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## European Union

## Sugar

## Semi-Annual

## 2002

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**Report Highlights: Due to good planting and crop conditions EU sugar production is expected increase in 2002/2003 by 1.6 million MT. C-sugar volume is expected to increase to approximately 3.5 million MT, with total sugar exports expected at approximately 5.8 million MT.**

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Includes PSD changes: Yes  
Includes Trade Matrix: No  
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## Executive Summary

### General Note

Annual report E22037 dated April 10, 2002 provides a detailed overview of the Common Market Organization of the EU sugar sector. This semi-annual report aims primarily at revising the Production-Supply-Demand table. It also points out any decisions taken under the Common Market Organization since the annual report.

### Summary

Due to this years much improved planting conditions and excellent weather conditions up to the summer period, EU sugar production is expected increase by 1.6 million MT in 2002/2003. During the month of September the European Commission imposed a one year reduction of " A" and " B "production quotas, amounting to 937,510 Mt. raw sugar equivalent. This was done in order to keep the EU within WTO commitments on subsidized exports. Due to higher expected production and the quota switch to C-sugar, total C-sugar volume this year is expected to increase from last marketing year's 1.9 million MT to 3.5 million MT. Total EU sugar exports are expected to reach 5.8 million MT.

## Production-Supply-Demand Table

PSD Table						
Country:	European Union					
Commodity:	Sugar					
		2001		2002		2003
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Beginning Stocks	3730	3730	3062	3421	2689	3279
Beet Sugar Production	18238	18237	15968	15944	17313	17501
Cane Sugar Production	282	283	270	286	276	325
TOTAL Sugar Production	18520	18520	16238	16230	17589	17826
Raw Imports	1735	1735	1750	1750	1750	1750
Refined Imp.(Raw Val)	104	104	100	268	100	272
TOTAL Imports	1839	1839	1850	2018	1850	2022
TOTAL SUPPLY	24089	24089	21150	21669	22128	23127
Raw Exports	18	18	2	2	2	2
Refined Exp.(Raw Val)	6589	6589	4008	4198	4818	5798
TOTAL EXPORTS	6607	6607	4010	4200	4820	5800
Human Dom. Consumption	14409	14050	14440	14179	14489	14259
Feed Dom. Consumption	11	11	11	11	11	11
TOTAL Dom. Consumption	14420	14061	14451	14190	14500	14270
Ending Stocks	3062	3421	2689	3279	2808	3057
TOTAL DISTRIBUTION	24089	24089	21150	21669	22128	23127

## Production

### Production - General

Good to normal planting conditions resulted in an increase of about 46,000 ha. compared to last year's planted area which was planted under bad conditions. Yields for most of the key sugar producing countries are expected to be good to above average, with the exception of Italy which is reporting stressed beet plants due to very high temperatures in the month of June. Sugar content of sugar beets was high up to the month of June. However, due to cooler and wetter condition throughout extended areas of the EU, sugar content has dropped back to more normal levels. Presently, this years total beet sugar production is estimated at 17.5 million MT, up 1.6 million MT from last year.

Table 1: Total sugar production in the EU (in 1,000 MT raw value)

	2000/2001 revised	2001/2002 preliminary	2002/03 forecast
Austria	447	461	454
Belgium	1024	913	986
Denmark	579	520	511
Finland	166	159	168
France - beet	4685	4006	4770
France - cane	274	271	274
Germany	4738	4046	4419
Greece	399	341	348
Ireland	238	226	222
Italy	1687	1395	1490
Netherlands	1153	1036	1087
Portugal	62	61	84
Spain - beet	1171	1023	1174
Spain - cane	9	6	7
Sweden	448	437	418
U.K.	1440	1329	1413
Total EU-15	18520	16230	17826

Source: European Commission

Table 2: EU sugar crop data and yield levels

Member state	Area (1,000 HA)			Yield (MT of raw beet sugar per HA)		
	2000/2001 Revised	2001/02 Prelim.	2002/03 Forecast	2000/2001 Revised	2001/02 Prelim.	2002/03 Forecast
Austria	43	45	45	9.78	9.66	9.52
Belgium	95	96	96	10.78	9.51	10.27
Denmark	59	56	55	10.00	9.28	9.29
Finland	32	31	32	5.11	5.12	5.26
France	361	386	399	12.98	10.38	11.95
Germany	451	449	457	10.46	9.01	9.63
Greece	50	43	42	7.98	7.94	8.38
Ireland	32	31	31	7.21	7.29	7.15
Italy	249	220	240	6.77	6.34	6.21
Netherlands	112	109	109	10.29	9.50	9.97
Portugal	8	5	10	7.84	6.90	8.37
Spain	130	114	117	9.00	8.97	10.03
Sweden	55	54	53	8.15	8.09	7.89
U.K.	146	149	148	9.87	8.94	9.54
Total EU-15	1823	1788	1834	9.98	8.89	9.59

Source: European Commission

Note: Area does not include sugar cane in the DOM. Area does include cane area in Spain.

## Production - C-sugar

Any quantity of sugar which is produced outside the sum of total "A" and "B" quotas, is called "C-sugar". According to EU legislation "C-sugar" must be sold on the world market without export subsidies or carried over to the following marketing year. As a result of last year's problematic beet sugar return, C-sugar production remained at a relatively low level of 1.9 million MT. Due to the cut in the A and B quotas for marketing year 2002/2003 (see Policy - Production Quotas), an additional 620,000 MT of sugar will be added to C-sugar totals. This will result in approximately 3.5 million MT total expected C sugar. Sugar producers have until January 2003 to decide whether to export this sugar or carry it over as quota sugar in the following year. Producers have until December 31, 2003 to export the sugar designated for export. Due to the elimination of storage subsidies in 2001, large carry-overs are not expected.

Table 3 for details per EU member state.

Table 3: C-sugar supplies by EU member state, 2001/02 & 2002/03  
(1,000 MT raw sugar value)

	2001/02	2002/03 estimates
Denmark	87	85
Germany	416	980
Greece	57	72
Spain	98	203
France	658	1303
Ireland	26	26
Italy	98	64
Netherlands	97	208
Austria	73	88
Portugal	0	0
Finland	22	32
Sweden	64	33
Belgium/Lux.	74	171
U.K.	132	220
Total	1,900	3,484

Source: European Commission (numbers may not add up due to rounding)

## Consumption

### Consumption - General

A small increase of 130,000 MT in consumption is expected for 2002/2003 in line with the long-term trend. Generally, the EU domestic sugar market can be characterized as a saturated market, as human consumption of white sugar remains very stable at about 34 kg per capita. Generally, Southern EU countries (Italy, Spain, Portugal) consume much less sugar (less than 30 kg of white sugar per capita per year) than Northern EU countries. EU countries known to consume the most are Belgium, Austria, Denmark, Ireland and Sweden. It should be noted that these calculations of sugar consumption include industrial consumption, i.e., sugar use by the food industry, without taking account of intra-EU exports of sugar-containing products. Previous reports included 500,000 MT to account for net external trade in sugar-containing products. This number has now been adjusted according to the latest information available by the Commission to 270,000 MT.

Table 4: Sugar consumption in the EU-15, 1,000 MT of raw sugar 1/

Member state	2000/2001 prelim.	2001/02 estim.
Denmark	265	266
Germany	2,912	3,014
Greece	336	339
Spain	1,349	1,307
France	2,300	2,289
Ireland	158	165
Italy	1,561	1,511
Netherlands	713	732
Austria	326	332
Portugal	362	361
Finland	221	188
Sweden	403	414
Belgium/Lux.	613	609
U.K.	2,272	2,394
Total EU-15	13,791	13,920
+ net trade in sugar containing products 2/	270	270

Total EU-15	14,061	14,190
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Source: European Commission data.

1/ Data in white sugar equiv. were converted to raw sugar equiv. by multiplying by 1.087.

2/ per FAS/Washington reporting instructions, sugar-containing products are excluded from the trade data; therefore dom. consumption includes 0.27 MMT to account for net trade in sugar-containing products.

## Policy

### Policy - Reform

Sugar was not included in the package of reforms proposed by the European Commission in the Mid-term Review. The Commission has ordered a series of studies on the sugar sector and on the basis of these studies, will propose reforms to the sector during the first half of 2003.

### Policy - Import policy - Everything But Arms Initiative & Balkans.

Commission Regulation 1381/2002 of July 29, 2002 provides detailed rules for marketing years 2002/2003 to 2005/2006 for opening tariff quotas for raw cane sugar originating in the least developed countries (EBA). The tariff quota for marketing year 2002/2003 is 85.313 MT white sugar or 92.735 MT raw sugar equivalent.

There are also special import arrangements for agricultural products, including sugar, produced in Balkan countries (Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia and the Federal Republic of Yugoslavia). Starting in September 2000, tariffs and quantitative restrictions were removed for all sugar products produced in these countries. Access to the preferential arrangements is subject to these countries' continued participation in the European Union's Stabilization and Association process and compliance with EU definitions of "originating products." There is no limit to the amount of sugar which may be exported by these countries under these arrangements, other than their capacity to produce sugar. There is no set minimum purchase price. For marketing year 2001/2002 this accounted in a jump of refined imports from 100,000 Mt. to 268,000 Mt. Present marketing year total refined imports are expected to be around 270,000 Mt.

### Policy - Production Quotas

Council Regulation 1260/2001 set quotas for the production of "A" and "B" sugar from marketing years 2001/2002 through 2005/2006. These quotas take into account the permanent reduction of 115,000 MT, and are also subject to annual review to ensure that the EU stays within its WTO limits for export subsidies for sugar. For the 2002/2003 marketing year, additional reductions have been imposed by the Commission. As of October 1, 2002 the new cuts will be 5.58% for "A" quota and 6.30% for "B" quota. The new quotas per member state for sugar, isoglucose and inulin syrup are shown in Tables 5, 6 and 7 below.

Table 5: EU sugar production quotas for MY 2002/03 after reduction (October 1, 2002 )

Member state or region	A sugar quota (MT white sugar)	B sugar quota (MT white sugar)
Belgium/Luxembourg	636,697	136,702
Denmark	302,501	89,117
Germany	2,426,996	746,776
Greece	278,423	27,842
Spain	935,201	38,967
France (metropolitan)	2,360,147	699,961
France (overseas departments)	417,912	44,666
Ireland	174,734	17,473
Italy	1,242,684	233,709
Netherlands	639,957	168,800
Austria	295,278	68,921
Portugal (continental)	61,459	6,146
Portugal (Azores)	8,728	872
Finland	128,106	12,810
Sweden	322,935	32,292
United Kingdom	998,482	99,847
Total	11,230,246	2,424,908.0

Source: EU Commission

Table 6: EU Isoglucose production quotas for MY 2002/03

Member state or region	A isoglucose quota (MT dry matter)	B isoglucose quota (MT dry matter)
Belgium/Luxembourg	52,277	14,375
Denmark	0	0
Germany	26,853	6,323
Greece	9,782	2,303
Spain	71,766	7,655
France (metropolitan)	14,698	3,825
France (overseas departments)	0	0
Ireland	0	0
Italy	15,405	3,628
Netherlands	6,904	1,626
Austria	0	0
Portugal (continental)	7,525	1,772
Portugal (Azores)	0	0
Finland	10,394	1,039
Sweden	0	0
United Kingdom	20,047	5,347
Total	235,654.0	47,897.0

Source: EU Commission

Table 7: EU Inulin syrup production quotas for MY 2001/02 - 2005/2006

Member state or region	A inulin syrup quota (MT dry matter)	B inulin syrup quota (MT dry matter)
Belgium/Luxembourg	164,031	38,629
France (metropolitan)	18,768	4,420
Netherlands	61,959	14,594
Total	244,758	57,645.0

Source: EU Commission