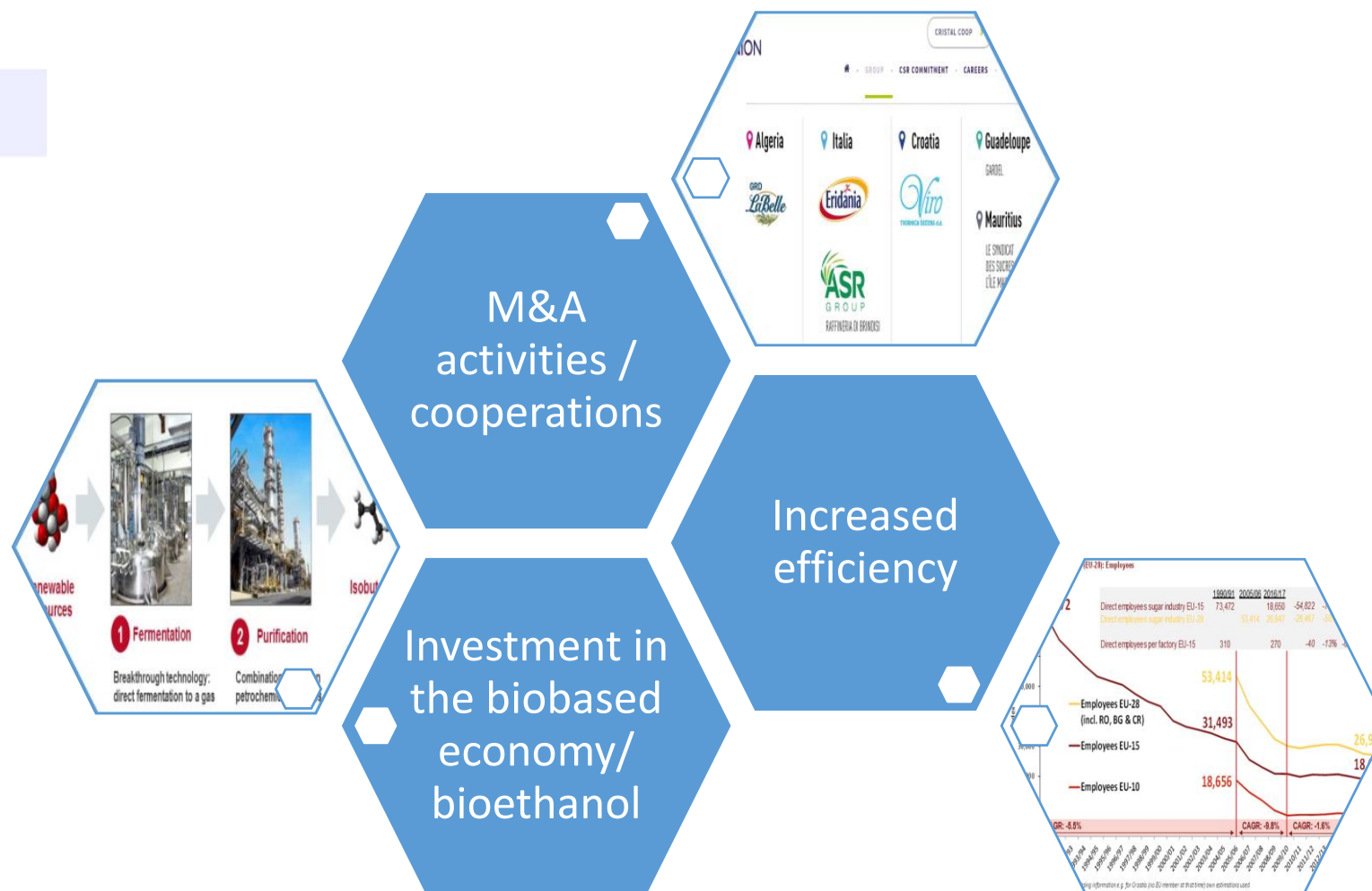




# **Investment strategies and logistics developments**

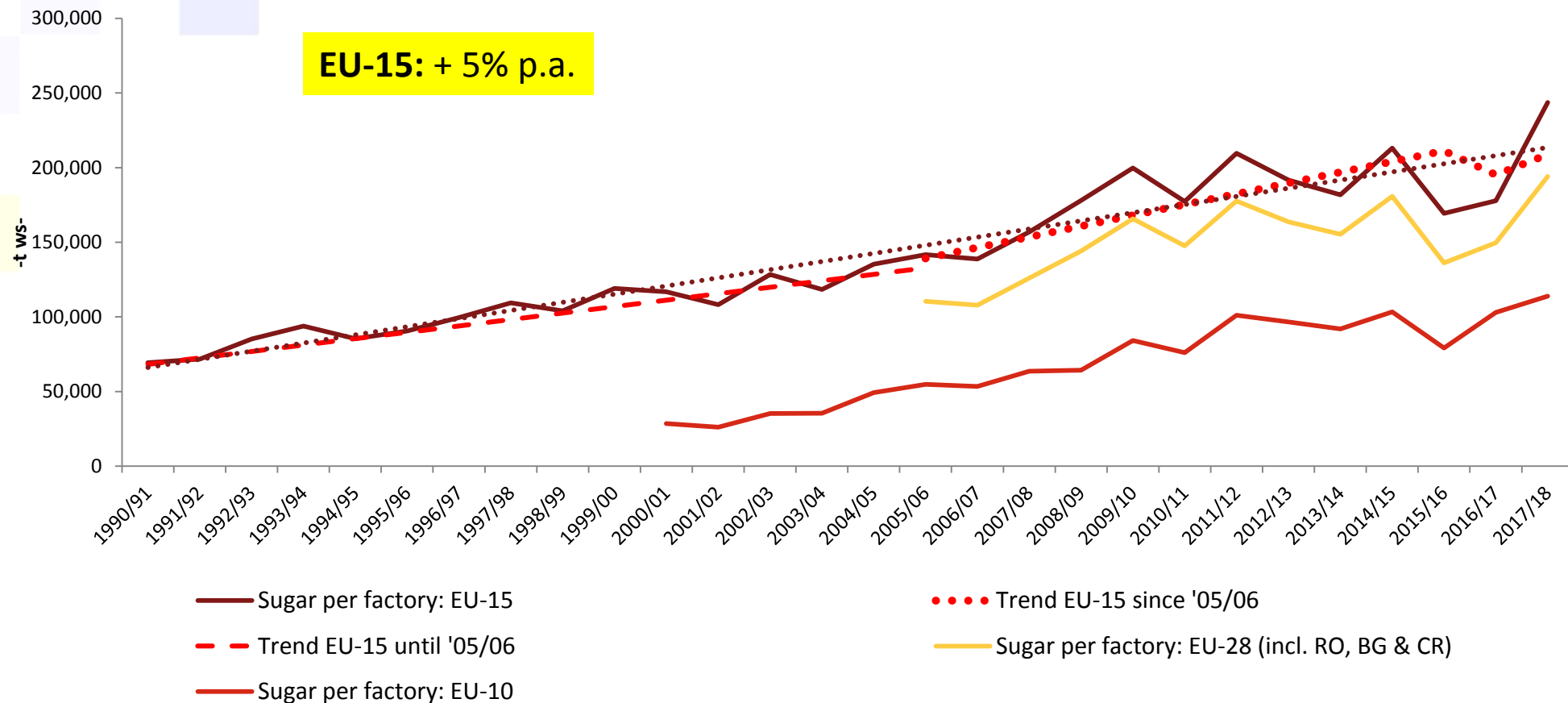
**Economic Board of the EU Sugar Market Observatory**  
**Brussels 12.04.2018**

# Measures taken by major EU players (I)



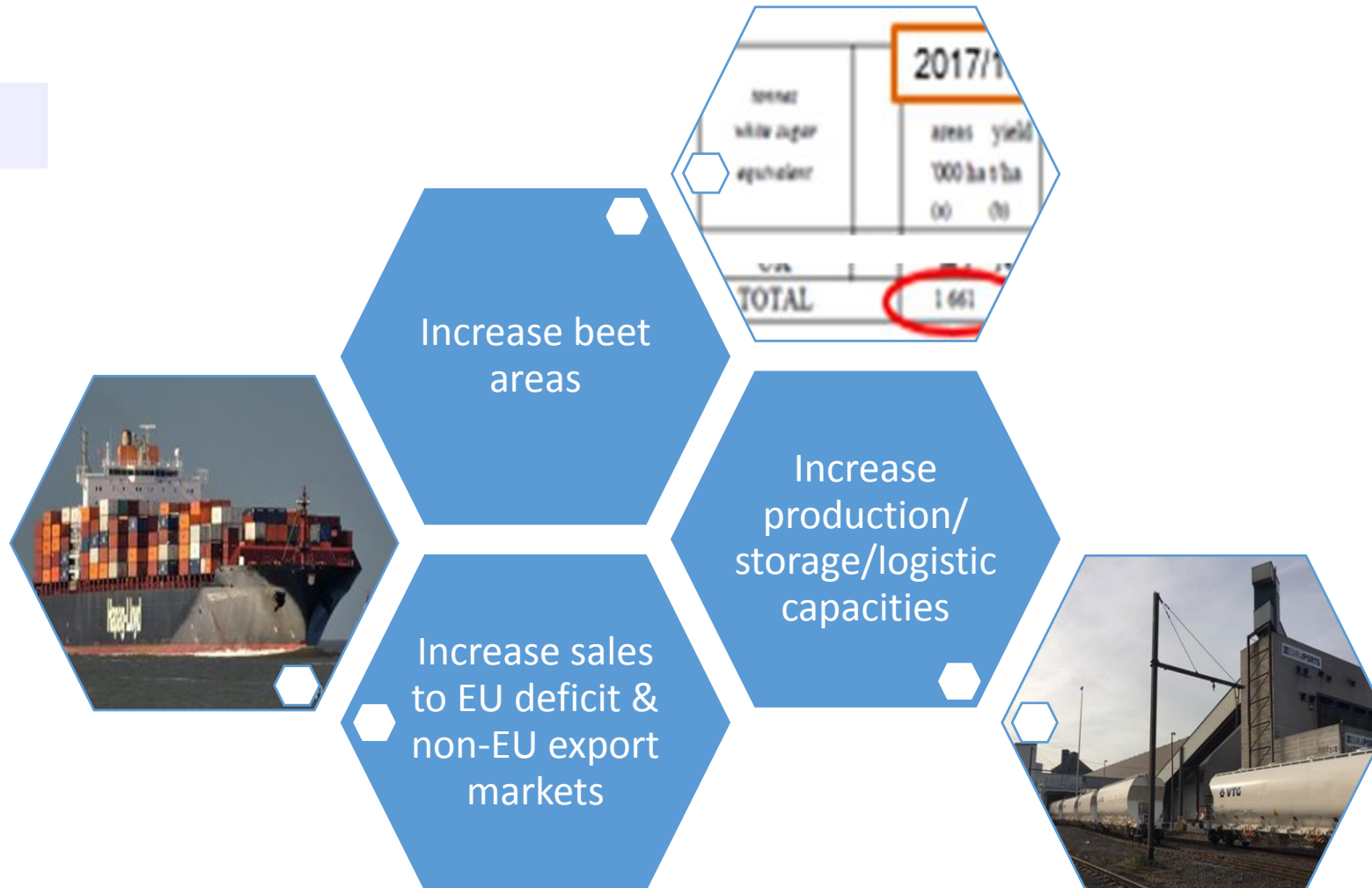
# Increased Efficiency: Long-term development of sugar production per factory

Long term developments (VI) (EU-28): Sugar per factory



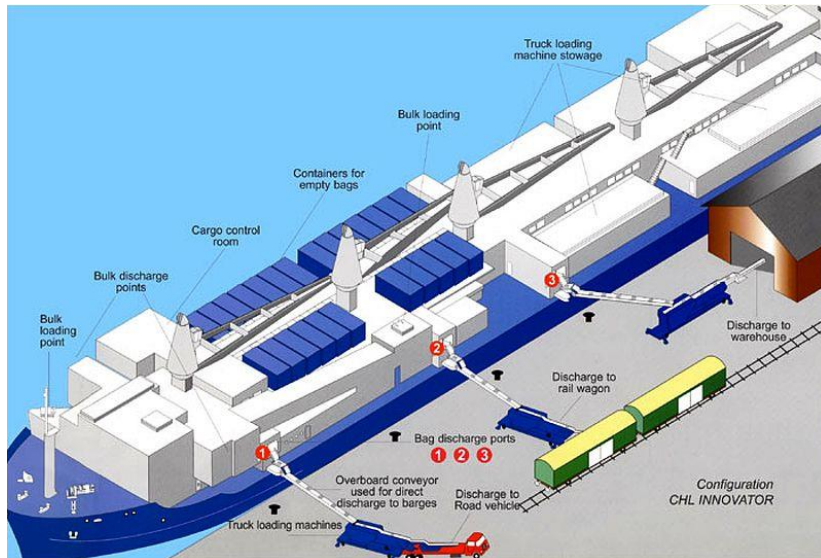
\*Source: Sugar: "CEFS Sugar Statistics" and production statistics EU-Commission

# Measures taken by major EU players (II)

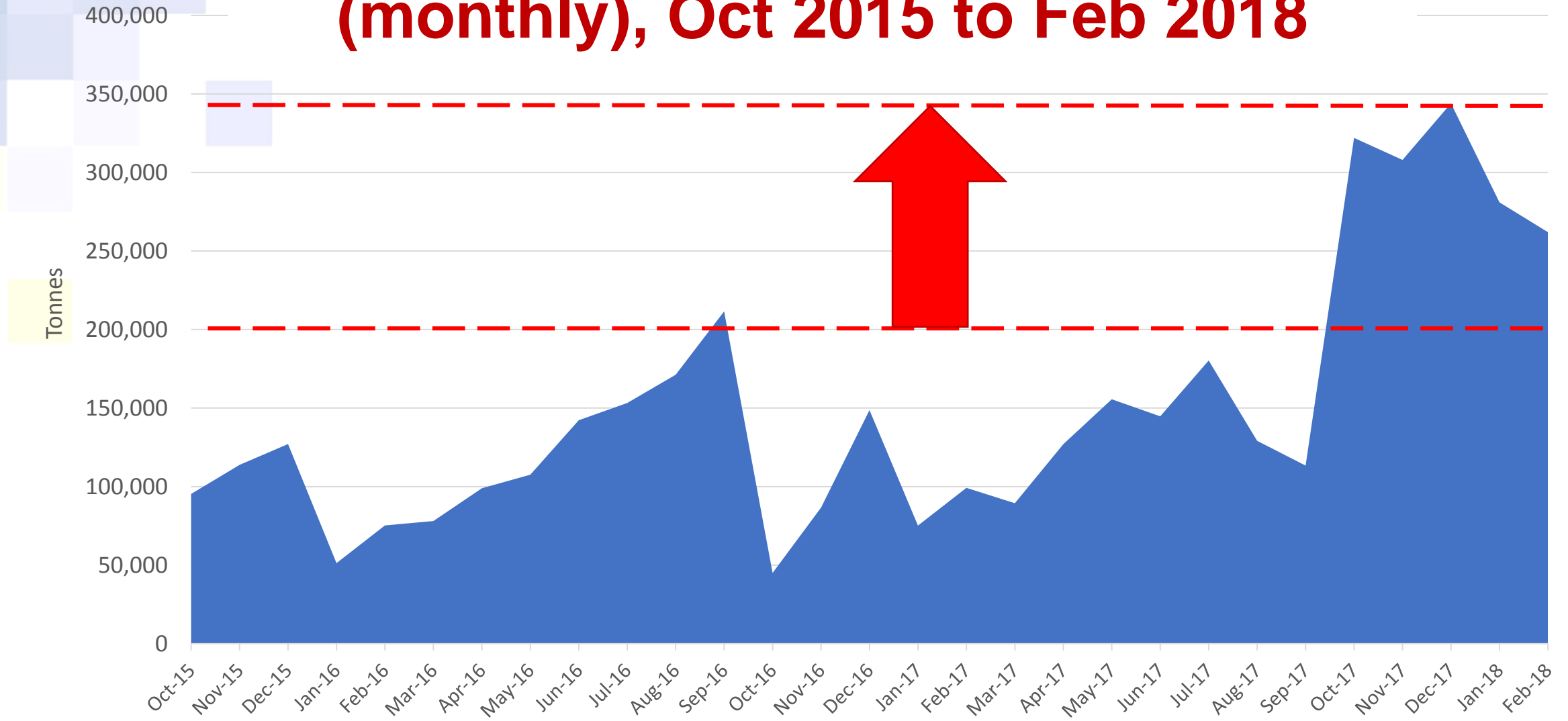




# Sugar logistics & storage: at a glance

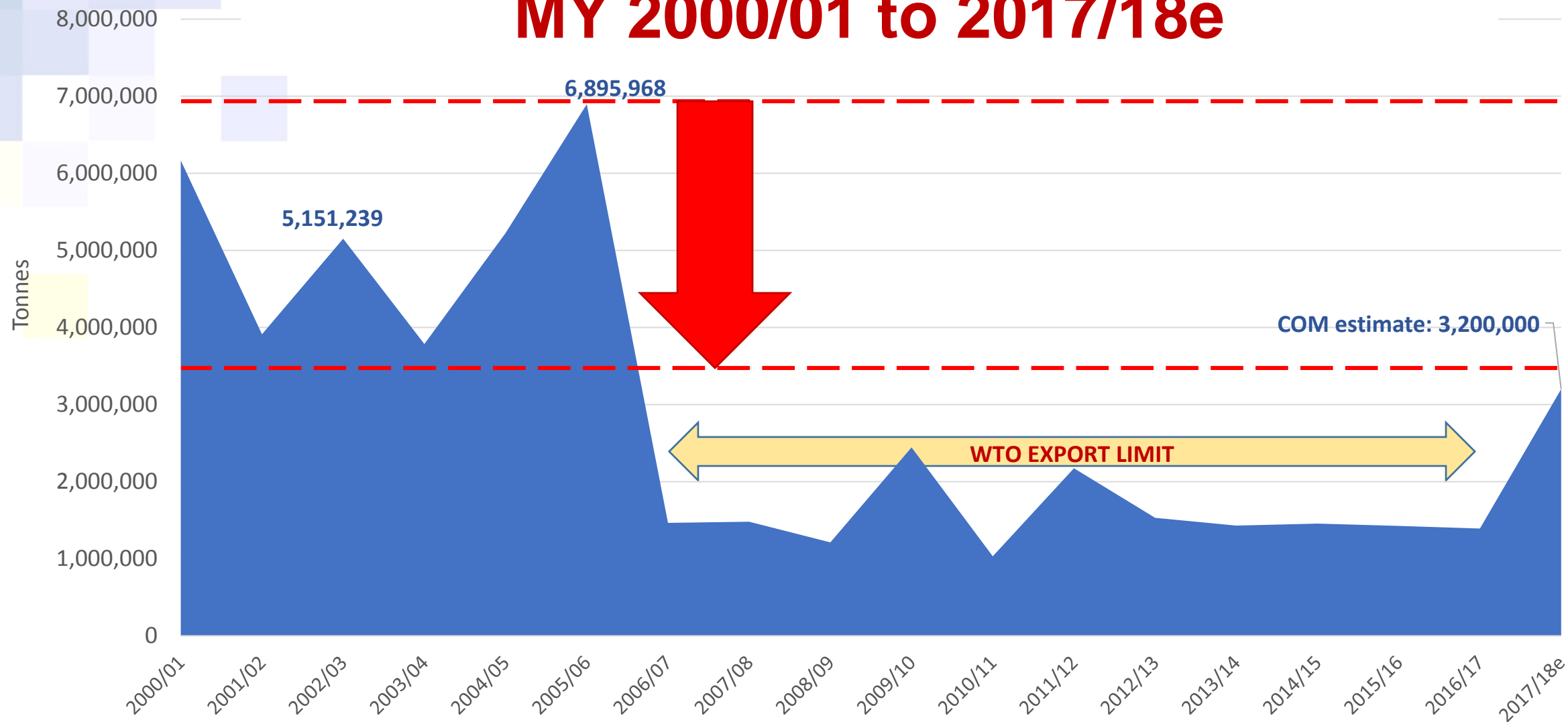


# EU exports of sugar tel quel (monthly), Oct 2015 to Feb 2018



Source: Eurostat

# EU exports of sugar tel quel (yearly), MY 2000/01 to 2017/18e



Source: Eurostat

# EU beet sugar has to cope with different areas of conflict

## Politically-driven market liberalisation in the EU

- Abolition of sugar quotas
- Bilateral trade agreements

## World market distortions

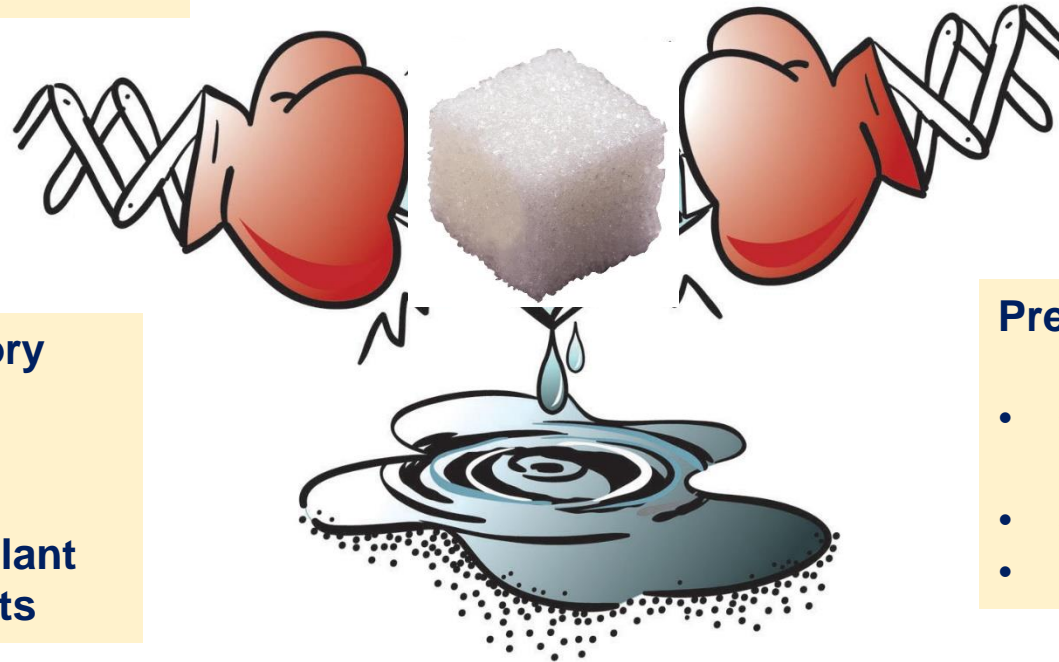
- Government regulation
- Exchange rates

## Cost-driving regulatory conditions in the EU

- Energy policy
- Authorisation of plant protection products

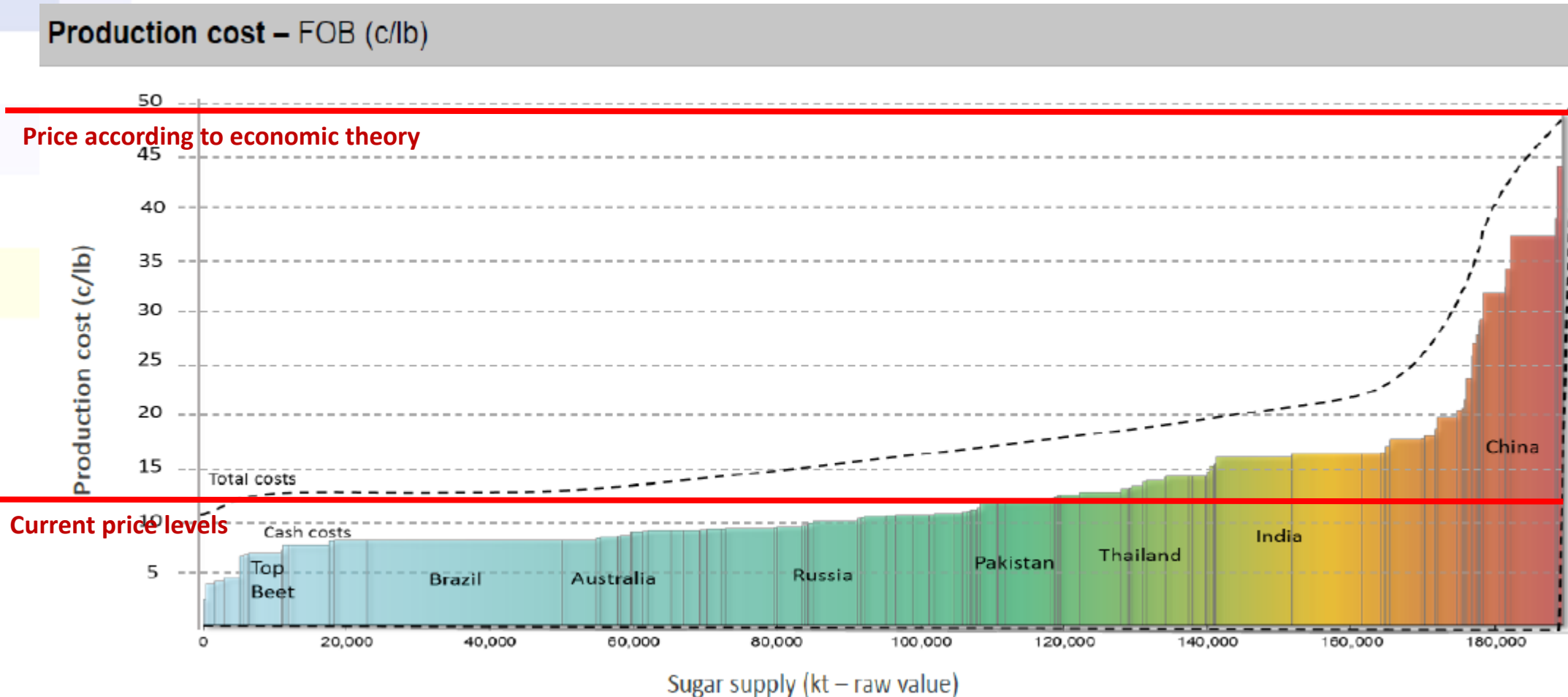
## Pressure on consumption

- Criticism from health/consumer groups
- Sugar taxes
- Labelling



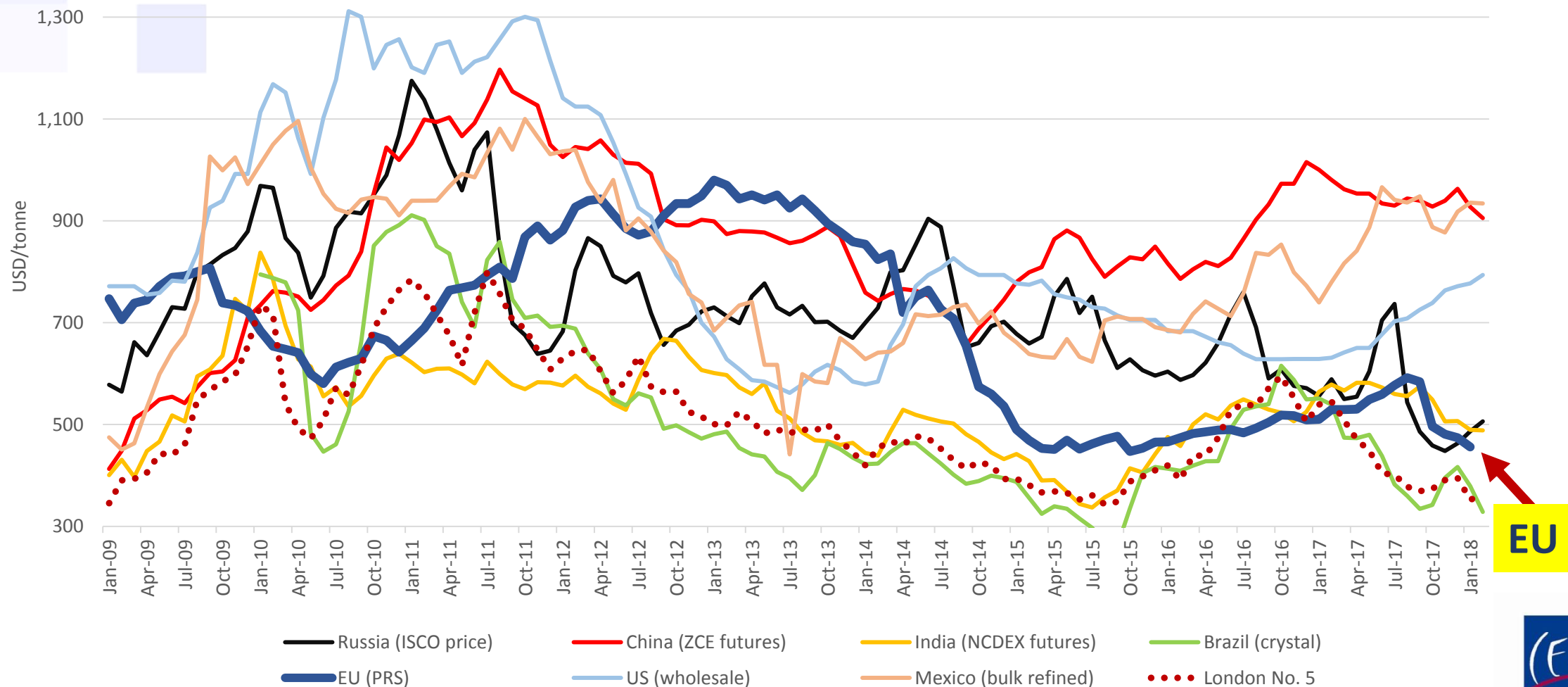


# World market prices do not reflect costs

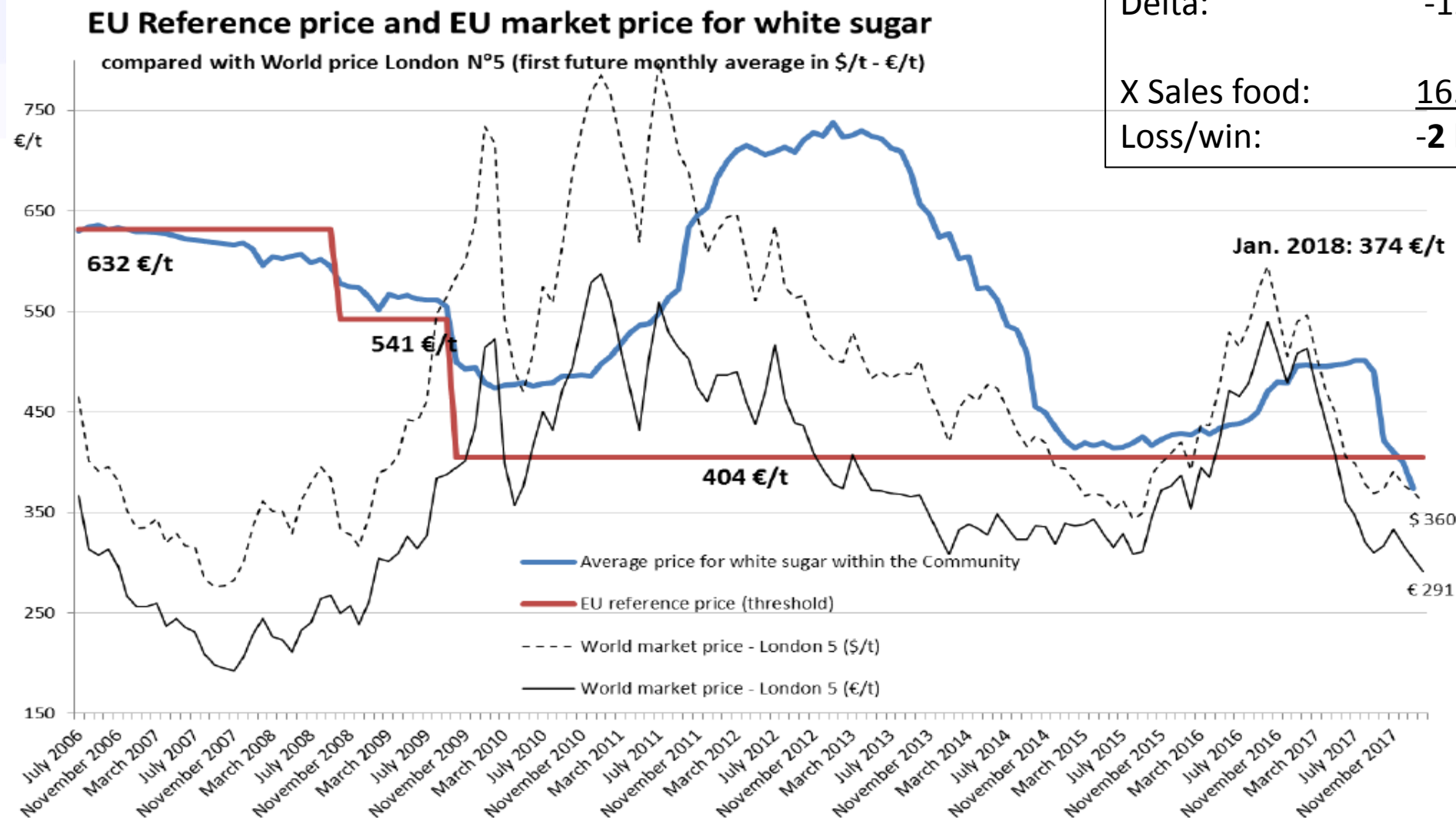


Source: LMC

# EU prices are already among the lowest in the world...



# Tough market situation...



Price Jan 2017:	496 EUR/t s
Price Jan 2018:	<u>374EUR/t s</u>
Delta:	-122 EUR/t s

X Sales food:	<u>16.6 mil. tons</u>
Loss/win:	<b>-2 billion EUR p.a.</b>

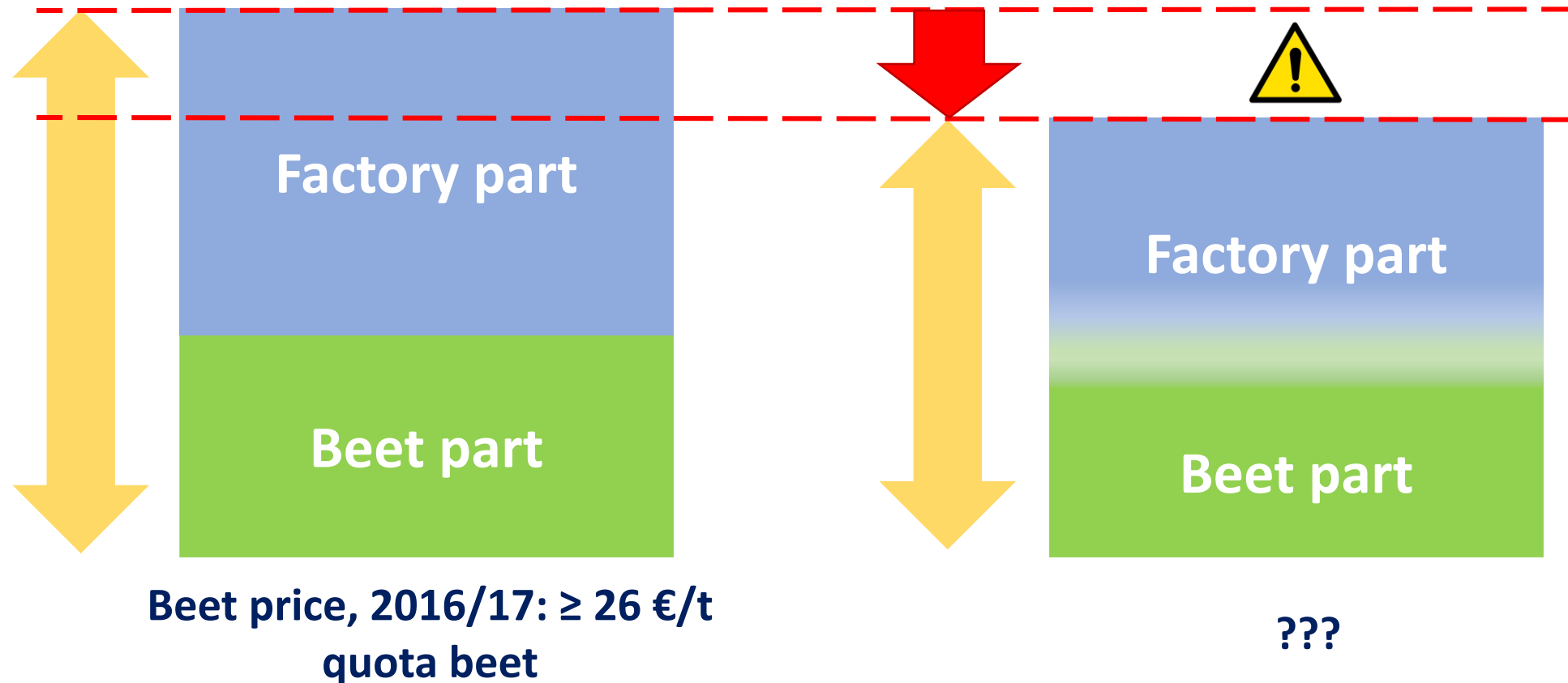
# ...limited room for manoeuvre

Sales price:

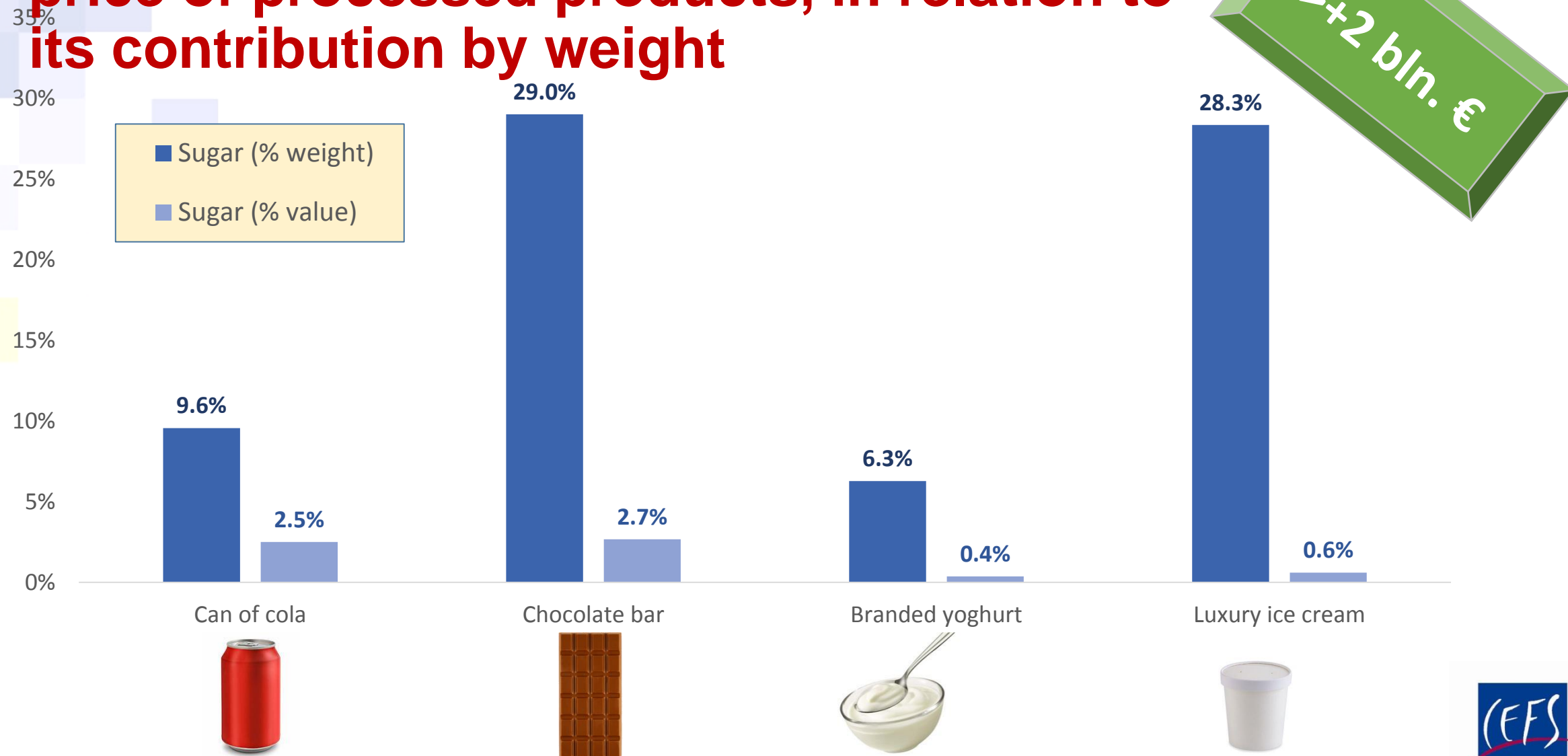
Quota regime  
 $> 450 \text{ €/t quota sugar}$

Current price levels  
 (EU/Third Countries)  
 $< 400 \text{ €/t sugar}$

$> 2 \text{ bln. €}$

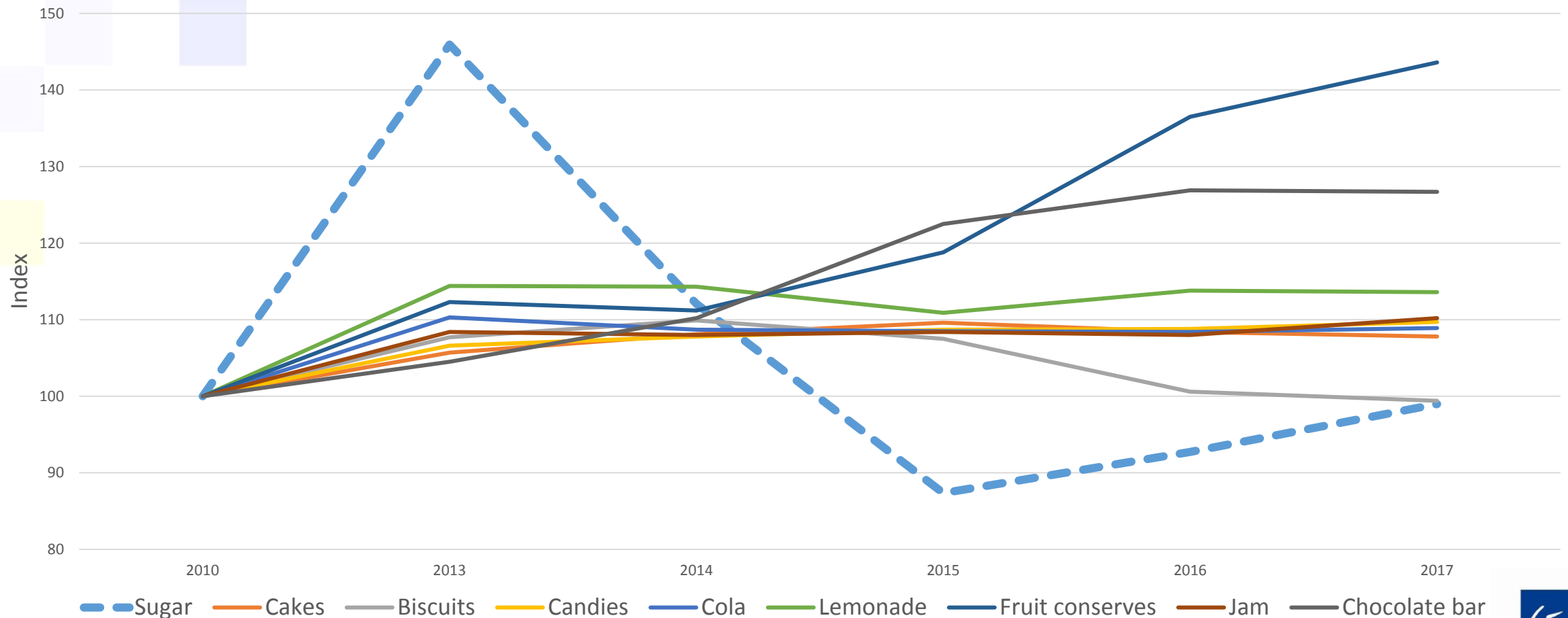


# Sugar represents a tiny part of the ex works price of processed products, in relation to its contribution by weight



# Little correlation between the price of sugar and the price of sugar-containing products...in Germany

Price evolution of selected high sugar-containing products in Germany. Reference year: 2010 = 100.

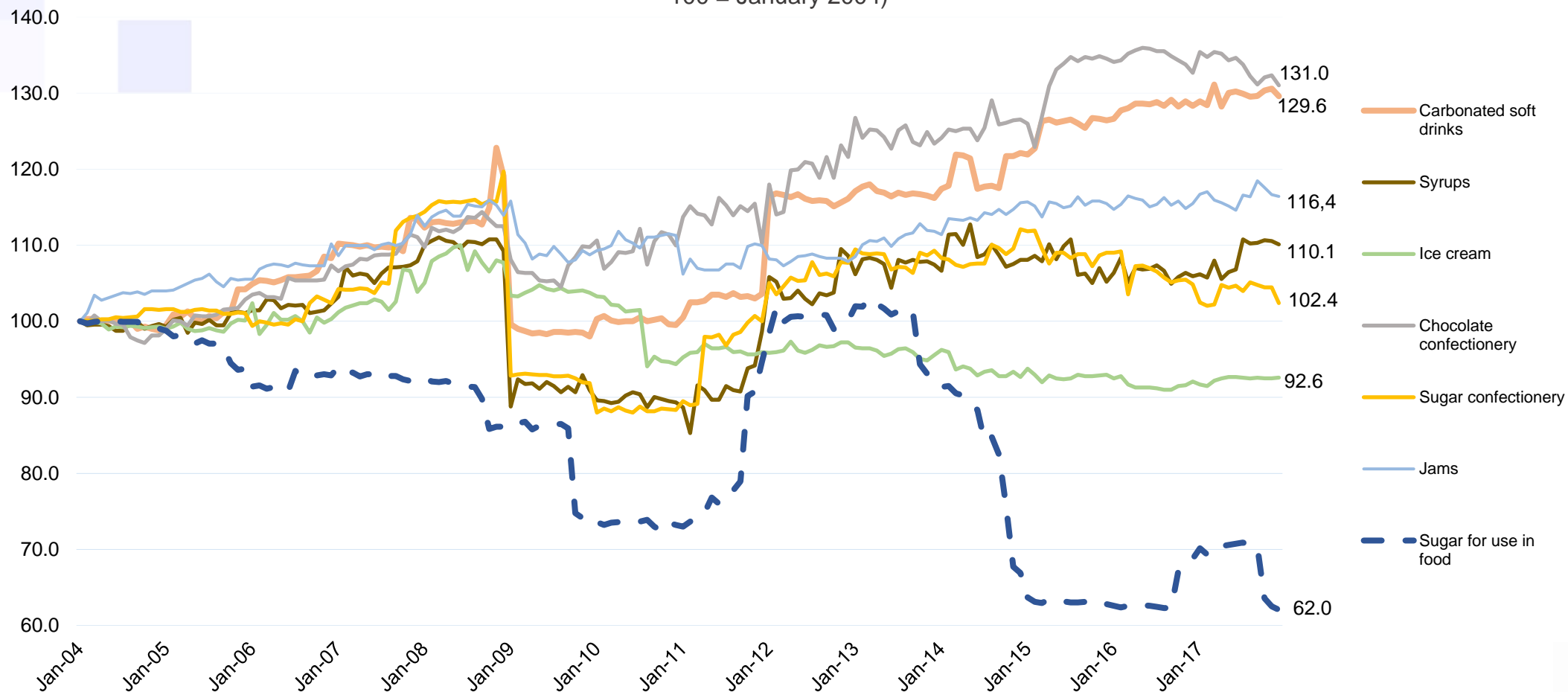


Source: Statistisches Bundesamt



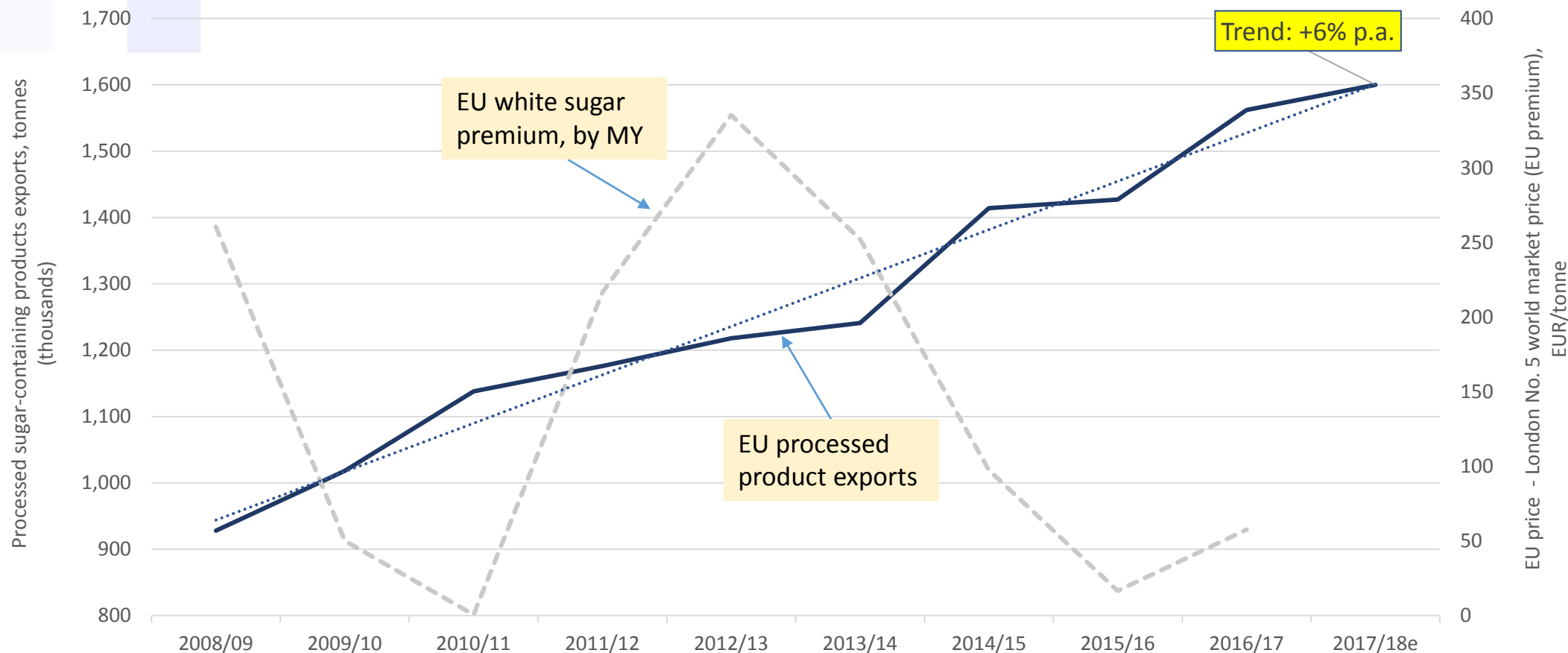
## ...and in France

France: producer price of sugar for use in food and for certain sugar-containing products as at December 2017 (base 100 = January 2004)



Source: INSEE.

# Exporting processed high quality EU sugar - a sustainable growth story



Source: COM balance sheets.

# A sustainable sector at risk

- **Sector has attained even higher levels of efficiency**
  - More sugar production → lower unit production costs.
  - But obstacles (plant protection product bans, trade agreements)
- **Non-remunerative sugar and beet prices**
- **Financial losses**
  - No further investments (endangering further efficiencies...)?
  - Factory closures...



An aerial photograph of a large industrial facility, likely a sugar refinery, situated along a river. The scene is captured during sunset or sunrise, with a bright sun low on the horizon, casting a warm glow over the sky and the facility. The refinery features several large storage silos, processing buildings, and a prominent distillation column. Plumes of white steam or smoke are rising from the industrial structures. In the foreground, there are large circular tanks and numerous trucks parked or moving around the site. The surrounding area includes residential buildings and other industrial structures. The sky is filled with dramatic, colorful clouds in shades of orange, yellow, and blue.

# Thank You

[www.cefs.org](http://www.cefs.org)

[www.sustainablesugar.eu](http://www.sustainablesugar.eu)



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