



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 4/5/2005

GAIN Report Number: EZ5006

Czech Republic

Sugar

Annual Report

2005

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Report Highlights:

Sugar beet production in MY 2004/05 was 554,000 MT. Average sugar content in MY 2004/05 was 17.5% (in MY 2003/04 16%) and the average output (tons of sugar per hectare) was 8.03 MT/ hectare. In 2004, the Czech Republic joined the EU sugar regime, and the price of sugar increased by over 20% after EU accession. The Czech Republic has a quota of 454,862 MT for sugar, out of which 97% is quota A for domestic production and 3% is quota B for export. Government officials agree with the necessity for reforming the sugar regime, however, they do not support the current EU proposal for cutting national quotas (A and B combined) by 16% as it would seriously decrease domestic production, and the Czech Republic would become a net sugar importer.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1]
[EZ]

Membership in the EU Sugar Regime

In 2004, the Czech Republic joined the EU sugar regime. The process took place in two stages: 1) Upon EU accession in May 2004 the Czech Republic began applying EU tariffs on all sugar imports from non-EU member countries; and 2) On July 1, 2004, at the beginning of the EU marketing year, it started using all other elements of the EU sugar regime including use of minimum prices, intervention purchases, and export subsidies. The Czech Republic has a quota of 454,862 MT for sugar, out of which 97% is quota A for domestic production and 3% is quota B for export. Government officials agree with the necessity for reforming the sugar regime, however, they do not support the current EU proposal for cutting national quotas (A and B counted together) by 16% as it would seriously decrease domestic production, and the Czech Republic would become a net sugar importer (despite that the country has good climatic conditions for sugar beet production and has always been a sugar exporter).

Government regulation 364/2004 on "The Conditions for the Common Organization of Sugar Markets" (known as the 'sugar act') has replaced all previous Czech government regulations. EU Commission Regulation 1260/2001 is obligatory for all member states in the sugar regime.

Production

Sugar production has been concentrated since the early 1990s when the then 52 sugar refineries were consolidated into 11 companies. Of these 11, three refineries maintain 80% of the national sugar quota and are owned by West European companies (French, French-British and Austrian).

For MY 2004/05, the total production quota of 454,862 MT was divided among eight sugar producers:

Company (ownership)	Refineries	Individual production quota
Cukrovary TTD (French-German)	Dobruvice, Ceske Mezirici	168,272 MT
Eastern Sugar Czech Republic (French-British)	Nemcice, Hrochuv Tynec, Kojetin	102,473 MT
Moravskoslezske cukrovary (Austrian)	Hrusovany, Opava	86,343 MT
Cukrovar Vrbatky	Vrbatky	20,203 MT
Litovelska cukrovarna	Litovel	20,762 MT
Hanacka potravinarska spol.	Prosenice	25,185 MT
Manolis	Cesky Brod, Vrdu	31,624 MT
Total		454,862 MT

Sugar beets are grown on an area of around 70,000 hectares with annual production of 510,000 MT - 560,000 MT (depending on weather conditions). Production in MY 2004/05 was 554,000 MT. The difference between 554,000 and the production quota is exported without a subsidy.

If the EU implemented its proposed reform of the sugar regime and cut the national quota by 16%, the Czech export quota would be zero (quota B) and the production quota would drop

by 13% (quota A). This measure would decrease domestic production by 73,000 MT, and the Czech Republic would become a net sugar importer. The Czech Republic has a zero quota for production of isoglucose, therefore it does not support the EU proposal to increase isoglucose quotas and partially replace sugar production.

Average sugar content in MY 2004/05 was 17.5% (in MY 2003/04 16%) and the average output (tons of sugar per hectare) was 8.03 MT/ hectare.

Sugar beet seeds are imported. One of the largest importers is Syngenta (www.syngenta.cz).

Stocks

According to the Commission Regulation 60/2004, the Czech Republic and other accession countries had to report sugar stocks to the European Commission by the end of October 2004. The Czech Republic did not have any excess stocks, and there was no need for special measures (i.e. exports without subsidies or use in fuel production) to deplete the stocks.

Prices

The price of sugar increased by over 20% after EU accession to the EU level, which is above the EU intervention minimal price of 63.19 Euro/100 kg. Also, Act 235/2004 on value added tax came into force on May 1, 2004, which decreased the basic level of VAT from 22% to 19% and transferred some products and services from the decreased level to the basic level (including all chocolate and non chocolate confectionary).

Consumption

Sugar consumption has been stable over the last 5 years. Per capita consumption of sugar is 41 kg, which is higher than in the EU (38.4 kg). It is expected that consumption in the Czech Republic will not change dramatically. However, in the long term it might decrease slightly.

(Exchange rate: April 2005: 1USD = 23 CZK)

PSD Table

Country Commodity	Czech Republic Sugar, Centrifugal						UOM
	(1000 MT)						
Market Year Begin	2002	Revised	2003	Estimate	2004	Forecast	MM/YYYY
	USDA Official Estimate [New]	DA Official Estimate [New]	DA Official Estimate [New]	DA Official Estimate [New]	DA Official Estimate [New]	DA Official Estimate [New]	
	July 2002		July 2003		July 2004		
Beginning Stocks	190	97	106	13	157	43	(1000 MT)
Beet Sugar Production	558	558	516	516	0	554	(1000 MT)
Cane Sugar Production	0	0	0	0	0	0	(1000 MT)
TOTAL Sugar Production	558	558	516	516	0	554	(1000 MT)
Raw Imports	0	0	0	0	0	0	(1000 MT)
Refined Imp.(Raw Val)	126	130	120	135	0	200	(1000 MT)
TOTAL Imports	126	130	120	135	0	200	(1000 MT)
TOTAL SUPPLY	874	785	742	664	157	797	(1000 MT)
Raw Exports	0	0	0	0	0	0	(1000 MT)
Refined Exp.(Raw Val)	127	129	135	222	0	310	(1000 MT)
TOTAL EXPORTS	127	129	135	222	0	310	(1000 MT)
Human Dom. Consumptic	641	643	450	399	0	437	(1000 MT)
Other Disappearance	0	0	0	0	0	0	(1000 MT)
Total Disappearance	641	643	450	399	0	437	(1000 MT)
Ending Stocks	106	13	157	43	0	50	(1000 MT)
TOTAL DISTRIBUTION	874	785	742	664	0	797	(1000 MT)

PSD Table

Country Commodity	Czech Republic Sugar Beets						UOM
	(1000 HA)(1000 MT)						
Market Year Begin	2002	Revised	2003	Estimate	2004	Forecast	MM/YYYY
	USDA Official Estimate [New]	DA Official Estimate [New]					
	July 2002		July 2003		July 2004		
Area Planted	0	77	0	77	0	69	(1000 HA)
Area Harvested	0	77	0	77	0	69	(1000 HA)
Production	0	4000	0	3224	0	3500	(1000 MT)
TOTAL SUPPLY	0	4000	0	3224	0	3500	(1000 MT)
Utilization for Sugar	0	4000	0	3224	0	3500	(1000 MT)
Utilizatr for Alcohol	0	0	0	0	0	0	(1000 MT)
TOTAL UTILIZATION	0	4000	0	3224	0	3500	(1000 MT)

PSD Table

Country	Czech Republic						
	Commodity Sugar Cane for Centrifugal (1000 HA)(1000 MT)						
Commodity	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official	Estimate [D]	DA Official	Estimate [D]	DA Official	Estimate [New]	
Market Year Begin	01/2003		01/2003		01/2003		MM/YYYY
Area Planted	0	0	0	0	0	0	0 (1000 HA)
Area Harvested	0	0	0	0	0	0	0 (1000 HA)
Production	0	0	0	0	0	0	0 (1000 MT)
TOTAL SUPPLY	0	0	0	0	0	0	0 (1000 MT)
Utilization for Sugar	0	0	0	0	0	0	0 (1000 MT)
Utilizatr for Alcohol	0	0	0	0	0	0	0 (1000 MT)
TOTAL UTILIZATION	0	0	0	0	0	0	0 (1000 MT)

PSD Table

Country	Czech Republic						
	Commodity Non-centrifugal Sugar (1000 MT)						
Commodity	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official	Estimate [D]	DA Official	Estimate [D]	DA Official	Estimate [New]	
Market Year Begin	01/2003		01/2003		01/2003		MM/YYYY
Production	0	0	0	0	0	0	0 (1000 MT)