

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Voluntary \_ Public

**Date:** 3/23/2012

**GAIN Report Number:** SP1207

## Spain

**Post:** Madrid

### Spain Sugar Standing Report

**Report Categories:**

Sugar

**Approved By:**

Robert Hanson, Agricultural Attaché

**Prepared By:**

Diogo Machado Mendes, Agricultural Specialist

**Report Highlights:**

The 2011/12 season ended in the North of Spain with the delivery of the last load on February 16th. The campaign was qualified as magnificent with 3,172,309 metric tons of sugar beet being delivered, which was 5.6 percent more than in the previous year. In the South of Spain the 2011/12 season is not started yet. Local technical staff estimates that the good crop development means yields can increase and last year's production of 566,689 metric tons can be exceeded.

## **Disclaimer**

The following report is a Voluntary GAIN report on the sugar industry and market in Spain. This report complements the EU-27 Annual Sugar Report. The data below is shared to help characterize the Spanish industry and market – none of the figures are official USDA data.

## **Production:**

The 2011/12 season ended in the **North of Spain** with the delivery of the last load on February 16<sup>th</sup>. The campaign was qualified as magnificent with 3,172,309 metric tons of sugar beet being delivered, a 5.6 percent more than in the previous year. Average polarization was 18.28 percent, also substantially more than in 2010/11. The main reasons for the increase in production were the favorable weather and advances in the adoption of best practices by sugarbeet growers, especially early seeding, correct crop protection, and better use of irrigation techniques.

In the **South of Spain** the 2011/12 season is not started yet. Total area seeded until 31 December 2012 was 7,700ha, of which 1,000ha dry-land and 6,700ha under irrigation. The crop situation is good without phytosanitary problems and with high densities that reach 90,000 plants/ha with a reported very good root development. Local technical staff estimates that, if the weather is favorable, yields can increase and last year's production of 566,689 ton can be exceeded.

## **Consumption:**

Per capita annual consumption of white sugar is estimated at 36.6 kg in 2010/11. Data from a panel released by the Spanish Ministry of Agriculture, Food and Environmental Affairs (MAGRAMA) shows that consumption of sugar in households, hotels and restaurants, and institutions dropped by 1.7 percent in 2011 following a similar decline in the previous year. However, post estimates point to total consumption numbers, including for industry use, to be relatively stable over the coming years.

## **Trade:**

Imports of raw sugar have been increasing for the last four marketing years and reached 716,000 tons in 2010/11. This is the result of the activity of sugarbeet processors that refine raw cane sugar in the off season or in a “co-refining” regime. Of the total five sugarbeet processing plants active in Spain two are now off-season cane sugar refiners and three are on-season cane sugar co-refiners (during the sugarbeet season with the aim of optimizing capacity use). These companies are thought to enjoy a competitive advantage over full-time refiners in other countries as their fixed costs are mostly covered by their main activity of sugarbeet processing allowing them to bid higher for the purchase of raw sugar on the world market to supply their second activity. Imports of raw sugar are expected to keep at these levels or grow in the coming years.

Imports of refined sugar have decreased to 550,000 tons (raw value) in 2010/11 as a consequence of the same event, the refining of raw cane sugar in the off season by sugarbeet millers. This level is expected to remain

constant in 2011/12. Exports of refined sugar are projected to increase to 160,000 tons in 2012/13.

**Table 1. Spain Sugar Production, Supply and Demand**

<b>Spain Sugar, Centrifugal (1000 MT)</b>			
	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>
<b>Market Year begin</b>	<b>October 2010</b>	<b>October 2011</b>	<b>October 2012</b>
	<b>Post Estimate</b>	<b>Post Estimate</b>	<b>Post Projection</b>
Beginning Stocks	0	0	0
Beet Sugar Production	606	642	638
Cane Sugar Production	0	0	0
Total Sugar Production	606	642	638
Raw Imports	716	720	725
Refined Imp.(Raw Val)	553	550	550
Total Imports	1,269	1,270	1,275
<b>Total Supply</b>	<b>1,876</b>	<b>1,912</b>	<b>1,913</b>
Raw Exports	3	4	4
Refined Exp.(Raw Val)	153	155	160
Total Exports	156	170	170
Human Dom. Consumption (Raw Value)	1,647	1,667	1,668
Other Disappearance	73	75	75
Total Use	1,720	1,742	1,743
Ending Stocks	0	0	0
<b>Total Distribution</b>	<b>1,876</b>	<b>1,912</b>	<b>1,913</b>

Source: FAS-Madrid estimates and GTA

## **Policy:**

### ***Aid to Sugarbeet producers***

Last January 25th saw the publication of Royal Decree 202/2012 on direct payments to agriculture and animal production, which grants an aid to sugarbeet growers, assigned by ministerial order in the marketing campaigns 2011/2012 to 2013/2014. The aid, amounting to 48.2481 euro/ton white sugar average quality, will be granted as a function of the quantity of quota sugar obtained from sugarbeet produced under contract. The stock carryover from the previous year is included in accordance with EU regulations.

### ***Sugar Quotas***

The Spanish Minister of Agriculture, Arias Cañete, has pledged to defend the keeping of sugar quotas until 2020.

According to the Minister there are many countries that support the keeping of sugar quotas until 2020 and so the possibility exists to achieve this objective. The Agricultural Counselor of Castilla y León, a region that accounts for 84% of sugar produced in Spain, had previously encouraged the central government to modify the current proposals for CAP reform in order to keep sugar quotas beyond 2015.