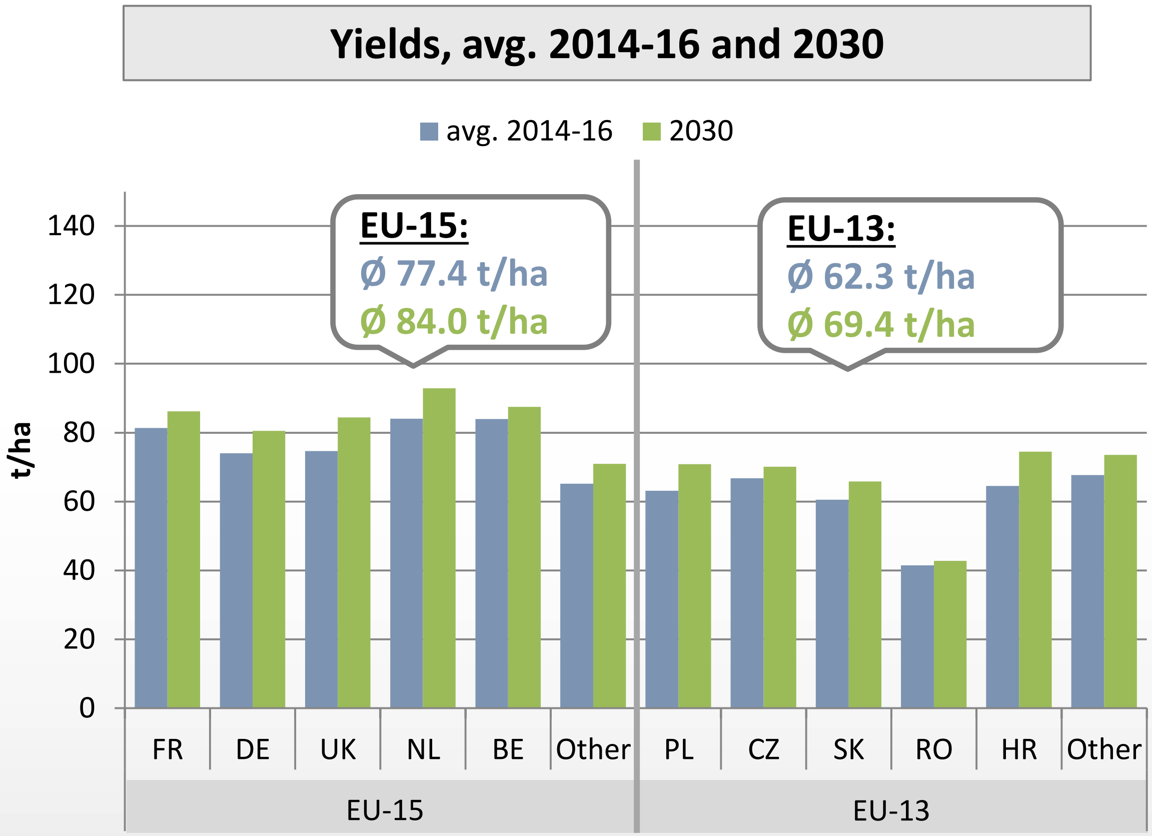
Source: EU-COM (2017): EU Agricultural outlook for the agricultural markets and income 2017-2030. Online: https://ec.europa.eu/agriculture/markets-and-prices/medium-term-outlook_en

EU-Outlook: Comparison of Projections

EU Isoglucose Production



Sugar Beet Yields at MS-level



Preliminary AGMEMOD simulation results based on version AGMEMOD-V8.2-01Mar19_OL2019CV.

Key findings:

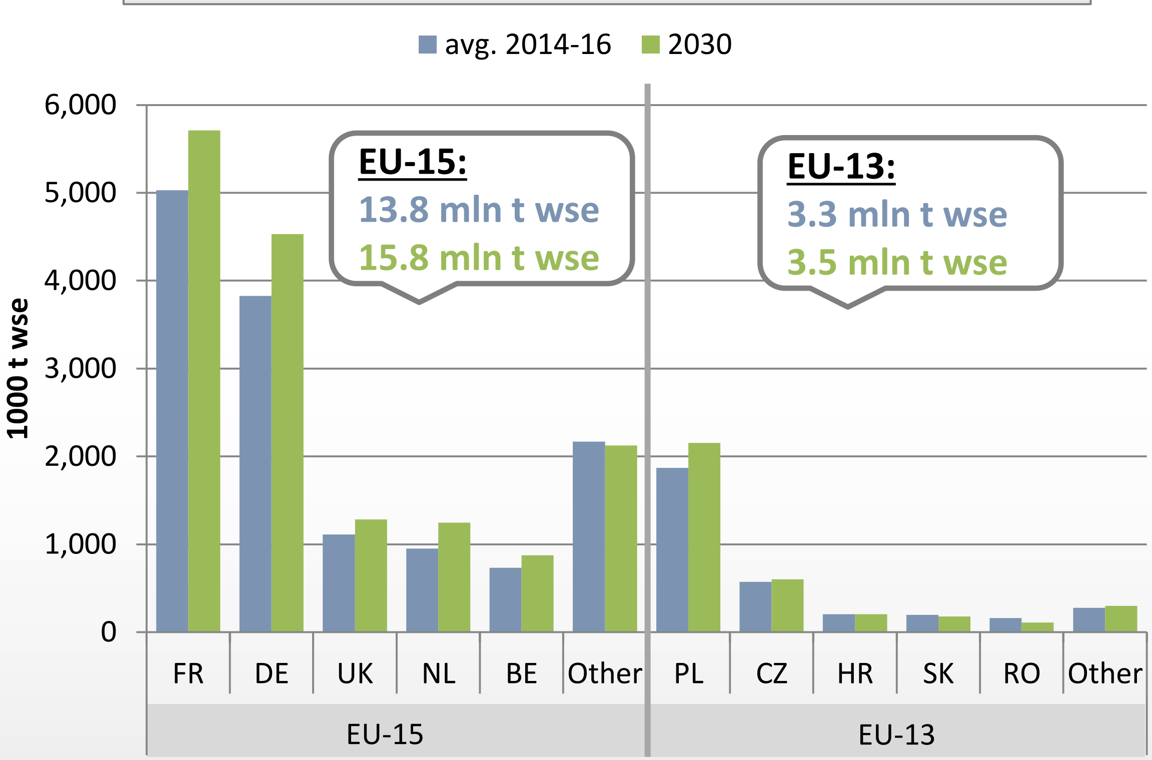
- Higher yields in the EU-15 compared to the EU-13
- Overall increase in yields
- Stronger growth in the EU-13 (0.7% p.a.) compared to the EU-15 (0.5% p.a.)
- EU-13 average remains below EU-15 average

Application ban on neonics not taken into account!

Sugar Production at MS-level

AGMEMOD

Production, avg. 2014-16 and 2030



Preliminary AGMEMOD simulation results based on version AGMEMOD-V8.2-01Mar19_OL2019CV.

Key findings:

- Sugar production is concentrated in the EU-15

→Market share: ca. 80%

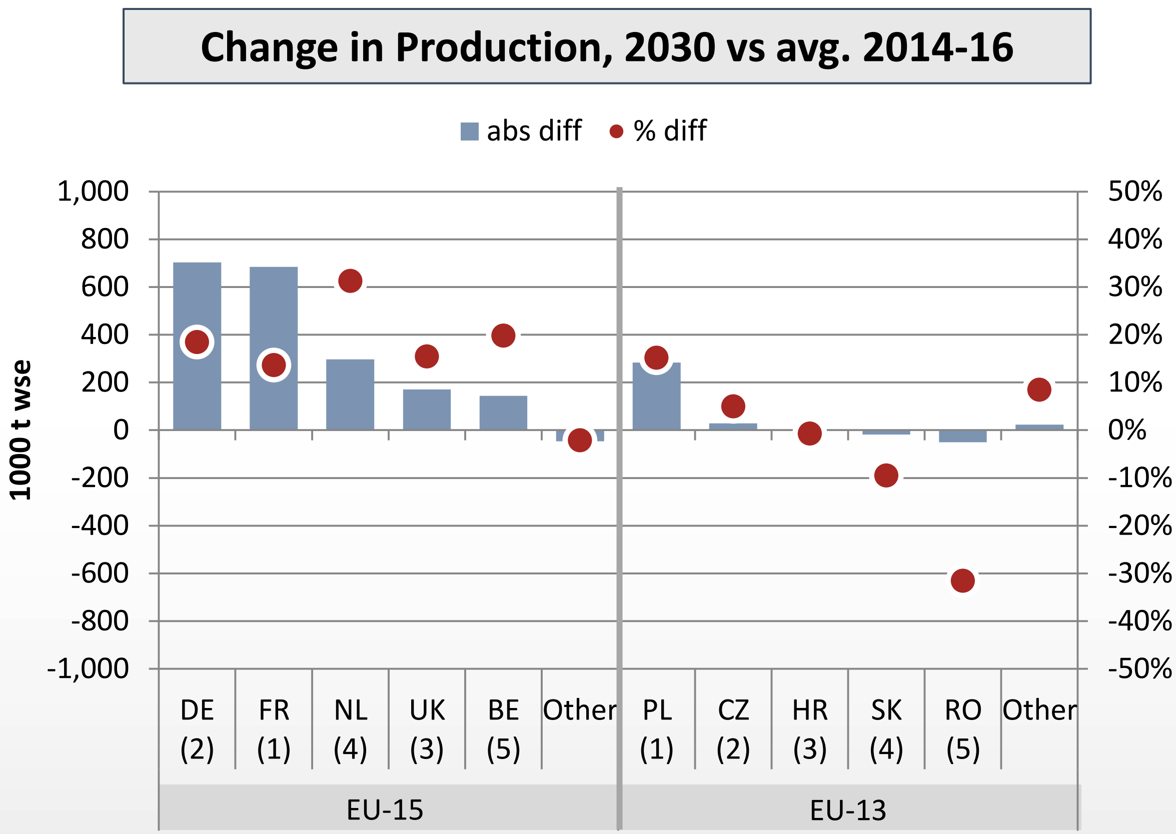
- **EU-15:**

→All large producers increase production

- **EU-13:**

→Main increase in PL, some growth also in other MS (CZ, LT)

Sugar Production at MS-level



Preliminary AGMEMOD simulation results based on version AGMEMOD-V8.2-01Mar19_OL2019CV.

Key findings:

- **EU-15: +2.0 mln t (+14.1%)**

→DE and FR contribute most to the overall increase

→Decline in some smaller sugar producing MS

- **EU-13: +0.3 mln (+8.1%)**

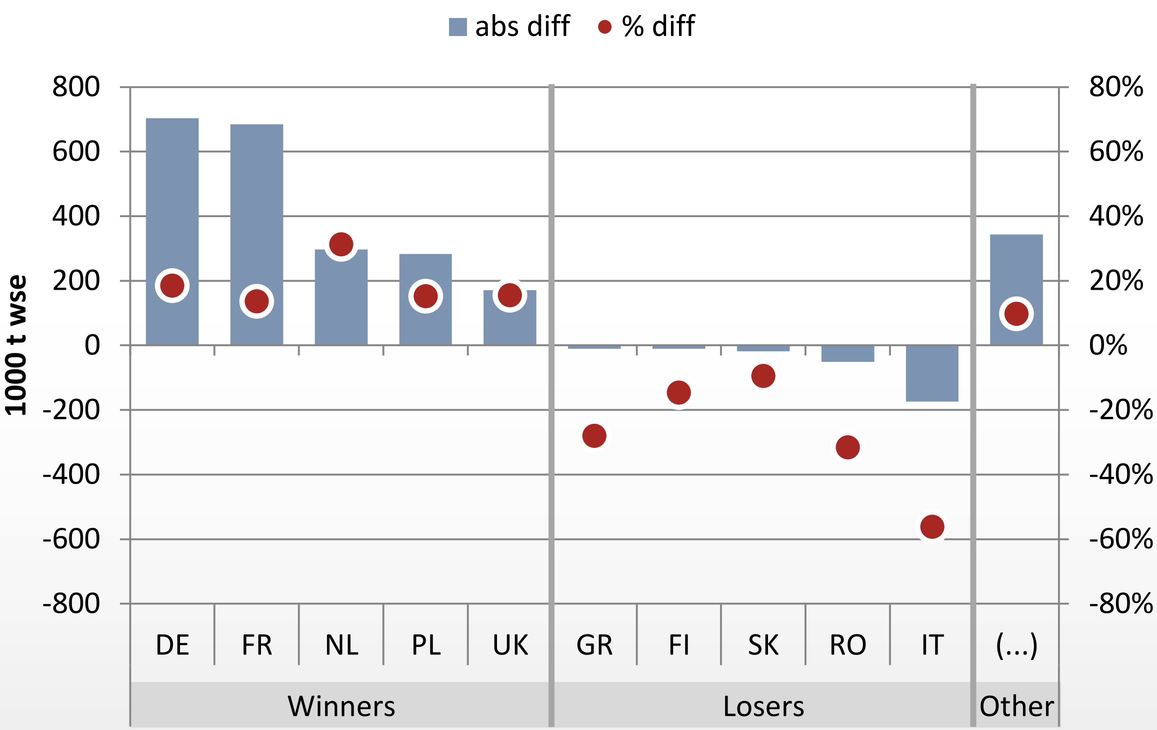
→ Largest increase in PL

→Substantial decline in SK and RO

Sugar Production at MS-level

AGMEMOD

Change in Production, 2030 vs avg. 2014-16



Preliminary AGMEMOD simulation results based on version AGMEMOD-V8.2-01Mar19_OL2019CV.

Key findings:

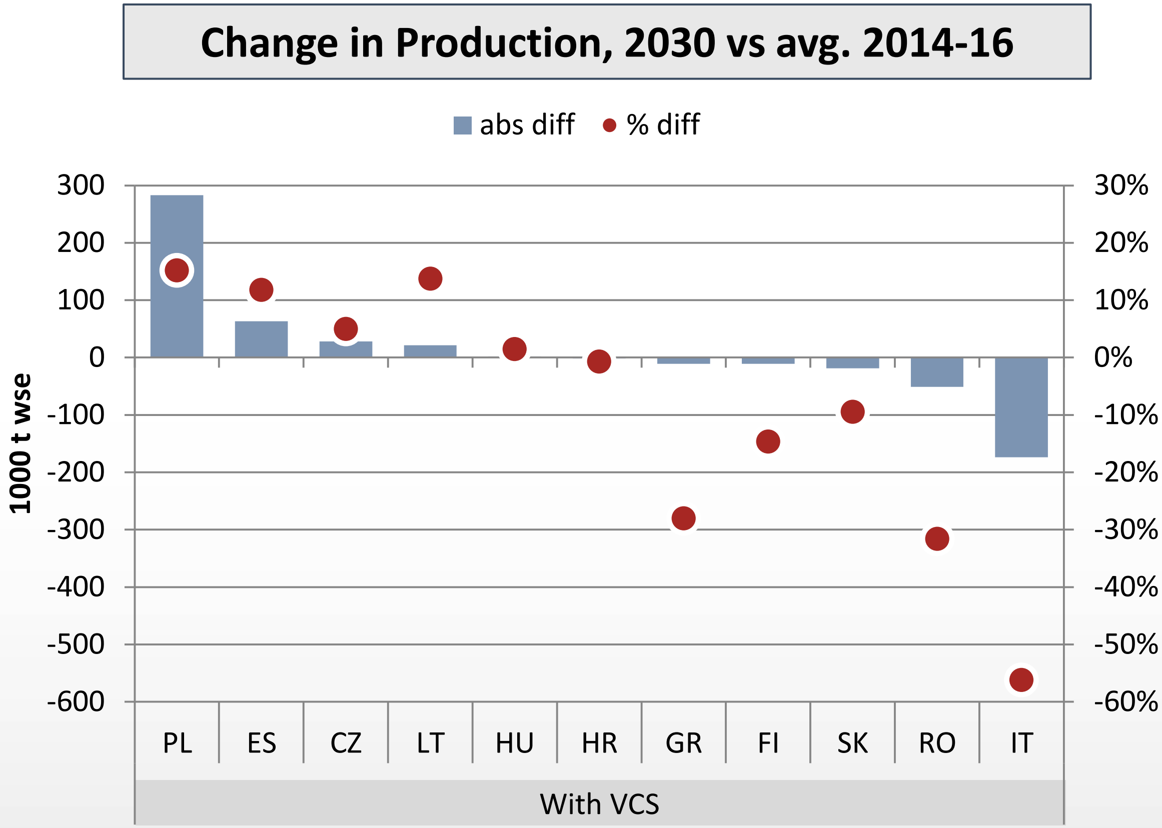
- **Winners: +2.7 Mio t (+16.1%)**

→Mainly large sugar producers increase production

- **Losers: -0.3 Mio (-34.0%)**

→Decline in production of up to 56%, despite VCS

Sugar Production at MS-level



Preliminary AGMEMOD simulation results based on version AGMEMOD-V8.2-01Mar19_OL2019CV.

Key findings:

- **VCS MS: +132 thou t (+3.1%)**

→Mainly small sugar producers pay VCS

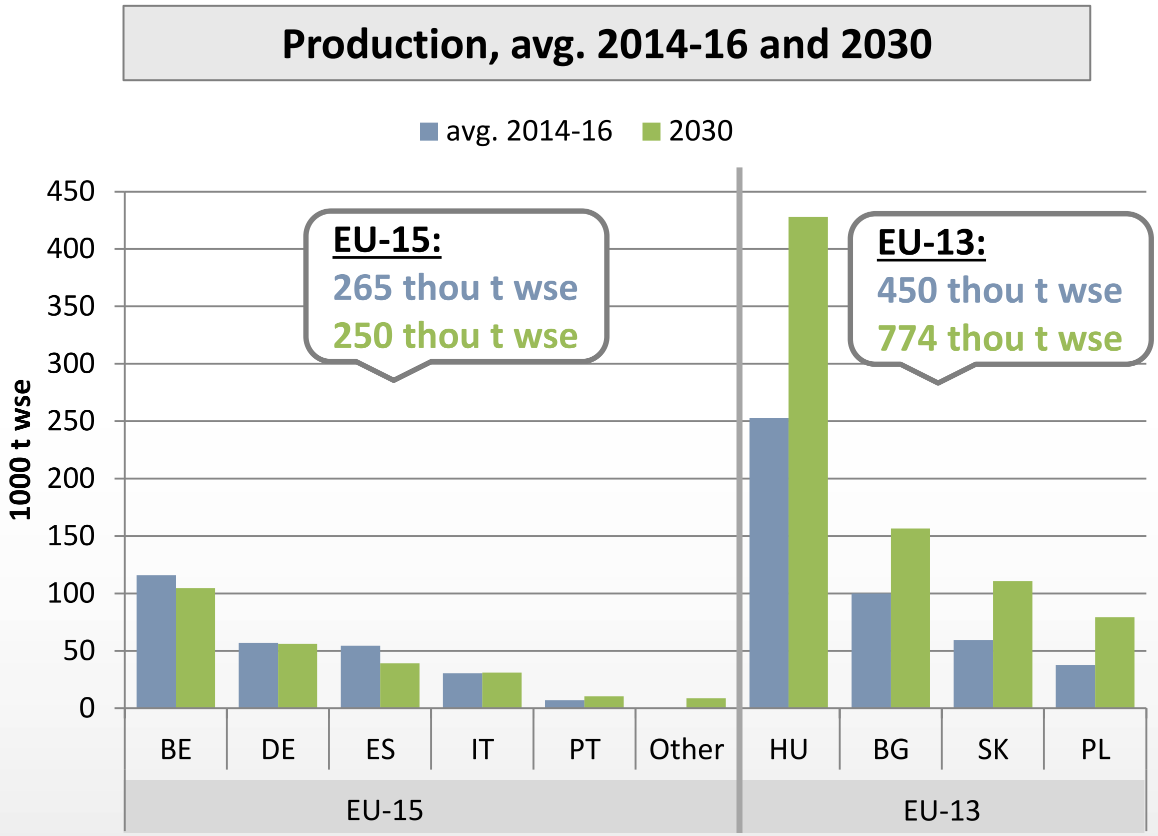
→On average rather stable production in VCS MS, but large differences among countries

→Some MS increase production and might be competitive without VCS

→Other MS don't seem to be competitive, despite VCS

Isoglucose Production at MS-level

AGMEMOD



Preliminary AGMEMOD simulation results based on version AGMEMOD-V8.2-01Mar19_OL2019CV.

Key findings:

- Isoglucose production is concentrated in the EU-13

→Market share: 63% (Ø2014-16)

→Market share: 76% (2030)

- **EU-15:**

→Overall decline in production

→Market entry of AT in 2017, but no further growth

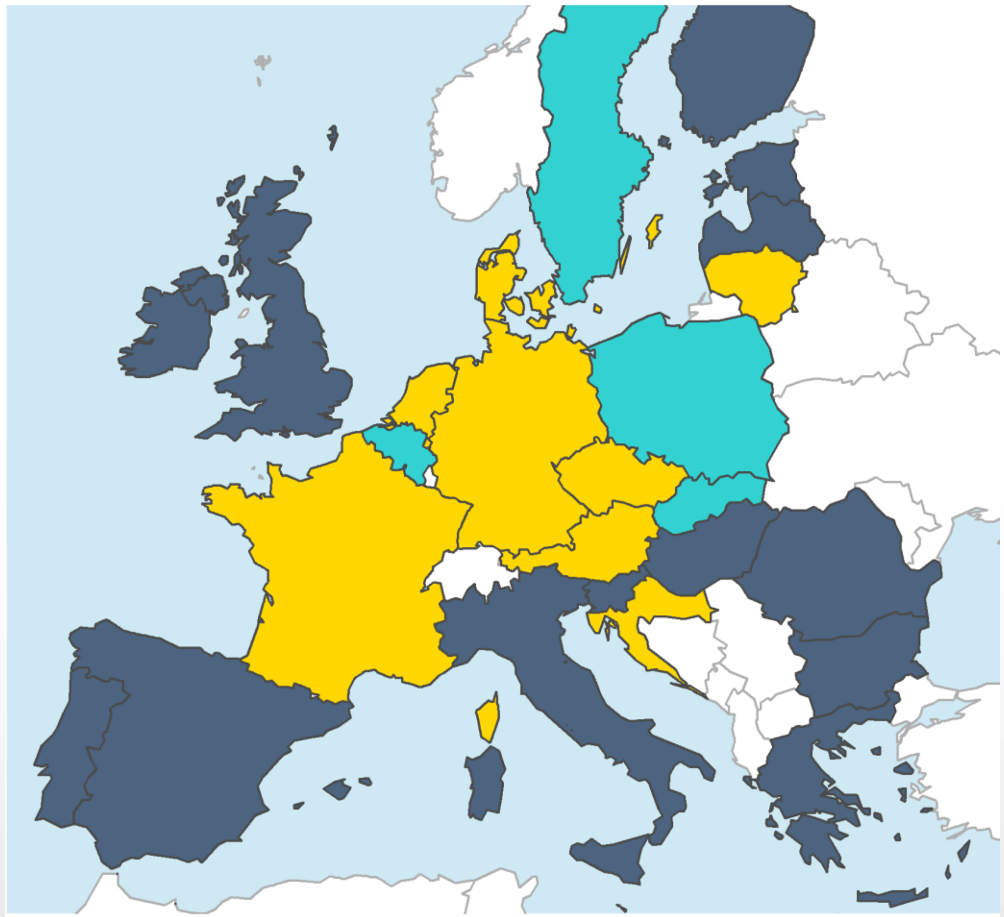
- **EU-13:**

→All producers substantially increase production

Sugar – Net Trade Ø 2014-16

Key findings:

- **Net-Exporters:** Centre Europe
- **Net-Importers:** South Europe
- **Balanced:** North-East Europe



Preliminary AGMEMOD simulation results based on version AGMEMOD-V8.2-01Mar19_OL2019CV.

Net-Exporters

Net-Importers

Balanced[1)]

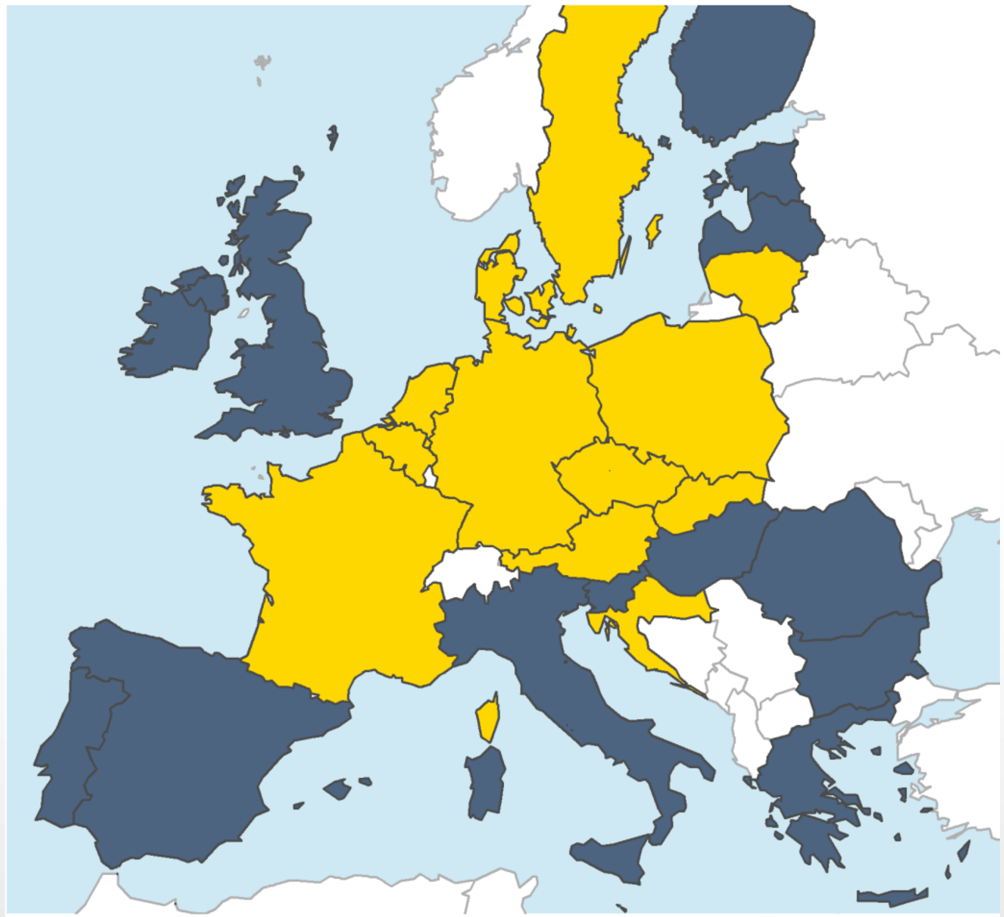
Not available

1) Net-Trade Volume < 10 % of Production

Sugar – Net Trade 2030

Key findings:

- **Switch:**
  Balanced →
  Net-Exporter:
  PL, SE, SK, BE



Preliminary AGMEMOD simulation results based on version AGMEMOD-V8.2-01Mar19_OL2019CV.

Net-Exporters

Net-Importers

Balanced[1)]

Not available

1) Net-Trade Volume < 10 % of Production

Sweetener: Projection highlights

- **Production:**
  - **Overall growth in production over the projection period**
    - **Sugar:** growth mainly in the EU-15-MS
    - **Isoglucose:** growth mainly in the EU-13-MS
  - **Some countries substantially reduce production**
    - **Sugar:** IT, GR, FI, RO, SK ➢ **Isoglucose:** ES, BE
- **Consumption:**
  - Overall decline in sweetener consumption, but growth of isoglucose consumption
  - Substitution of sugar by isoglucose mainly in the EU-13-MS
- **Trade:**
  - EU-28 becomes and remains net-exporter of sweetener
  - **Sugar:** PL, SE, SK, BE switch from balanced market to net-export position
  - **Isoglucose:** BE and ES change their net trade position

Thanks for your attention!

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