

Global Issues facing Major Players

William Martin

President

**World Association of Beet and Cane
Growers**

About the World Association of Beet and Cane Growers (WABCG)

- Founded in 1981
- Council (replaced by a Conference every 3 years) + Executive Board
=> 2 meetings every year

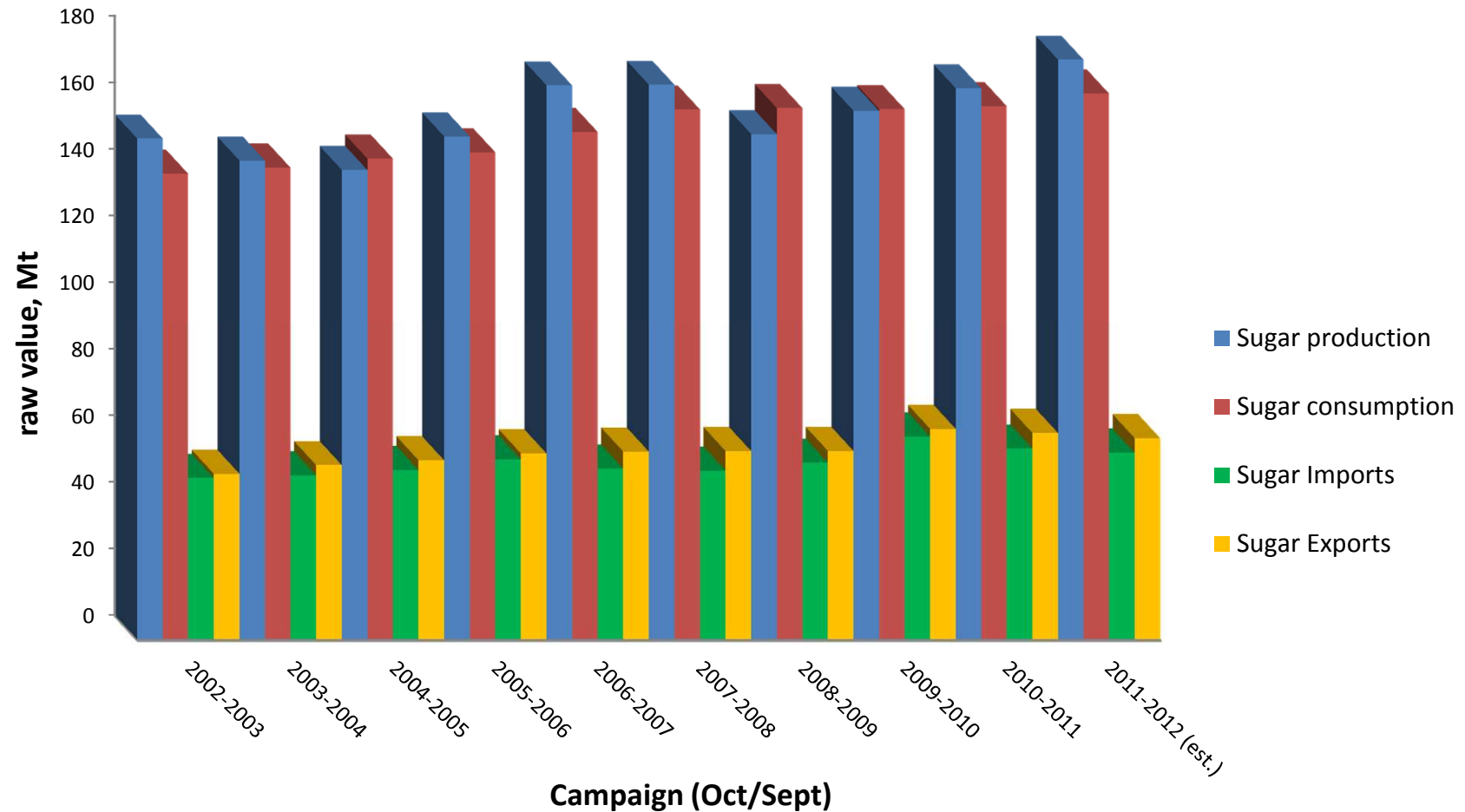
WABCG Members



World Association of Beet and Cane Growers (WABCG) Activities

- FlashMarket Bulletin about the sugar and ethanol markets
- Focus on Members' sugar and ethanol policy
- Special reports for WABCG Members (eg. speculation in 2011)
- WABCG-ISO Consultation (close relationship with the ISO)

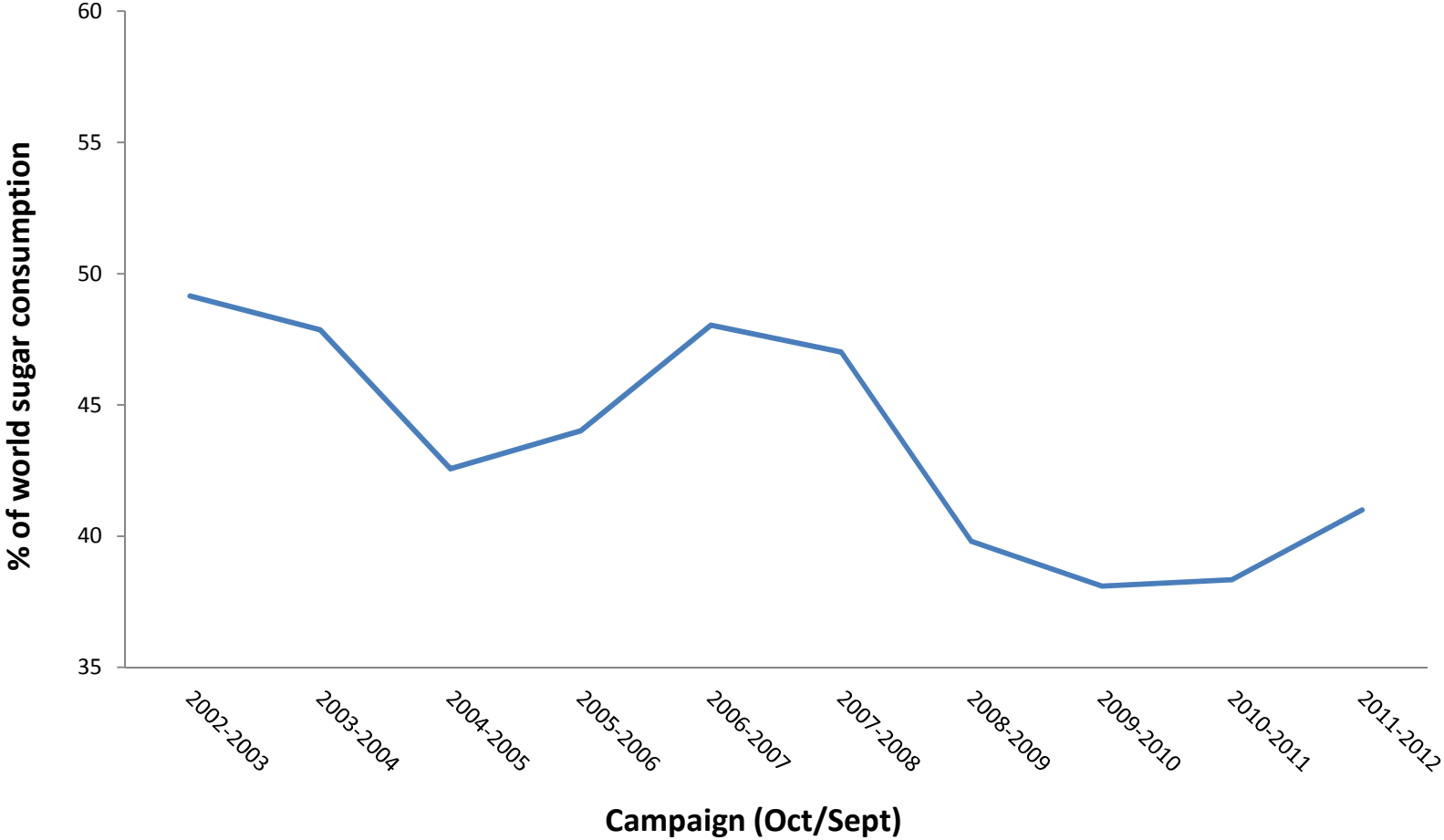
Evolution of world sugar production, consumption, exports, imports



(est.) : estimate

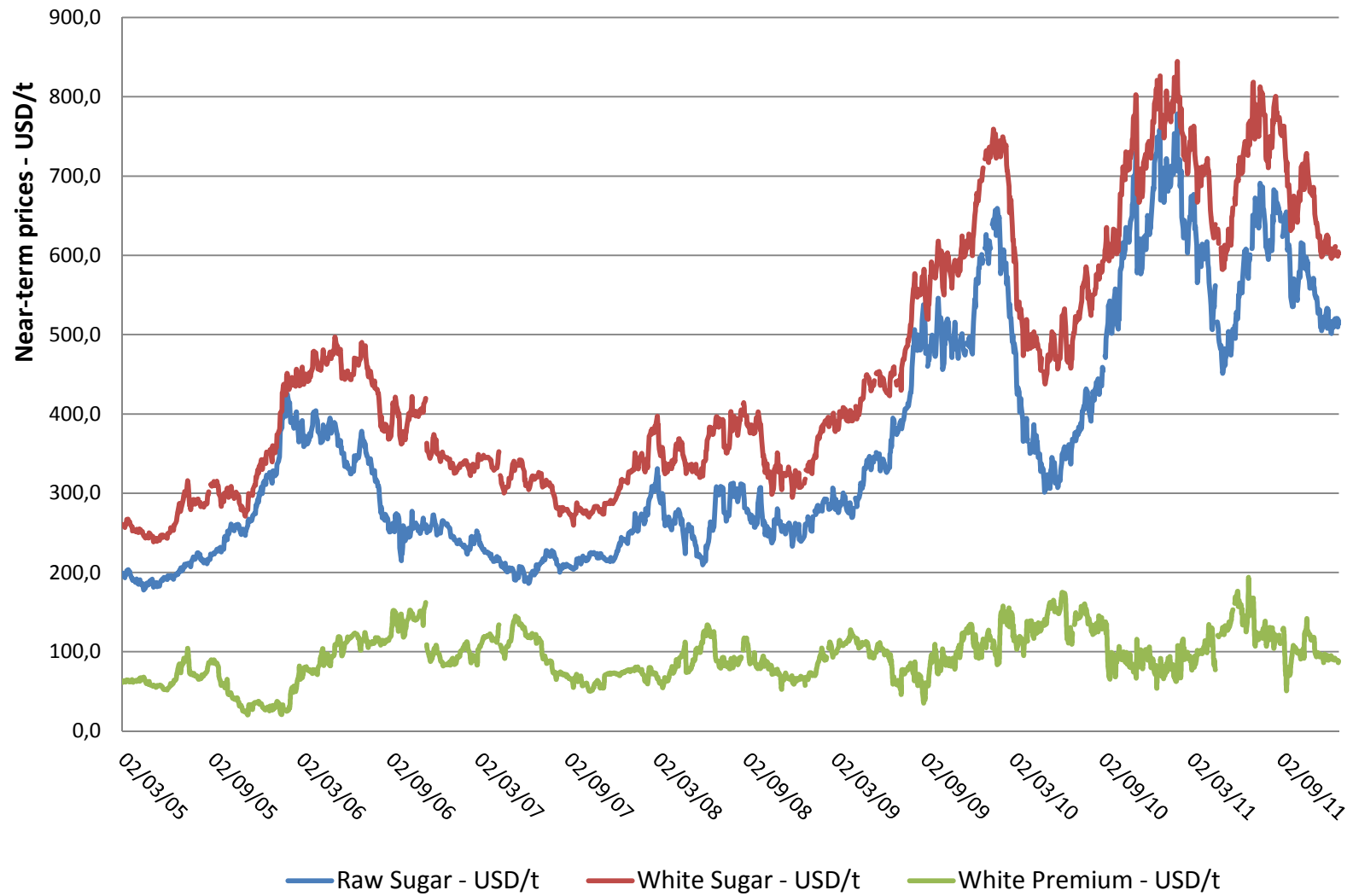
Source: FO Licht

Evolution of world sugar ending stocks



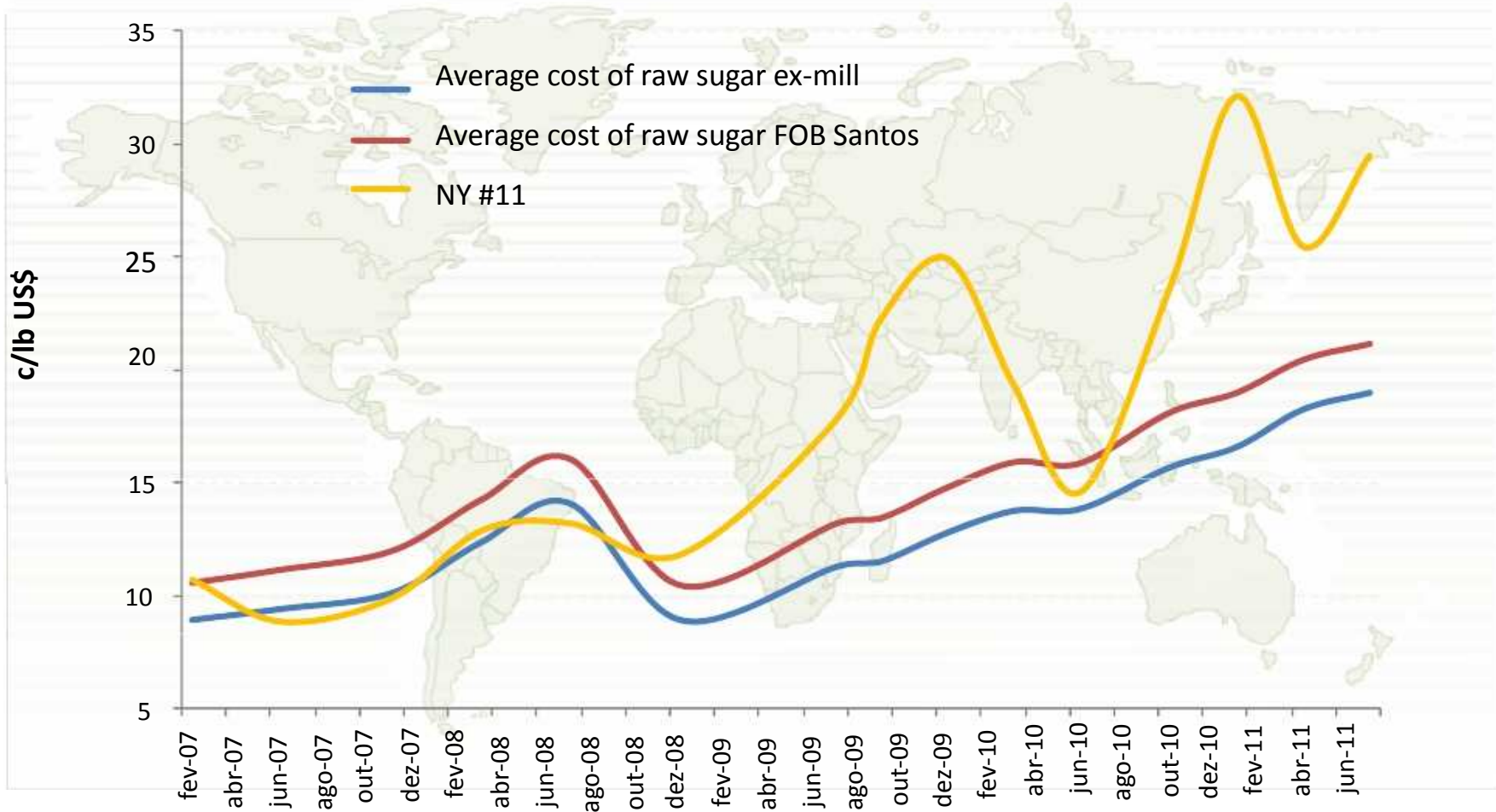
Source: FO Licht

Evolution of world sugar prices in USD/t on the near-term



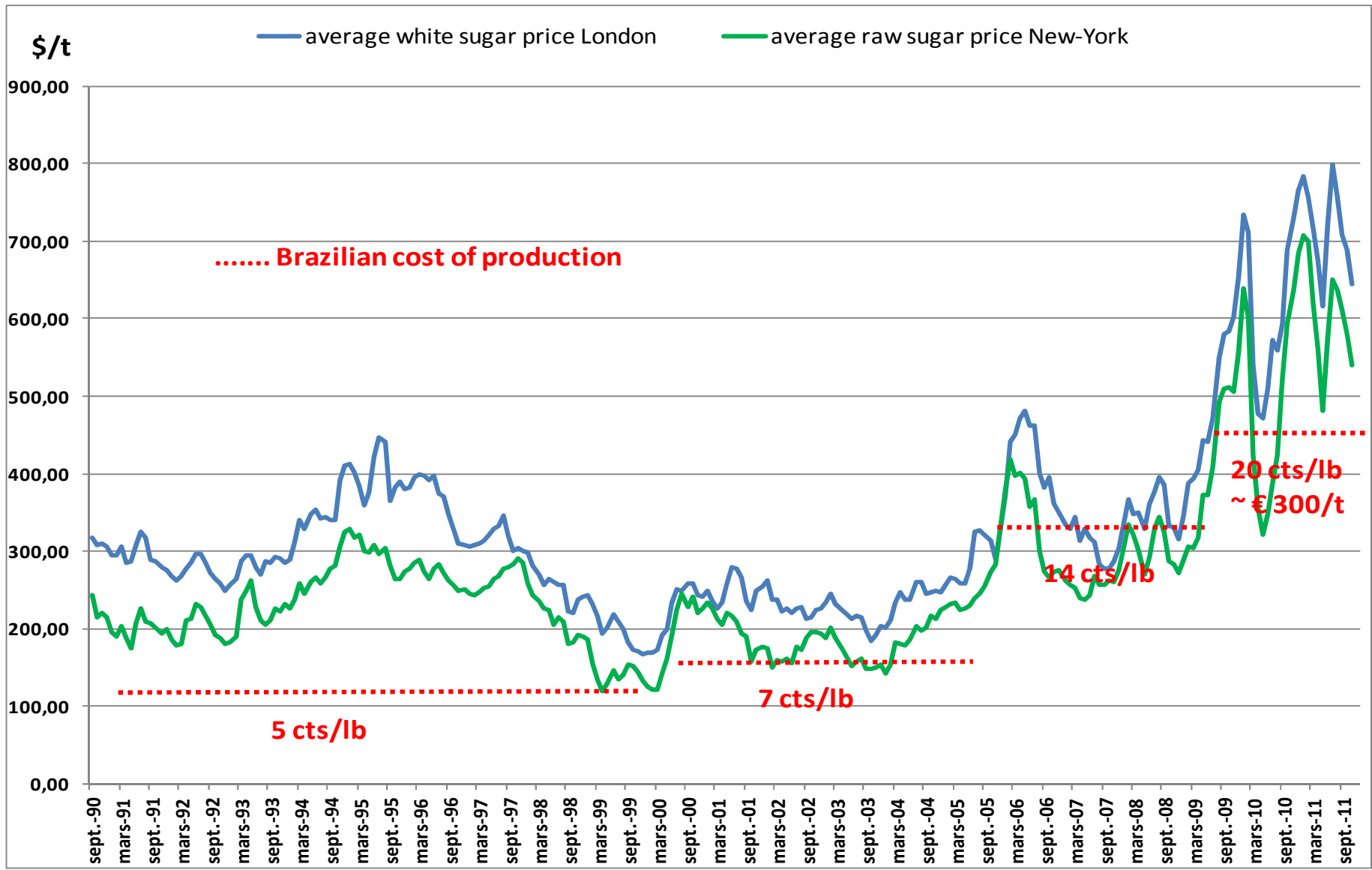
Average Cost of Sugar in CS Brazil

(in US cents/lb raw sugar equivalent)

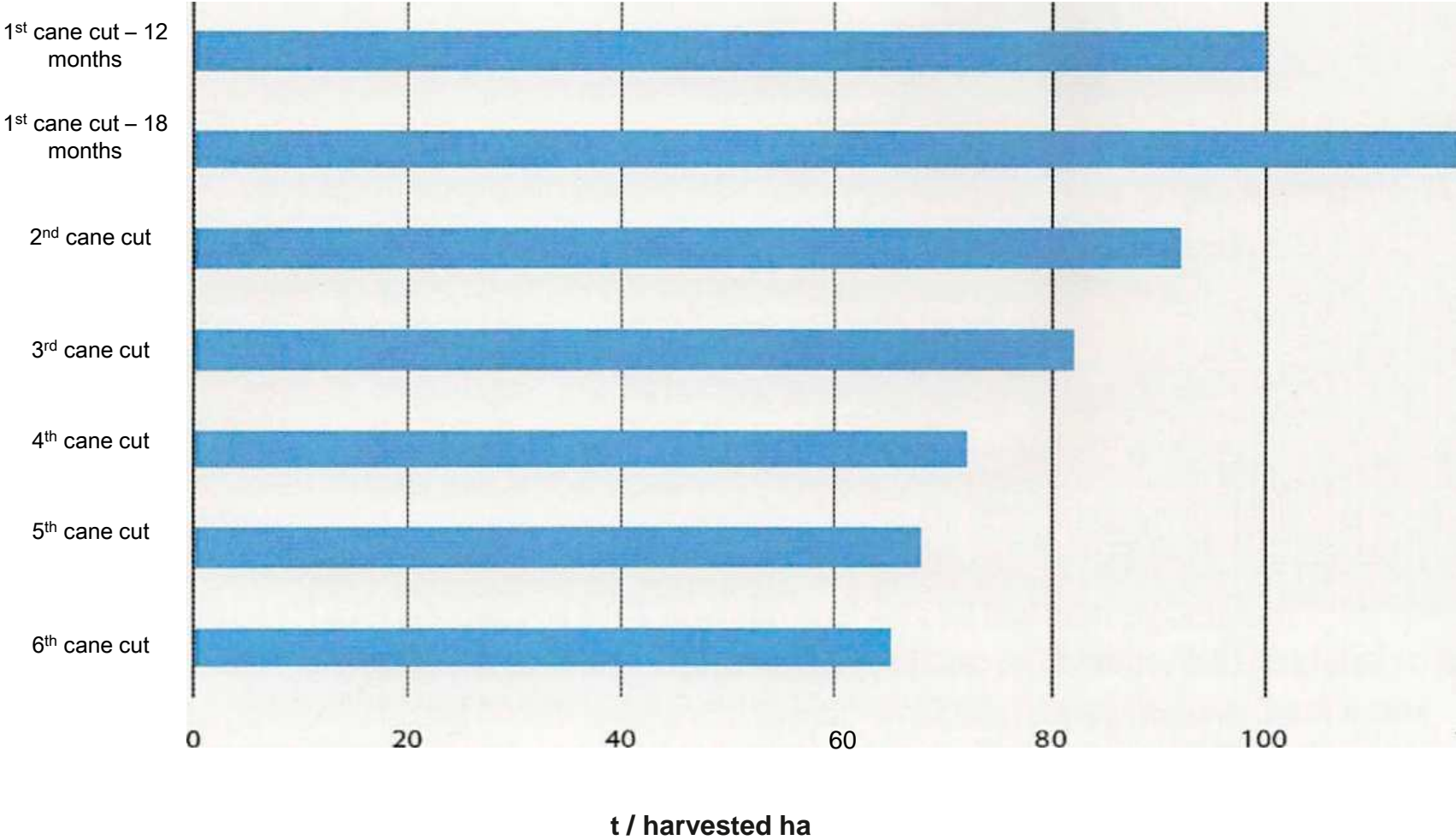


Source: Datagro - 2011

Correlation between world market price trend and Brazilian costs of production (acts as a benchmark)

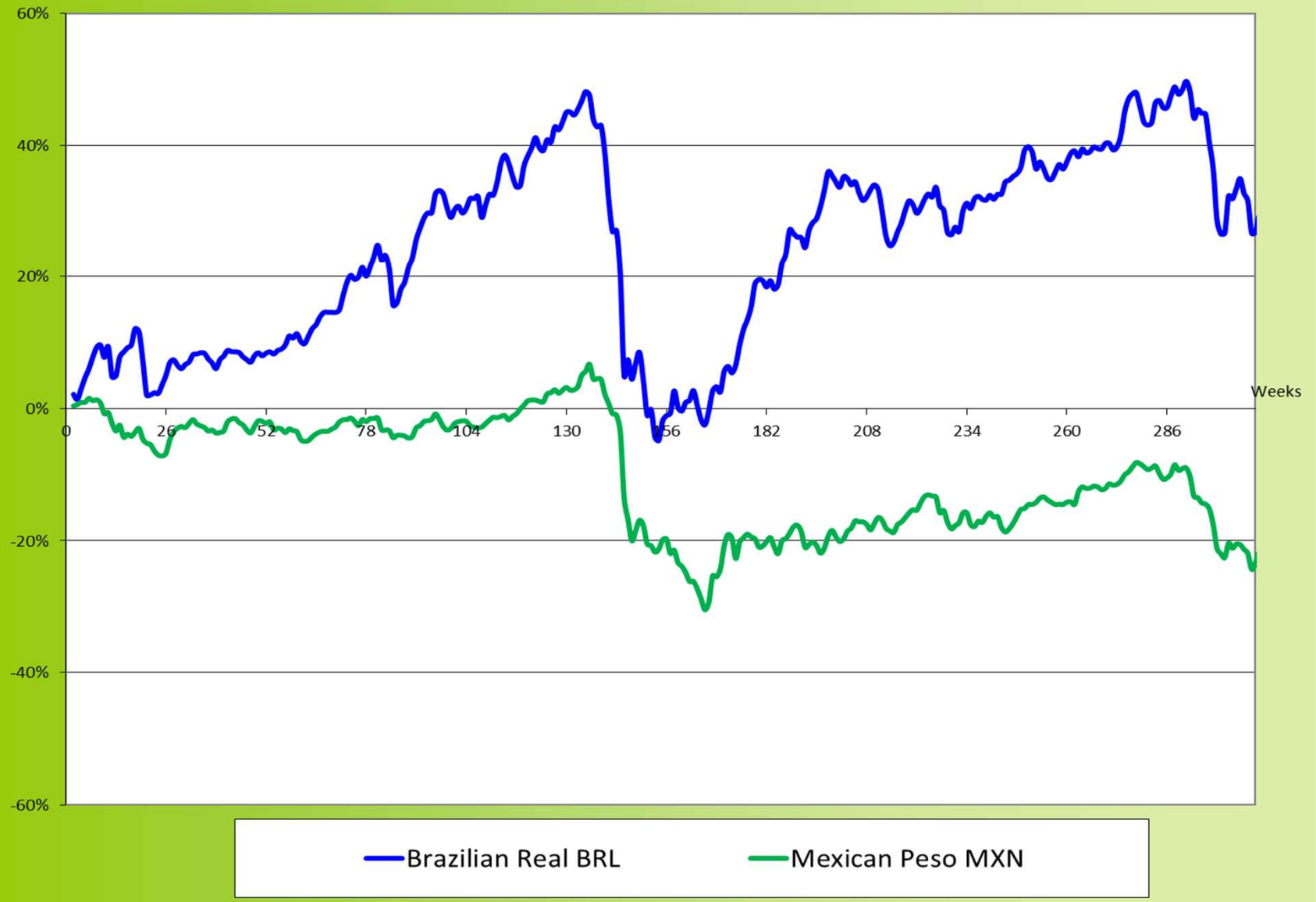


Relative sugarcane yields over a full production cycle



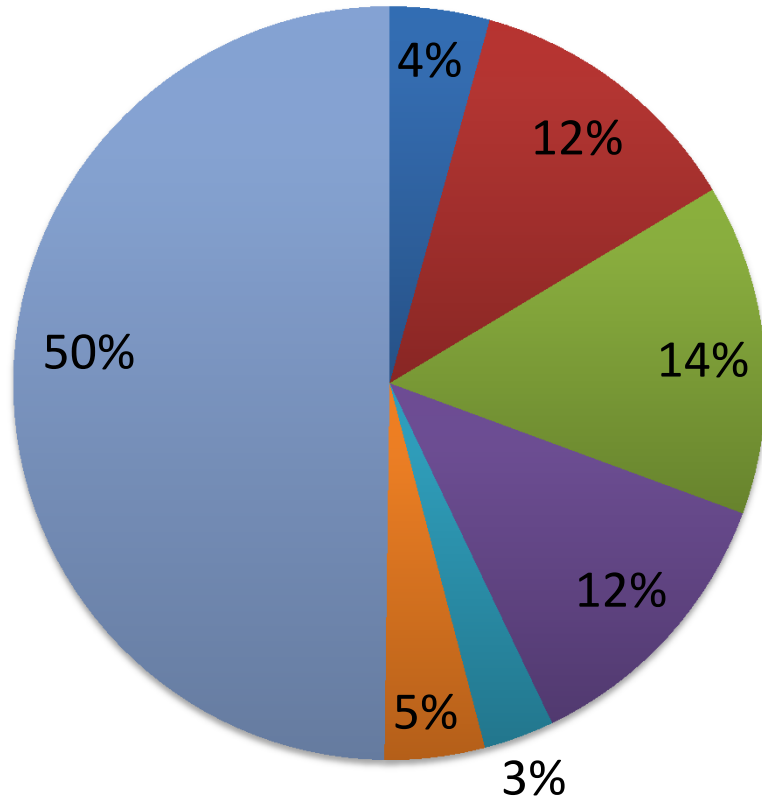
Source: Canaplan 2010

Currencies' changes in percentage since week#01 2006 - weekly based.



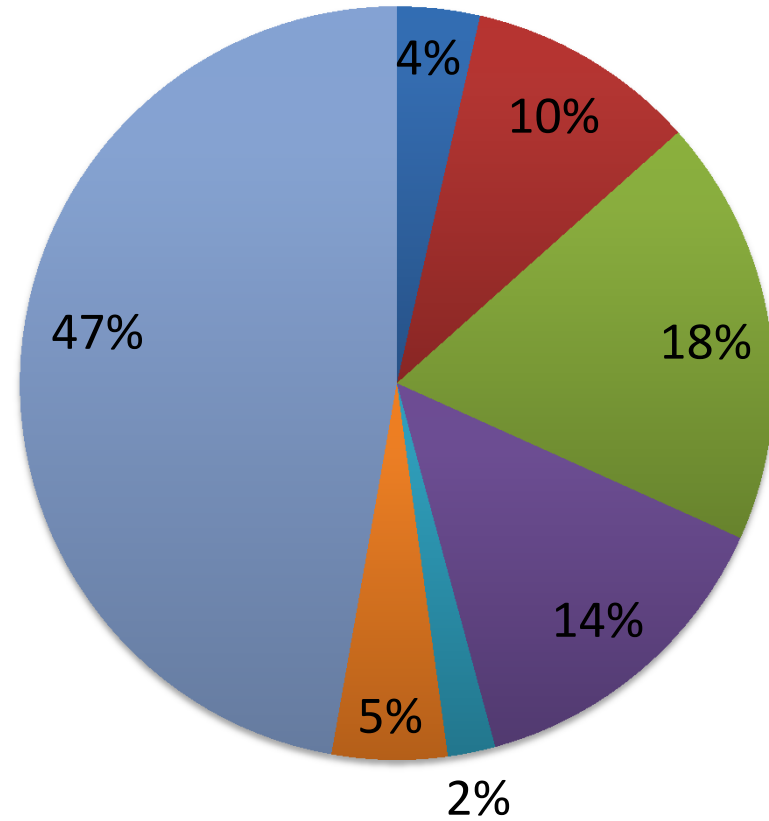
Source: WABCG

World Sugar Production in 2002-03



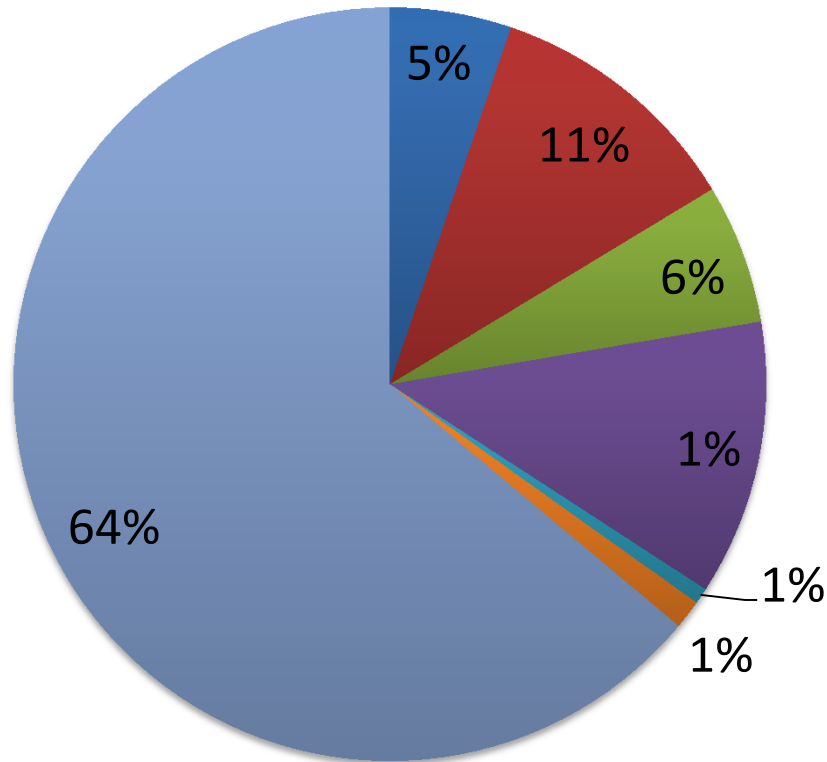
- USA
- EU - 27
- BRAZIL
- INDIA
- AUSTRALIA
- THAILAND
- OTHERS

World Sugar Production in 2011-12



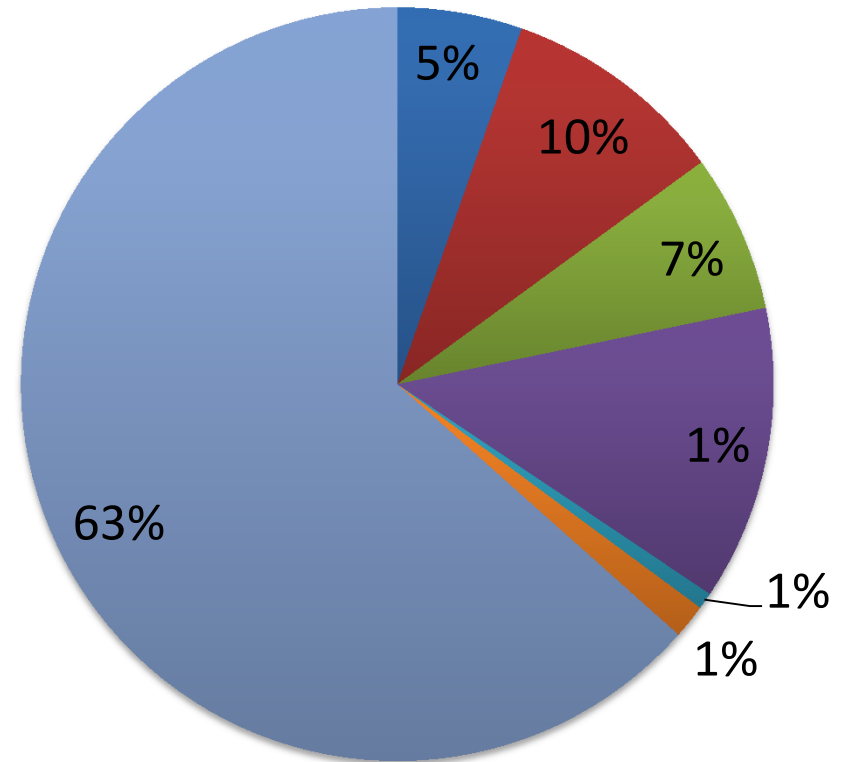
- USA
- EU - 27
- BRAZIL
- INDIA
- AUSTRALIA
- THAILAND
- OTHERS

World Sugar Consumption in 2002-03



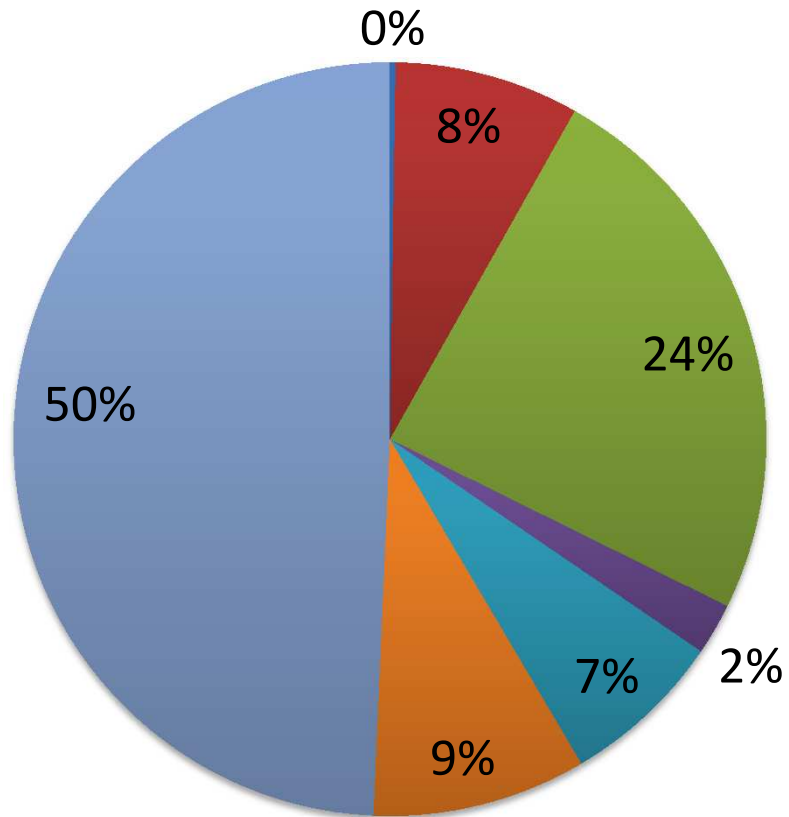
- USA
- EU - 27
- BRAZIL
- INDIA
- AUSTRALIA
- THAILAND
- OTHERS

World Sugar Consumption in 2011-12



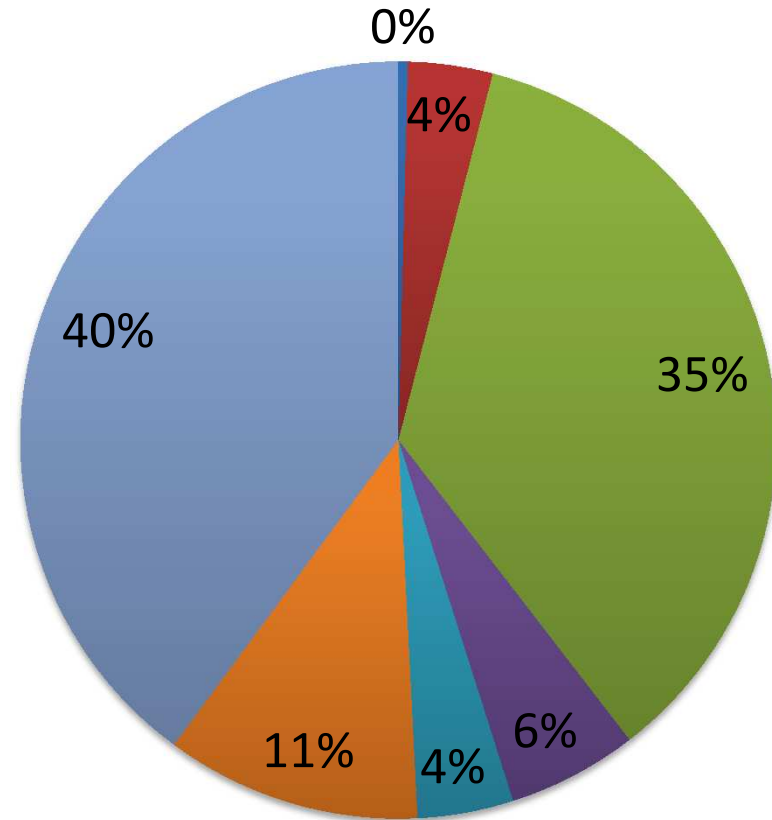
- USA
- EU - 27
- BRAZIL
- INDIA
- AUSTRALIA
- THAILAND
- OTHERS

World Sugar Exports in 2002-03



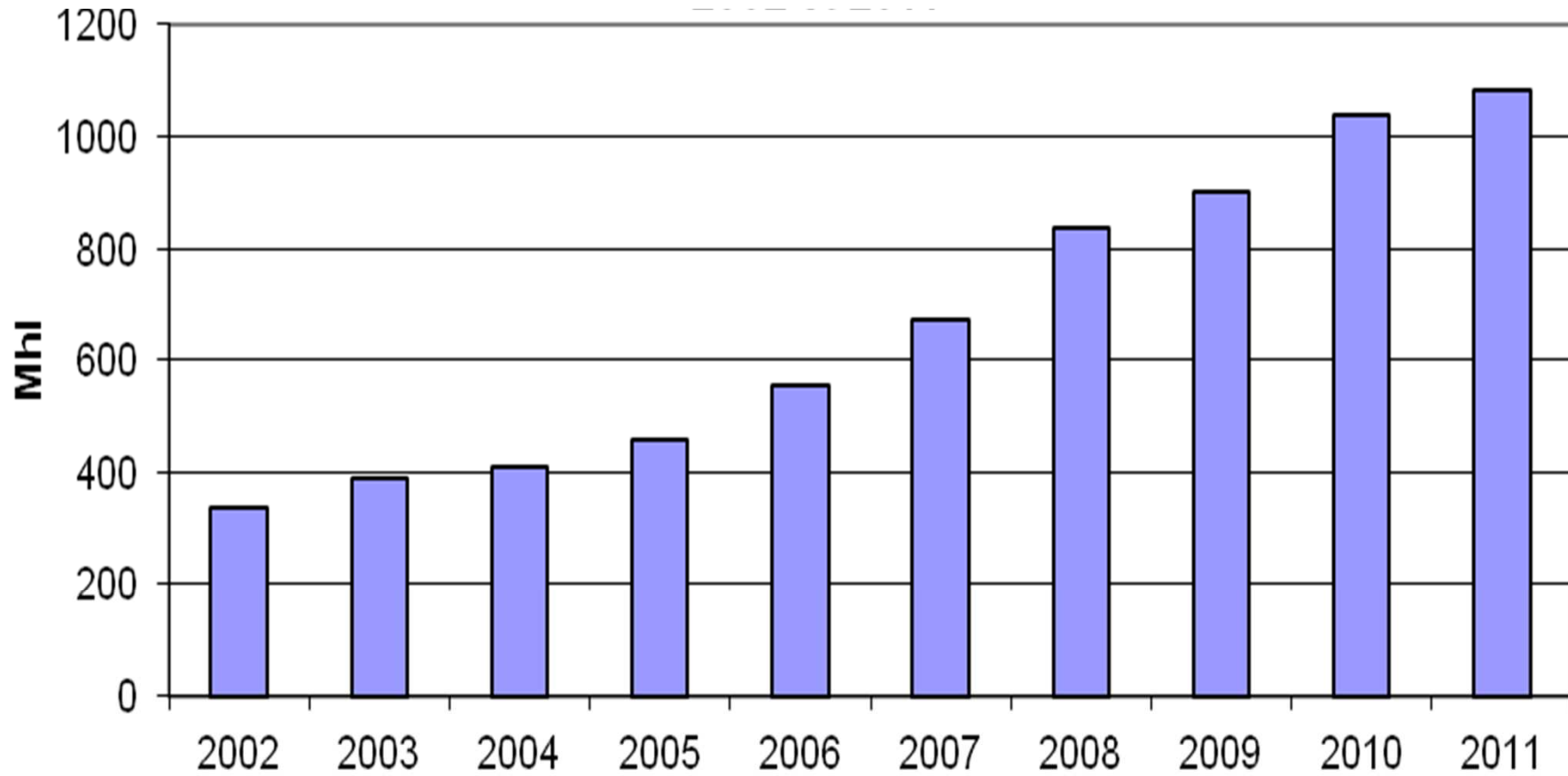
- USA
- EU - 27
- BRAZIL
- INDIA
- AUSTRALIA
- THAILAND
- OTHERS

World Sugar Exports in 2011-12



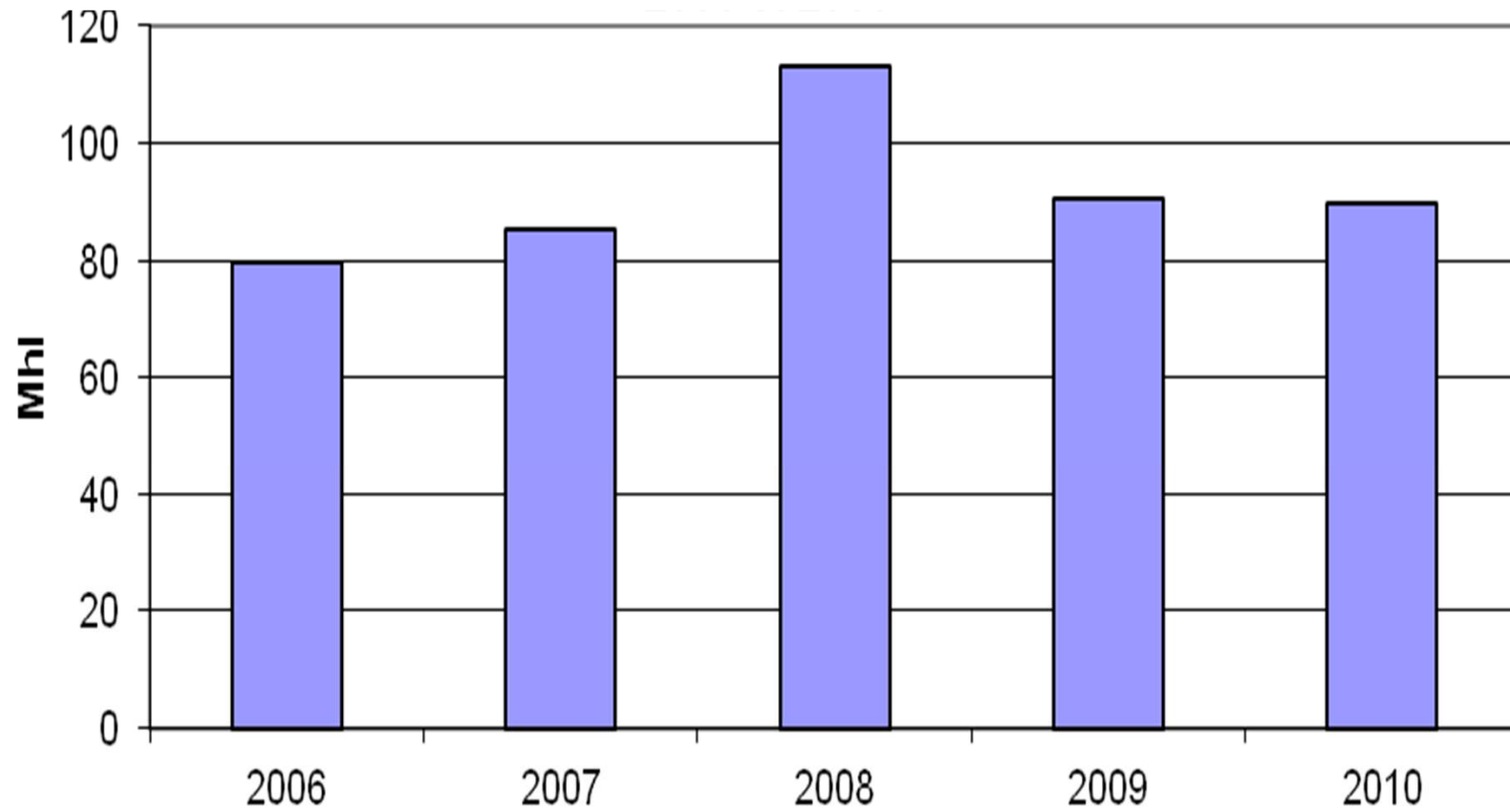
- USA
- EU - 27
- BRAZIL
- INDIA
- AUSTRALIA
- THAILAND
- OTHERS

World Ethanol Production (Fuel + Non-Fuel ethanol production)

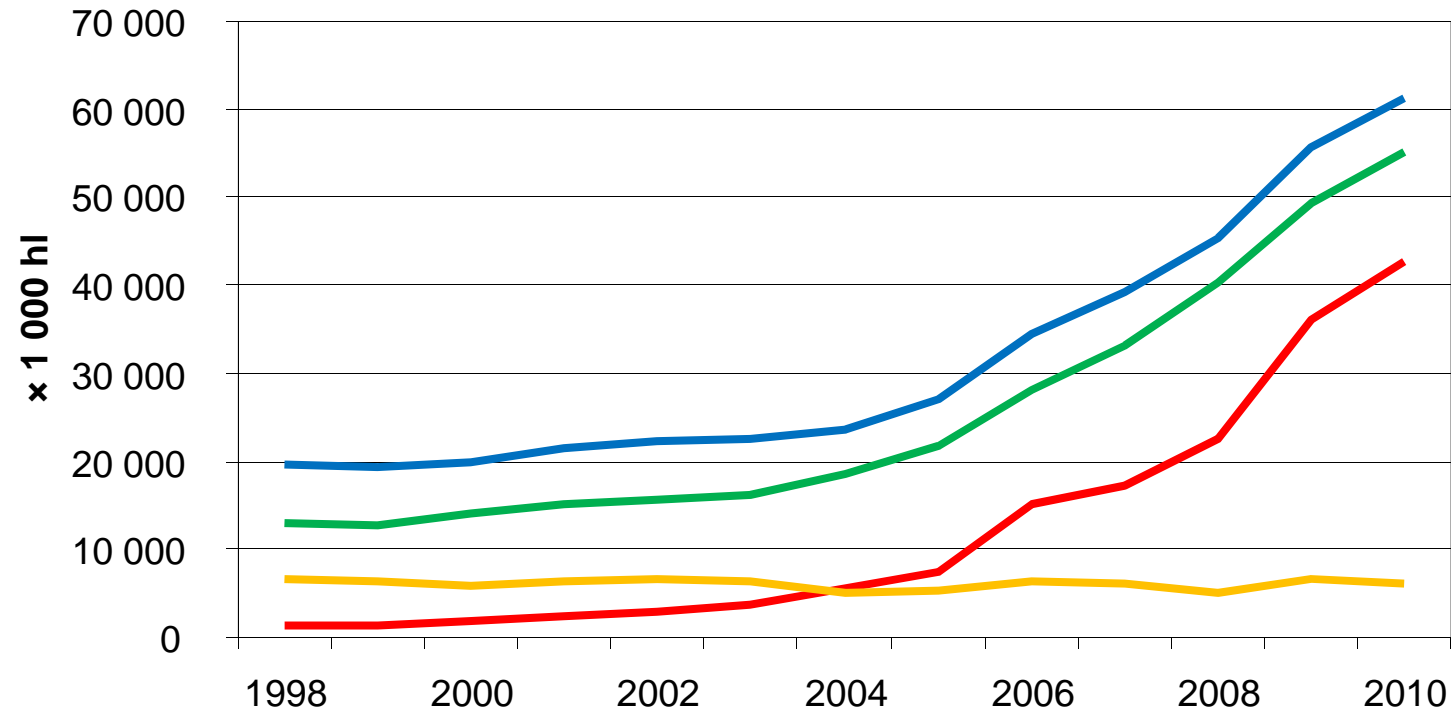


Source: FO Licht

World Ethanol Exports (Fuel + Non-Fuel)



Ethanol production in the EU from 1998 to 2010



— Agricultural ethanol
including :
— Synthetic ethanol
— Fuel ethanol

— Total ethanol

The current EU Sugar regime

□ 2 distinct markets in the current European sugar regime:
« quota / out-of-quota »

- EU Quota sugar production = European food market
- EU Out-of-quota sugar production = Ethanol (fuel + non-fuel)
Industrial sugar
World Exports

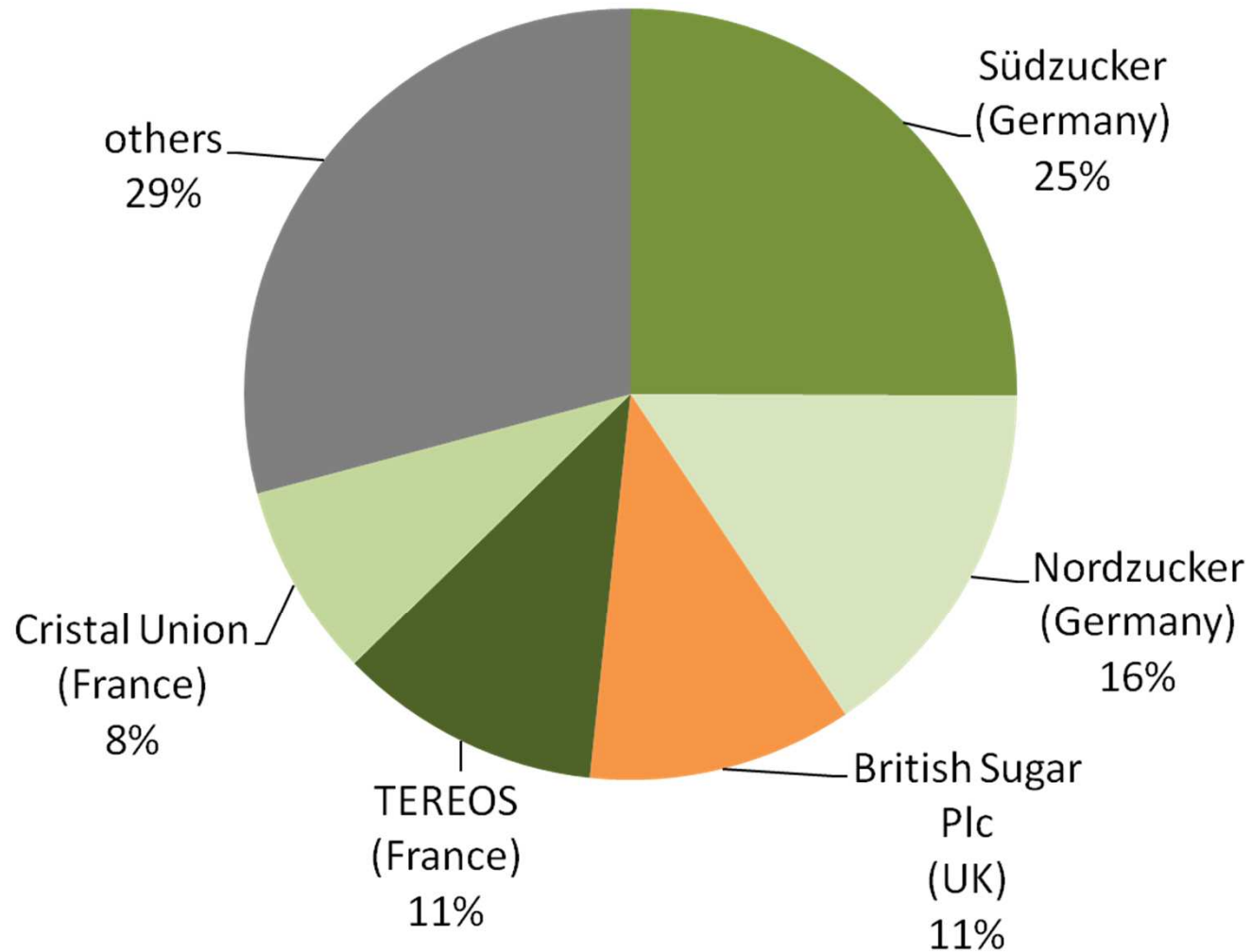
Market Balance

- Limited Exports (WTO ceiling at 1,35 Mt wv)
- Unlimited imports under « Everything But Arms (EBA) » Initiative
- **=> European Production is the adjustment variable of the European sugar market balance...not Imports like in the US**

The top 5 EU sugar producers

=

70% of total EU sugar quotas



Post 2015

- The negotiation is integrated in a wider discussion on CAP reform (different from 2006)
- Codecision procedure between the European Parliament and the European Council of Ministers
- The European Commission does not decide but is in charge of proposals about the future sugar regime

The Commission Proposal (Oct. 2011) :

- Liberalised sugar market system as of 1st October 2015
- No quotas
- No minimum beet price
- No management tools (except private storage)
- Interprofessional agreements to remain but without any precision on the content of such agreements

The European Sugar Industry position

- Quotas need to be maintained at least until 2020 to further improve European sugarbeet productivity...
- Especially vis-a-vis major world sugar market players such as Brazil

Thank you

and

Good luck!

www.wabcg.org