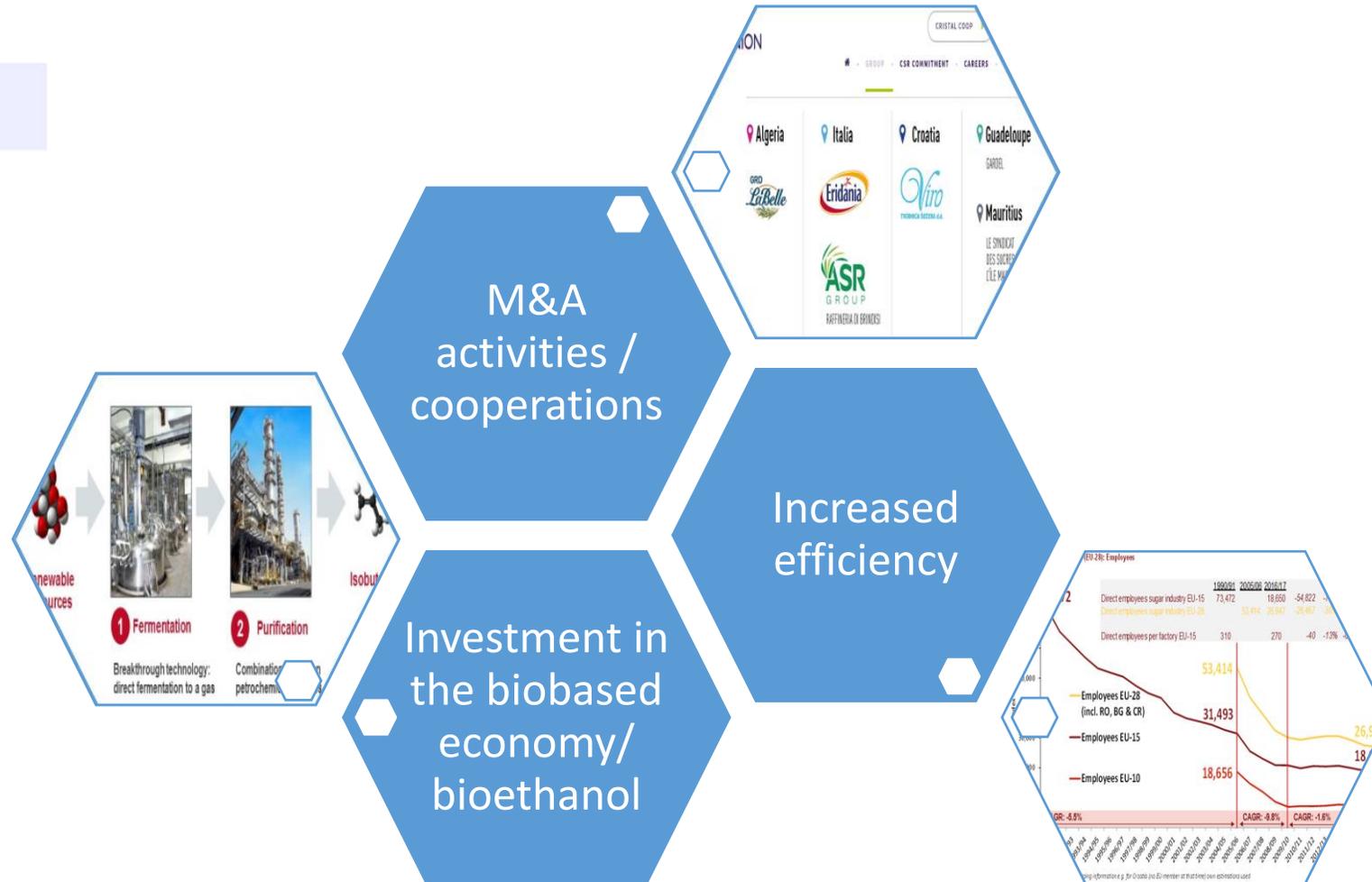


# Investment strategies and logistics developments

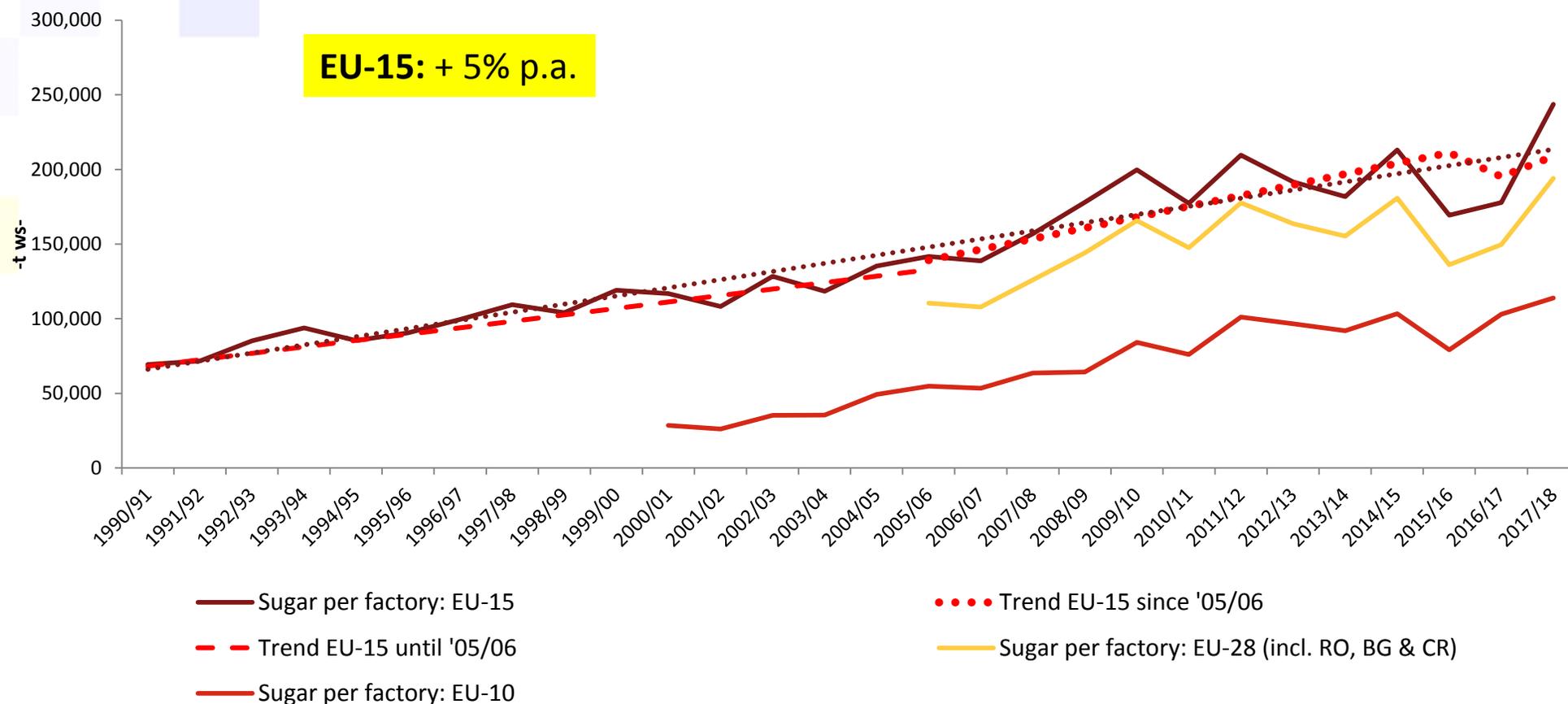
**Economic Board of the EU Sugar Market Observatory**  
**Brussels 12.04.2018**

# Measures taken by major EU players (I)



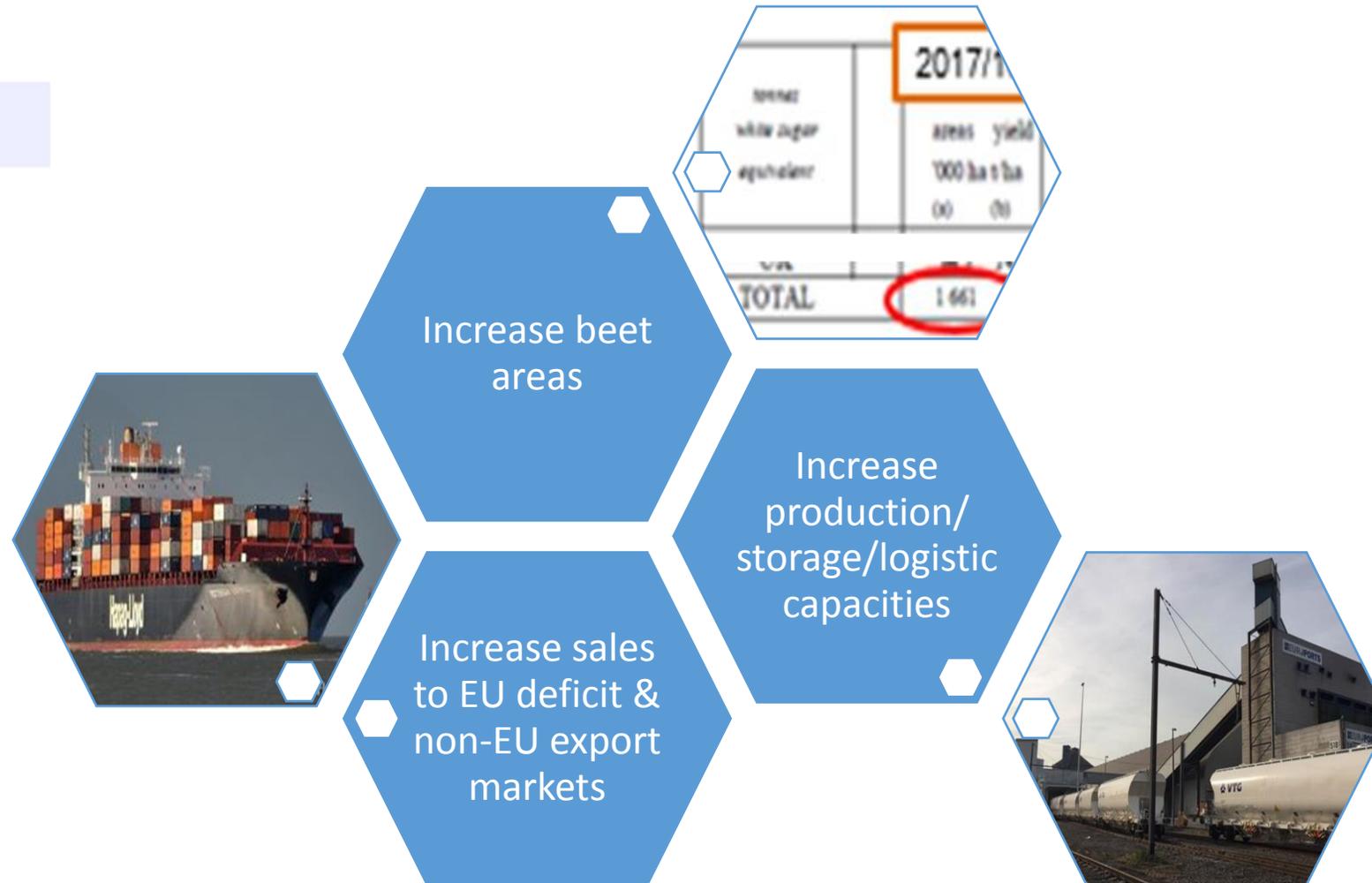
# Increased Efficiency: Long-term development of sugar production per factory

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

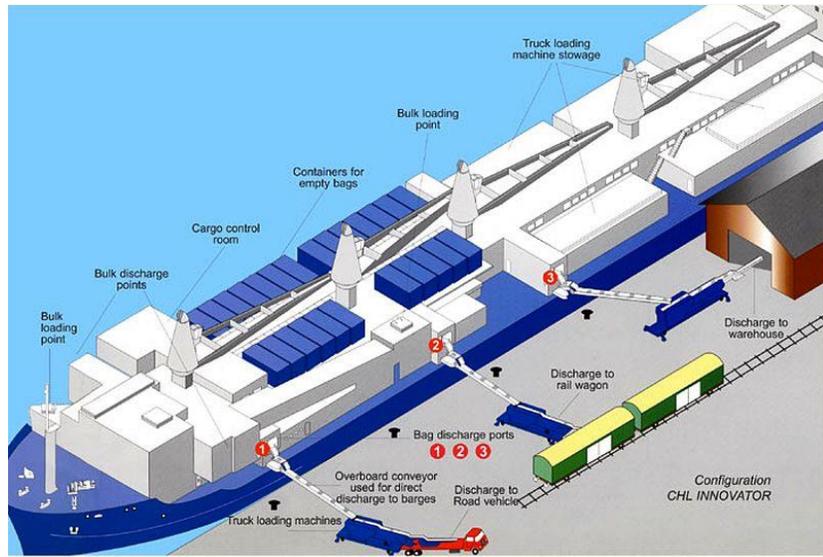


\*Source: Sugar: "CEFS Sugar Statistics" and production statistics EU-Commission

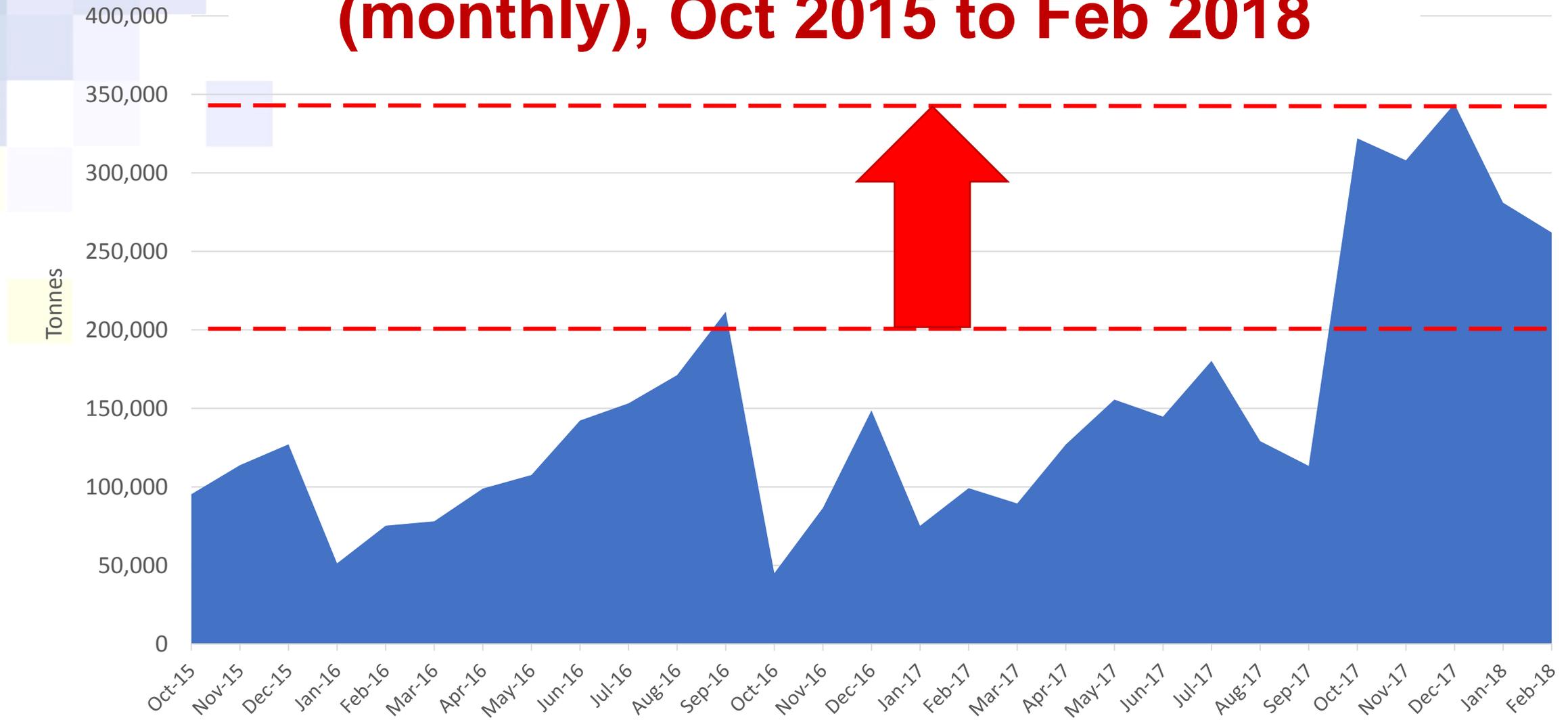
# Measures taken by major EU players (II)



# Sugar logistics & storage: at a glance

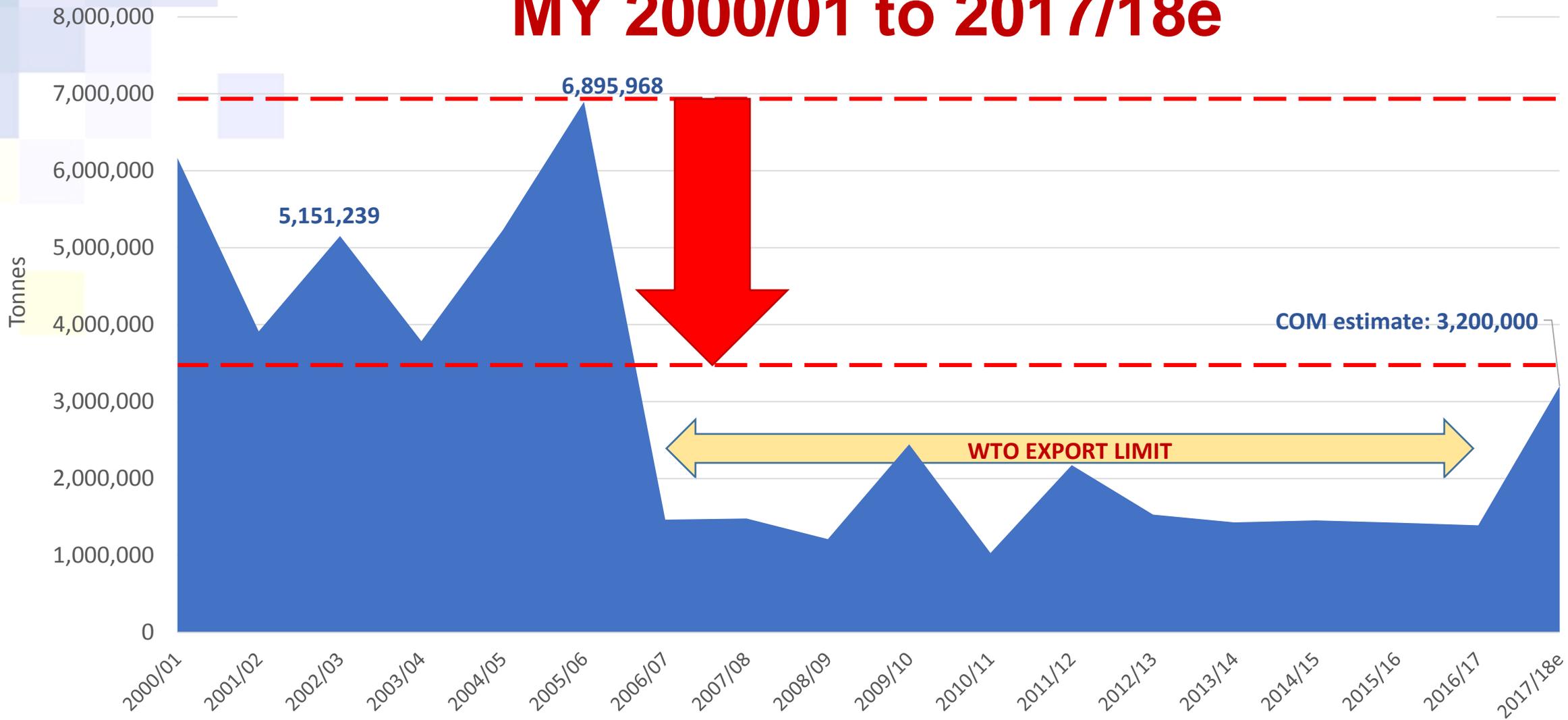


# EU exports of sugar tel quel (monthly), Oct 2015 to Feb 2018



Source: Eurostat

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



Source: Eurostat

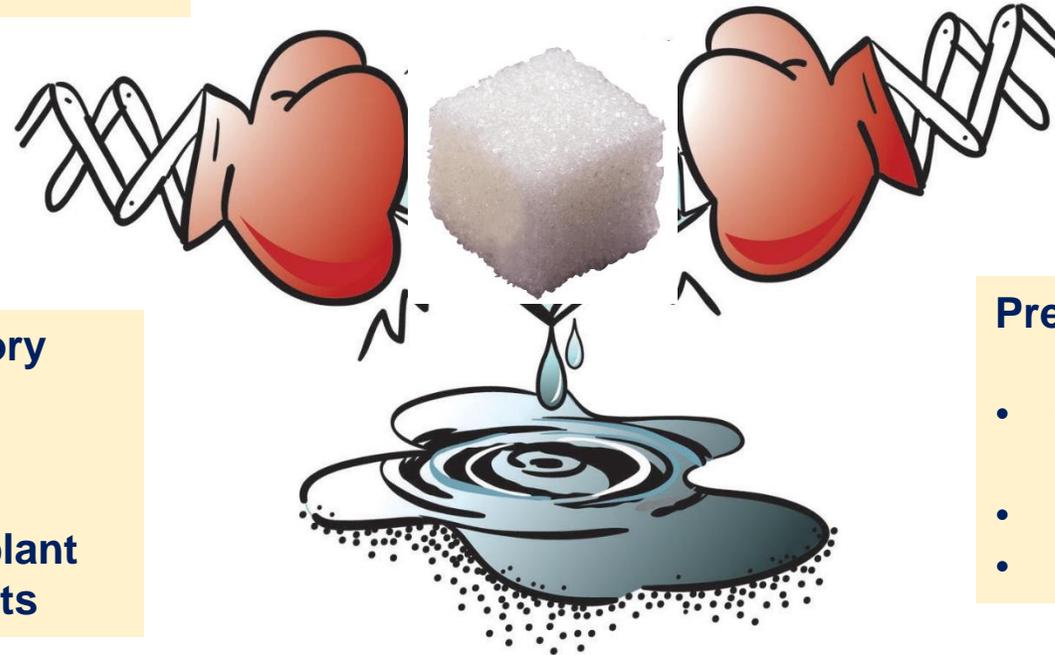
# EU beet sugar has to cope with different areas of conflict

## 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

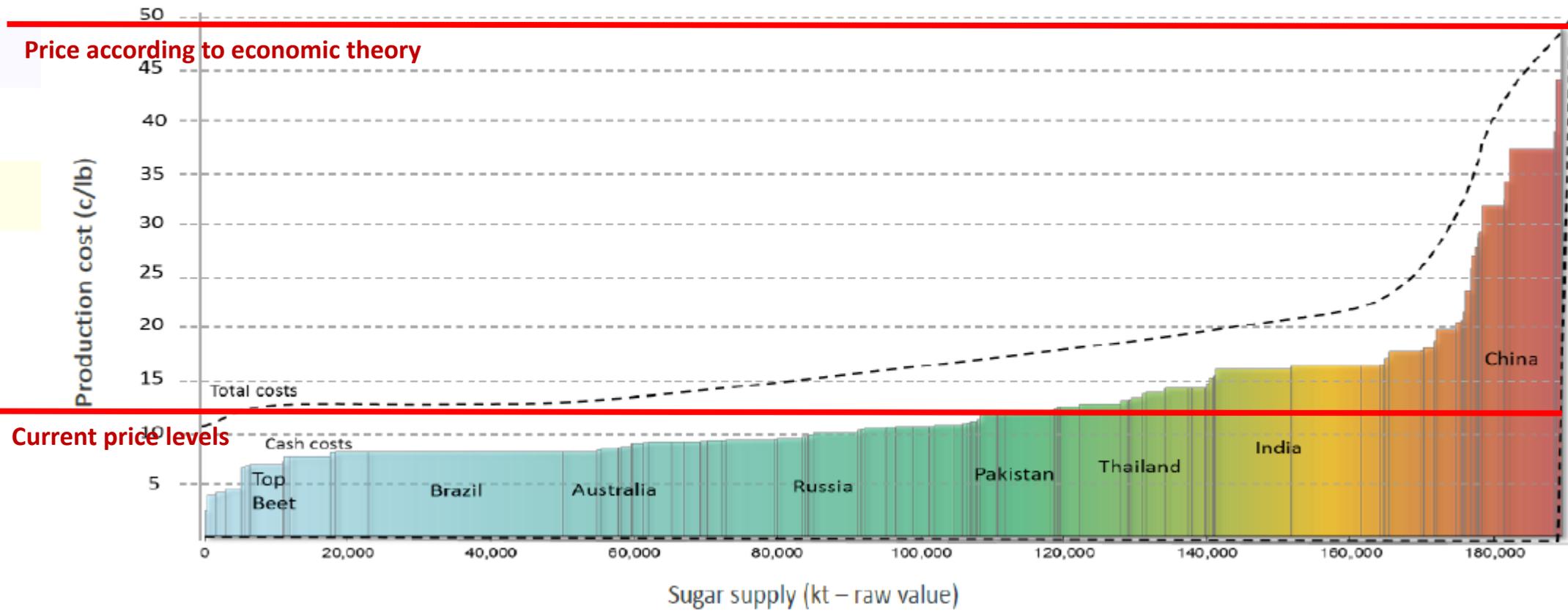
- Energy policy
- Authorisation of plant protection products

## Pressure on consumption

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

# World market prices do not reflect costs

Production cost – FOB (c/lb)



Source: LMC

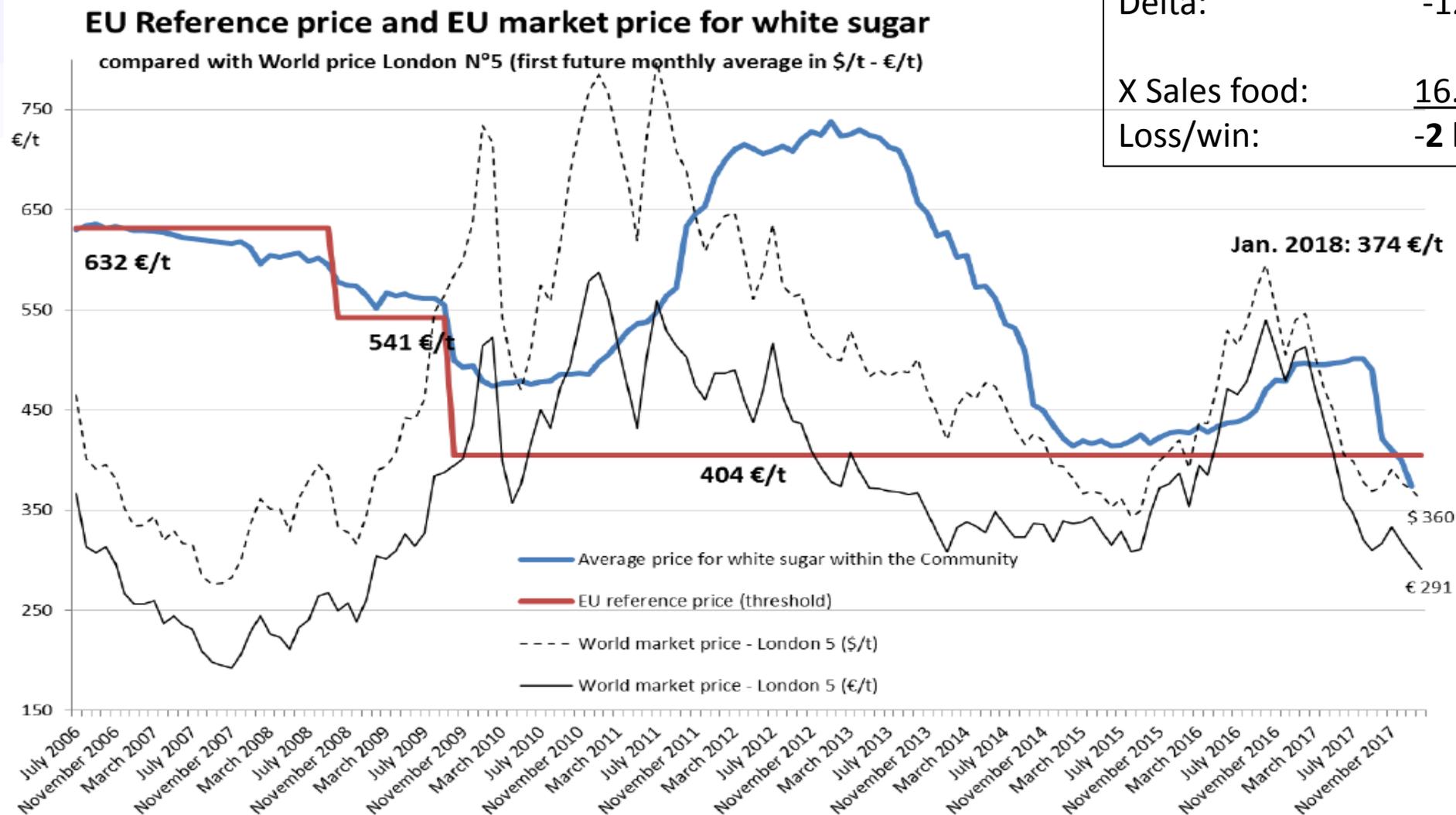




# Tough market situation...

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>



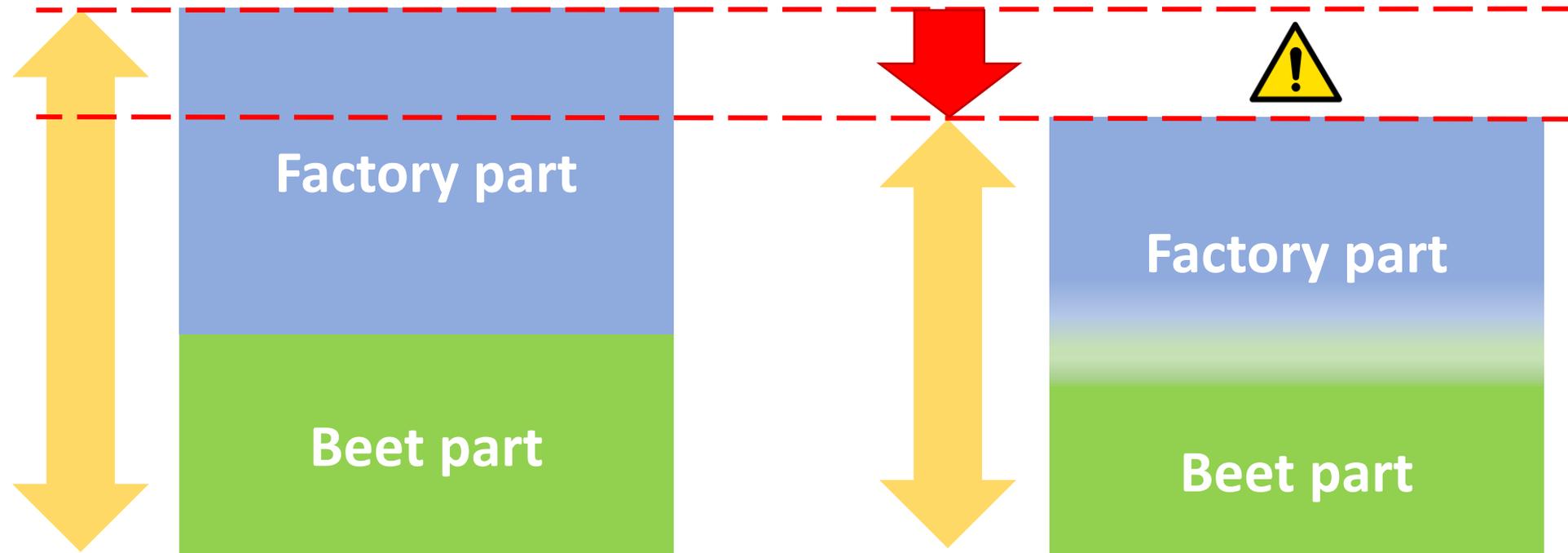
# ...limited room for manoeuver

Sales price:

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

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

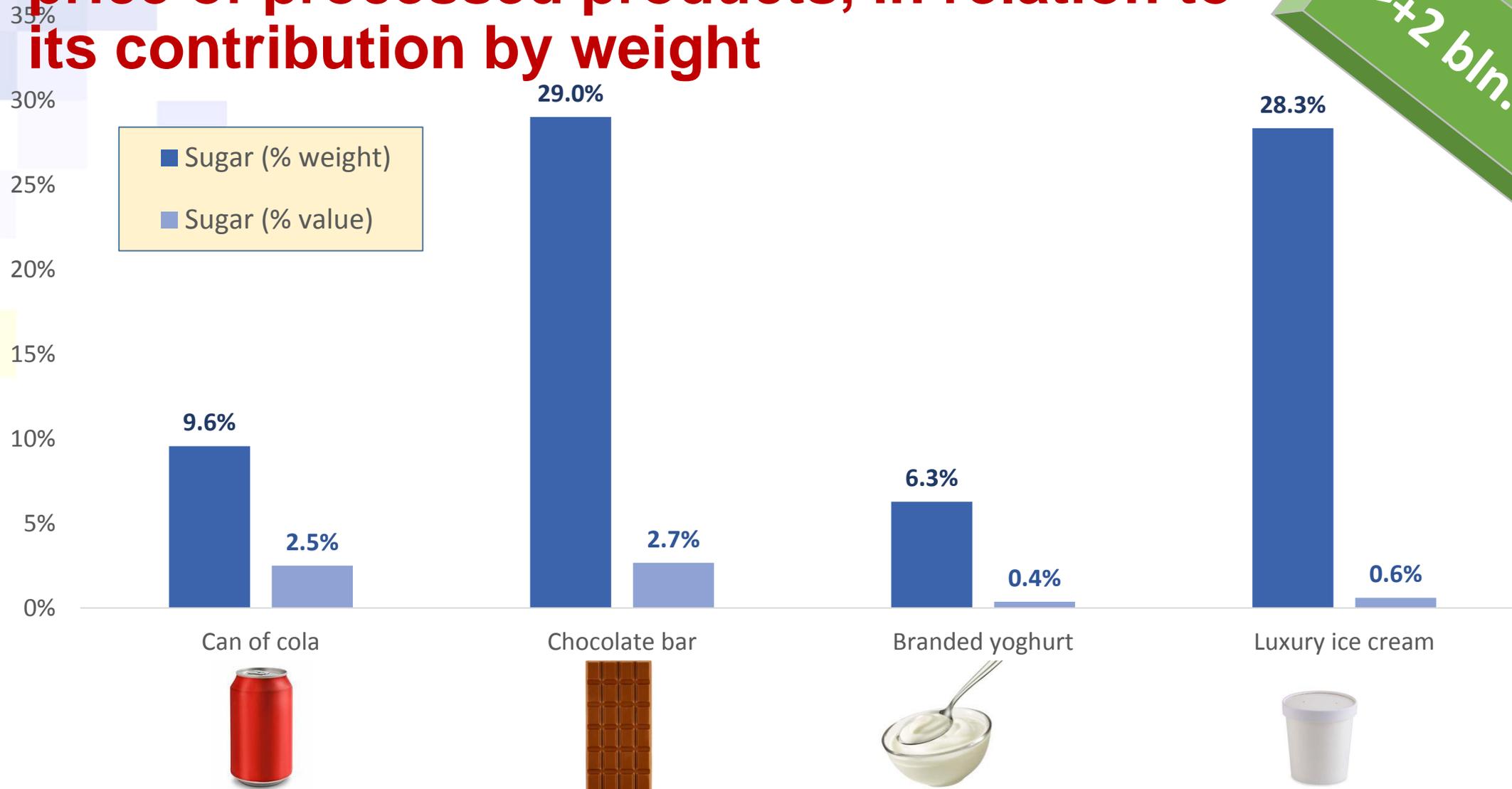
$> -2 \text{ bln. €}$



Beet price, 2016/17:  $\geq 26 \text{ €/t}$   
 quota beet

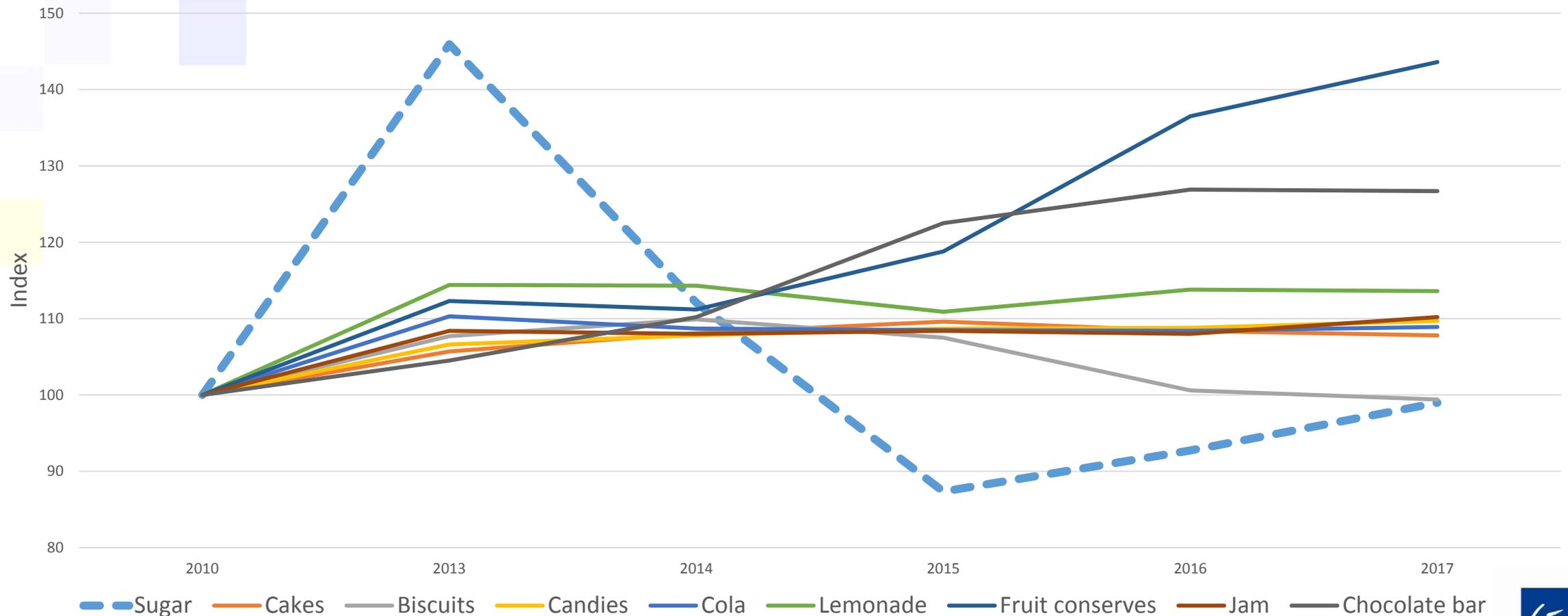
???

# 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

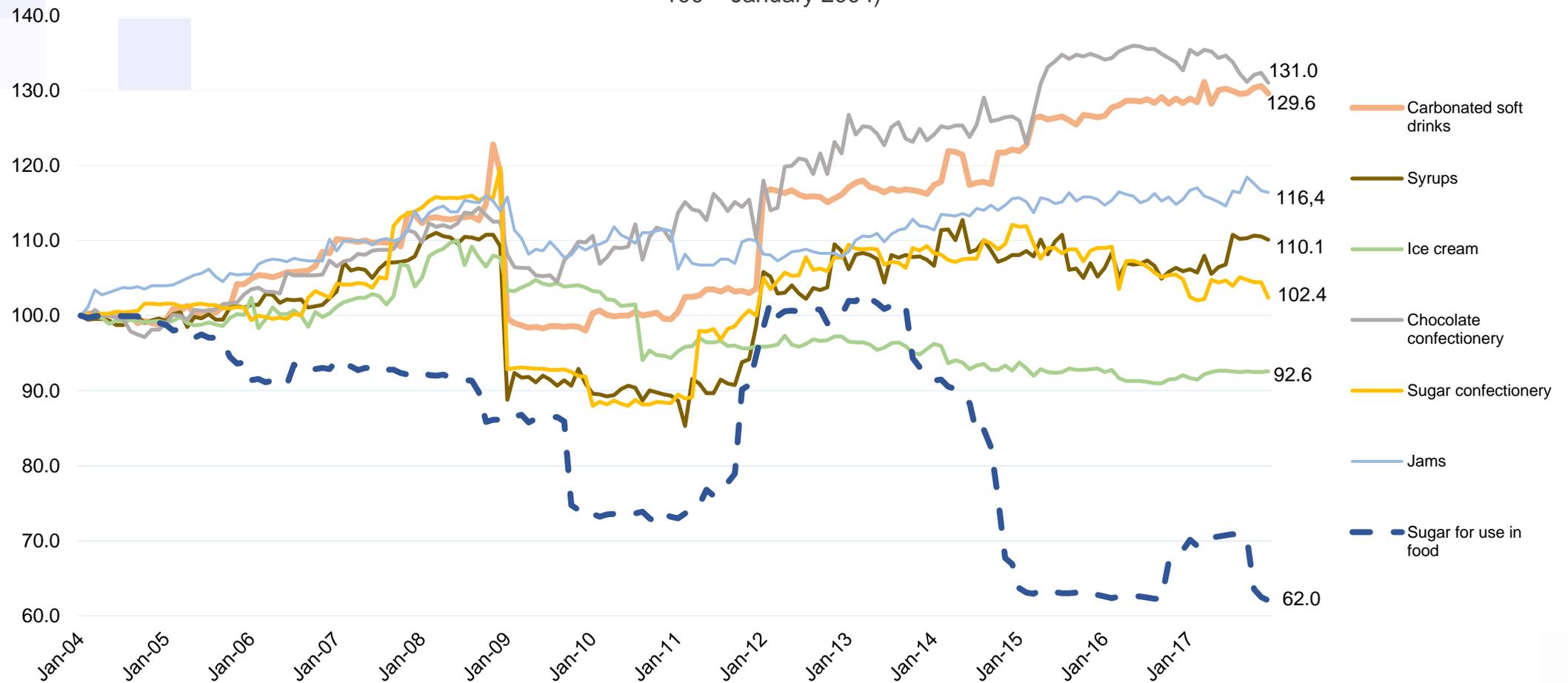
Price evolution of selected high sugar-containing products in Germany. Reference year: 2010 = 100.



Source: Statistisches Bundesamt

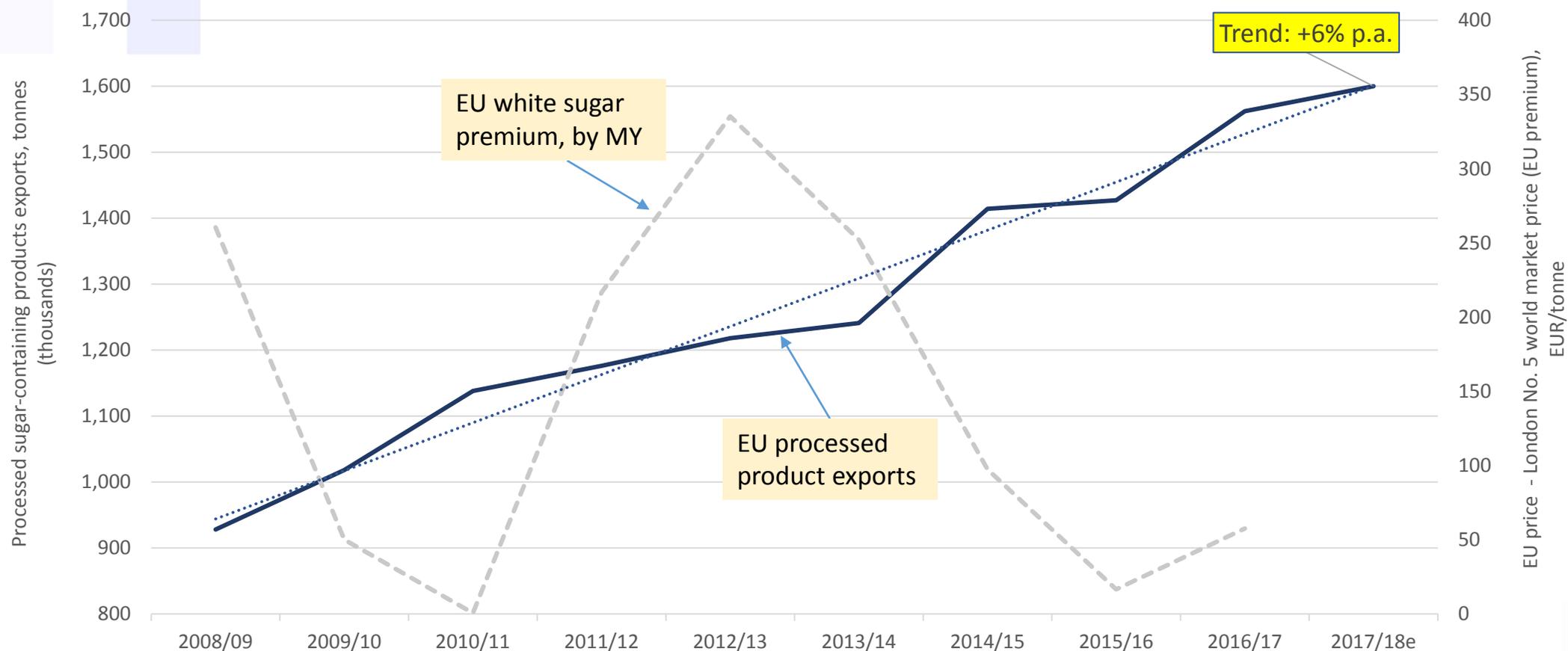
# ...and in France

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 cylindrical silos, a central processing tower, and various buildings. A river flows through the left side of the image, and a road with several trucks is visible in the foreground. The sky is filled with dramatic, dark clouds, and the overall atmosphere is one of industrial activity amidst a natural setting.

# Thank You

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

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



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