

Market Report

> FranceAgriMer's Economic analysis of the sugar market



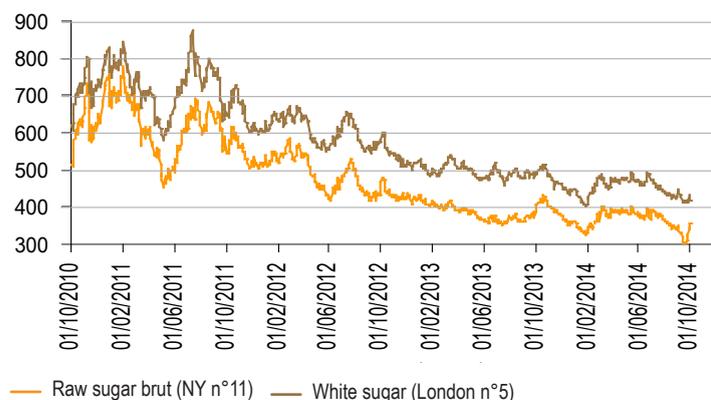
• Number 25 / October 2014 / Sugar Market Report

From July to mid-September, the world sugar prices on the futures markets fell sharply. The climate uncertainty disappearance (El Niño, Indian monsoon) along with the magnitude of sugar short-term availabilities have exerted strong downward pressure. On most domestic markets (except the USA market), there has also been the downward trend. Nevertheless, the early end of the Brazilian harvest in the South Central region as well as the prospect of its stagnation in the coming seasons keep a recovery in prices possible as it was already observed at the end of September when technical factors played the main role. According to the first estimate of world production of sugar (ISO, FO Licht) for 2014/15, it is impossible to identify factors of sustainable price recovery.

In 2014/15, the sugar production is expected to increase sharply in the EU (19 - 20 Mt) due to an increase in surfaces and very favorable weather conditions in the spring and early summer. The average yields are close to/or higher than the 2011 record. The French production is expected to exceed 5.5 Mt (DOM included). The EU and particularly France will face an unprecedented carry forward more than 2 Mt. The 2014/15 campaign will start with a downward sugar quota estimated at 2 Mt against 2.5 Mt on 1/10/2013. However, this level would remain sufficient to offset a small increase in imports. The continued fall in sugar prices on the Community market reflects certain sugar availability for market supply.

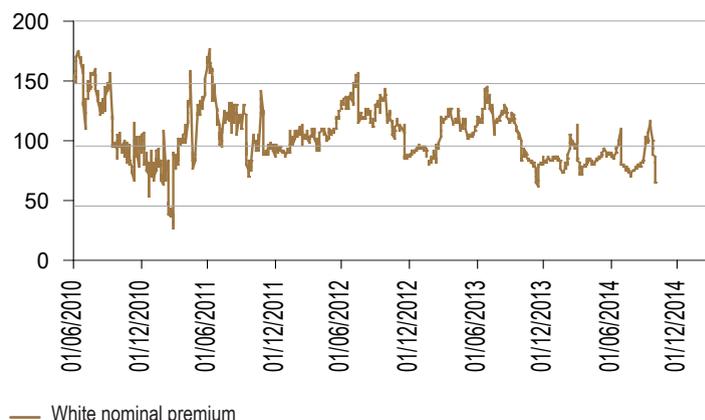
> World sugar market

Chart 1
World sugar prices (\$/t)



Sources : LIFFE / NYSE

Chart 2
White nominal premium (\$/t)



— White nominal premium

The current downtrend of prices on futures markets could inverse

From July to mid-September, sugar prices on the futures markets in New York and London have slumped under the pressure of large short-term sugar availabilities and a reduced demand for imports.

In three months, the price of raw sugar (October contract) has lost 25 % of its value from 18 cents / lb (\$ 400 / t) in late June to 13.50 cents / lb (\$ 299 / t) on September 19, the lowest level since June 2010. Over the same period, the London first term of white sugar fell from \$ 490 / t in late June to \$ 389 / t on September 12 (a loss of \$ 100 or 21 %) which was the lowest level since April 2009.

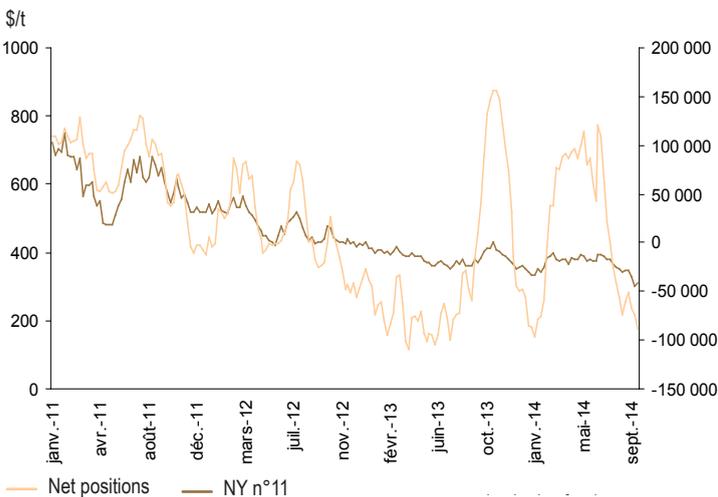
This downward trend is strongly correlated with the positions of financial funds on the futures markets which have suddenly changed their trend moving from a net long position in late June (synonymous with expectations increase) to a net short position since July (synonymous with low expectations) (Chart 3).

At the very end of September there was a spectator recovery on the market of both raw and white sugar: raw sugar regained 48 \$ / t (16 %) in less than a week while the white sugar regained \$ 43 / t (10 %). This increase was mostly due to technical factors than the fundamentals and it would last only if there's a significant imbalance of supply over demand in the coming 2014/15 campaign. The following short-term factors play an important role in this increase :

- the term change on NY Stock Exchange leading to purchases in order to unwind positions,
- an impact of the Brazilian harvest estimates of the first half of September,
- the usual imports of Thai sugar by China, Dubai, Iran and Bangladesh didn't take place due to the quality problems.

The Brazilian crop estimates at the first half of September (lower volumes and clear arbitration in favor of ethanol) and the confirmation of the early campaign ending (end of November) in Brazil could contribute to the rise in world prices. At the same time, the premium white (Chart 2) remains at historically low levels between 70 and 80 USD / t reflecting the excess of white sugar on the market.

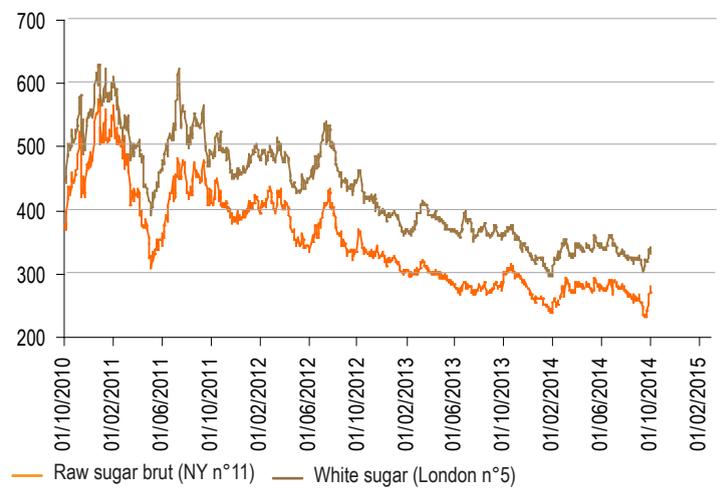
Chart 3
Prices of raw sugar and net positions of hedge funds



Source : CFTC (Commodity Futures Trading Commission)

The depreciation of the euro vis-à-vis the dollar (Chart 5) slowed down the prices and resulted in an upward trend: the lowest price for raw sugar of € 231 / t was observed on 16/09 (- 20 % compared to end of June) and the lowest price for white sugar of € 301 / t was observed on 12/9 (- 17 % compared to end of June). In late September, raw sugar reached € 272 / t (+€ 41 / t) and white sugar reached € 340 / t.

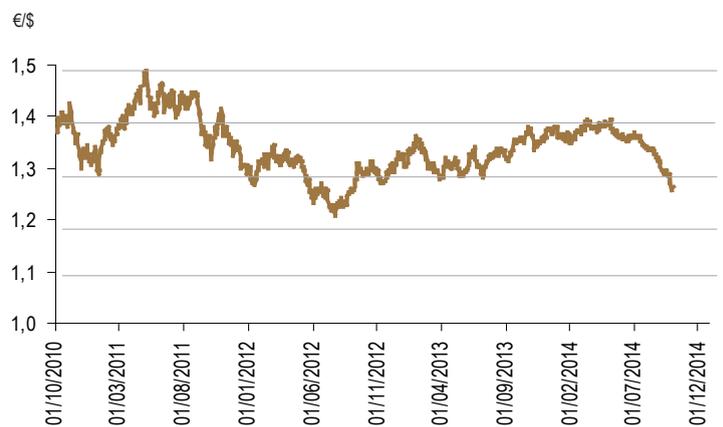
Chart 4
World sugar prices
€/t



Sources : LIFFE / NYSE

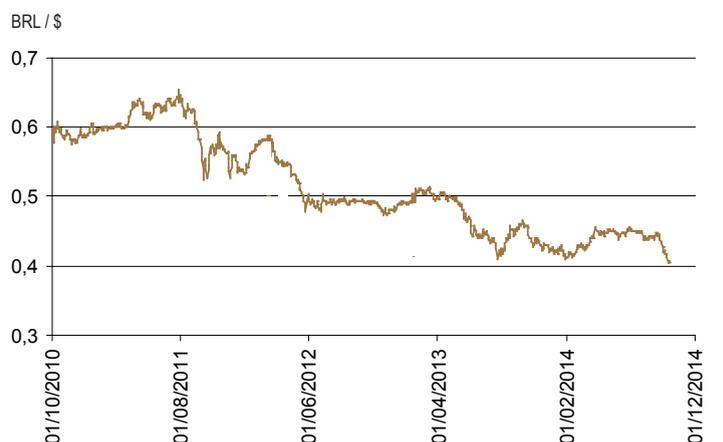
Since late June, the euro has almost lost 9 % of its value vis-à-vis the USD (Chart 5). The decline of the euro is the result of lower interest rates by the ECB and its president announcements. But it is also part of a general upward trend of the dollar especially vis-à-vis the currencies of emerging countries (Brazil, India). The Brazilian real (BRL) has depreciated in recent weeks due to weak growth prospects and persistent inflationary pressures. The Indian currency (rupee) goes down. The rising dollar reflects the current conjuncture as well as the strengthening of US economy.

Chart 5



Sources : LIFFE / ICE

Chart 6



Sources : LIFFE / NYSE

2014/15 Campaign: world sugar balance is close to or even due to a weak deficit and the possibility of a certain surplus

	Production		Consumption		Balance	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
Czarnikow	184,0	184,3	181,1	184,8	2,9	-0,5
KINGSMAN	180,2	178,1	175,4	180,2	4,8	-2,1
ISO	181,1	183,8	176,7	182,4	4,0	1,3
FO LICHT	181,2		175,6		3,1	
USDA	175,7	175,6	168,7	171,5	1,5	-1,1

Source : ISO

According to the first estimate of the ISO (late August 2014), in 2014/15, after four years of surpluses, the sugar market could face another surplus which would be this time quite insignificant (less than 2 Mt).

According to the forecasts of the ISO, in 2014/15, the global production would amount to 183.8 Mt (gross value), while consumption is expected to reach 182.5 Mt. Unlike the previous season, when global production had fell 2.6 Mt, in 2014/15, global sugar production could bounce back and be the second largest production after 2012. Global consumption is projected to increase by 2.1 % (close to the average level of 10 years (2.2 %)).

If the weakness of the projected by the ISO surplus can be interpreted at this stage as a sign of a even balance between production and consumption, two other elements here below make the new campaign look like a surplus campaign :

- export availability is higher than import demand
- high stocks /consumption ratio

Evolution of production in major exporting countries (Mt raw)

Exporting countries	Production			Consumption			Surplus/deficit (1)		
	2014/15(for.)	2012/13	2011/12	2013/14 (for.)	2012/13	2011/12	2013/14 (for.)	2012/13	2011/12
Brazil	39,5	40,2	40,8	13,6	13,5	13,3	25,9	26,7	27,5
India	27,1	26	27,5	25,5	25	24,7	1,6	1	2,8
Thailand	12,2	12,2	10,4	3,2	3	3	9	9,2	7,4
Mexico	6,5	6,5	7,5	4,9	4,7	4,7	1,6	1,8	2,8
Australia	4,6	4,4	5	1,1	1,1	1,1	3,5	3,3	3,9
Pakistan	5,4	6	5,4	5,3	5,1	5	0,1	0,9	0,4
Total	95,3	95,3	96,6	53,6	52,4	51,8	41,7	42,9	44,8

Source : F.O. Licht (June 2014)

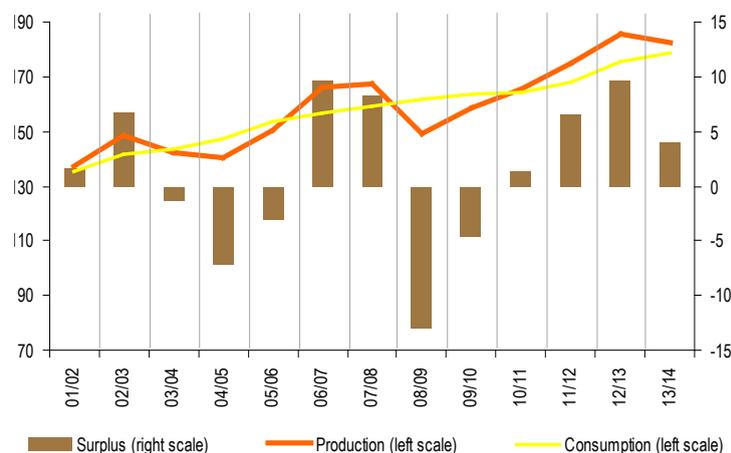
Evolution of production in importing countries (Mt raw)

Exporting countries	Production			Consumption			Surplus/deficit (1)		
	2014/15 (for.)	2012/13	2011/12	2013/14 (for.)	2012/13	2011/12	2013/14 (for.)	2012/13	2011/12
Russia	5,1	4,6	4,9	5,9	5,9	5,9	-0,8	-1,3	-1
Algeria	0	0	0	1,4	1,4	1,4	-1,4	-1,4	-1,4
Indonesia	2,8	2,8	2,8	6,4	6,2	5,9	-3,6	-3,4	-3,1
China	13,3	14,6	14,2	16,6	16,3	15,8	-3,3	-1,7	-1,6
Malaysia	0	0	0	1,7	1,6	1,5	-1,7	-1,6	-1,5
USA	7,6	7,9	8,1	10,8	10,9	10,7	-3,2	-3	-2,6
EU	17,8	16,9	17,9	20,2	19,8	19,8	-2,4	-2,9	-1,9
Total	46,6	46,8	47,9	63	62,1	61	-16,4	-15,3	-13,1

(1) Production - Consumption

Source : ISO (August 2014)

Chart 7
World sugar balance
Mt



Sources : F.O. Licht / ISO

According to the ISO forecasts, exporting countries could produce 124.6 Mt (+0.5 %), which is 0.6 Mt more than in 2013/14. An increase is also expected in the importing countries: 59.1 Mt compared to 58.7 Mt in 2013/14.

- According to the ISO, in any case these elements will continue to put downward pressure on prices. Other analysts including trading companies are forecasting a return of a limited deficit (maximum 2 Mt).
- According to F.O. Licht, the surplus period is likely to disappear in 2014/15 or 2015/16 at the latest as low world sugar prices should result in lower cane prices in several producing countries in Asia as well as in reduced sawn areas for sugar.

In 2014/15, the global balance would be close to even due to trade-offs between possible production increases in India (up 1.1 Mt) in the EU (minimum 0.9 Mt), Ukraine (0.6 Mt) and Russia (0.6 Mt) and the expected drop in Brazil (- 0.7 Mt), China (- 1.35 Mt), Pakistan (- 0.6 Mt) and possibly Thailand. These first estimates should be taken with caution because the beet harvest just begins in the northern hemisphere with the only cane crops in Australia.

In 2014/15, the Indian production could reach 27.1 Mt (ISO), up 1.1 Mt from the previous season. Following a very slow start to the monsoon since late June, the rainfall has improved the situation of the harvest. Forecasts of Indian industry are similar and in 2014/15, the country would see a new surplus (between 1 and 2 Mt) which would be added to 2013/14 stocks. The demand for extension of export subsidies until the end of the 2014/15 campaign is strengthened by the accumulated surpluses on the Indian market.

The Russian and Ukrainian sugar production should increase by approximately 0.6 Mt in 2014/15 to reach 5.1 Mt (4.5 Mt in 13/14) and 1.9 Mt (1.3 Mt in 13/14) respectively due better yields in Russia and the increase in surfaces in Ukraine.

The EU production will increase sharply in 2014/15 : according to ISO, at least by 0.9 Mt and according to FO Licht, by 1.3 Mt.

The decline in sugar and cane prices could cause a decline in production in Mexico in 2014/15 (6.3 Mt against 6.5 Mt in 2013/14). Nevertheless, Mexico could bring additional volumes on the world market as a result of litigation on its exports to the USA. The following retaliation measures from the USA are under development: anti-dumping duties, countervailing duties and import quotas to Mexico at 1 Mt level compared to an average volume of 2 Mt in previous years.

If the ISO as the cane national office retains a figure of 12.2 Mt for the Thai production in 2014/15 which is identical to the record level of 2013/14, that would mean that the drought in the major regions of production could lead to lower production. The Thai production estimates for 2020 are at 200 Mt as the production trend remains permanently on the rise due to the conversion of rice land in sugarcane surfaces.

In Pakistan the 2014/15 production could decline after the record 2013/14 harvest due to a transfer of the current sugarcane surfaces to cereals. According to ISO, the production in the country could rise to 5.1 Mt (tel quel) compared to 5.9 Mt the previous year.

Production in China is expected to fall to 13.2 Mt (14.6 Mt in 13/14) due to lower sugarcane surfaces and the possibility of declining yields subsequent to lower input use. Despite frequent public purchases for at least two seasons the sugar surplus in the Chinese market resulted in lower prices for farmers who have turned to other crops.

Brazil's output should not exceed 40 Mt in 2014/15 and is estimated by the ISO at 39.5 Mt compared to 40.2 Mt in 2013/14. The drought in early 2014 would have a significant impact on the harvest that will begin in April 2015. This drought disrupts the renewal of sugarcane and affects their growth and so can affect the output of the next campaign. The prospect of ethanol incorporation increase in gasoline following the raising of the incorporation ceiling to 27.5 % may promote ethanol production at the expense of sugar.

In July, the Indonesian Ministry of Agriculture has reduced its forecast for sugar production in 2014/15 to 2.5 Mt (2.9 Mt previously) due to adverse weather conditions. According to ISO, the imports could reach 2,76 Mt unchanged from 2013/14.

> The EU sugar market (EU-27)

The continued fall in sugar prices on the Community market reflects the high availability of sugar and no supply pressure. The decline in imports that occurred in 2013/14 should drive the ending stock back to a level of 2 Mt.

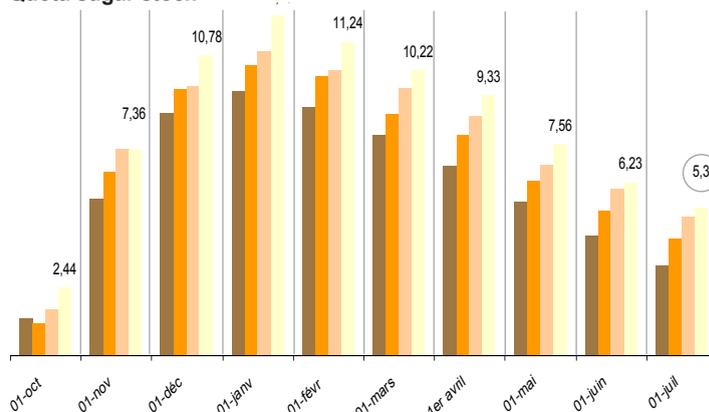
The 2014/15 harvesting and sugar production might reach record levels which could lead to non-quota sugar volumes with a carry forward of 2 Mt. This would inevitably have an impact on sugar beet area in spring 2015 due to lack of alternatives to find other outlets.

2013/14 campaign: prices are still going down while the sugar surplus starts to deflate

According to the latest data from the Commission (September 2014), the fresh production in the EU-27 is estimated at 16.64 Mt (excluding Croatia). The estimate of quota production remained stable at 4 Mt excluding travail à façon.

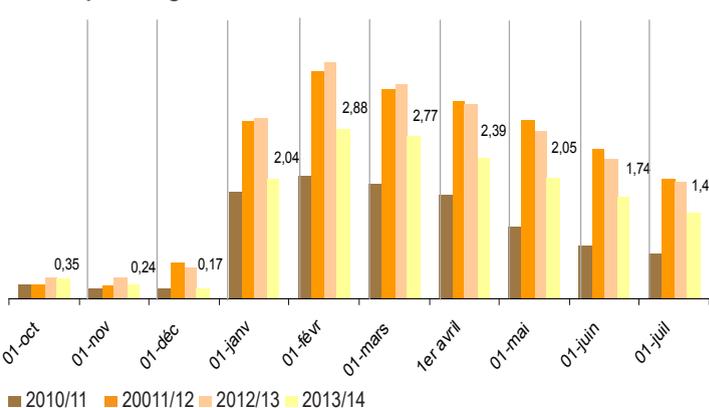
At the beginning of the 2013/14 campaign, the quota sugar stock had increased by 0.85 Mt due to exceptional measures implemented in 2012/13. Over the months since early 2014, this positive gap between the two campaigns stocks has narrowed: 0.85 Mt on October, 1, then it rose up to 1.25 Mt on 01.01.2014 and then decreased to 0.15 Mt on 07/01/2014: 5.94 Mt in the EU-28 compared to 5.79 Mt (EU-27) (chart 1). This trend could continue during the final months of the campaign, so the stock of sugar later in the season should be lower than in 2013.

Char 1
Quota sugar stock



Source : European Commission

Chart 2
Out of quota sugar stock



Source : European Commission

> Imports decrease in 2013/14

As we previously mentioned, the 2013/14 imports would definitely be lower than in 2012/13 when their volume increased by 0.55 Mt of exceptional imports.

Over the first 10 months (October / July) of the year, the volume of sugar imports excluding RPA amounted to 2.4 Mt, down 0.4 Mt from the previous season (2.8 Mt) and down 0.3 Mt compared to 2011/12 (1.73 Mt).

Regarding the zero quotas or reduced tariffs (TRQ), no demand has been received for the Brazilian specific quota. Only 4 300 t of industrial sugar (1 %) have been requested so far of a total of 400 000 t.

EU -27 (Oct-April Mt)	2012/13	2013/14
Total	3,19	2,78
Inward processing	0,40	0,38
Total without Inward processing	2,79	2,40

Source : European Commission

Imports licences

(delivered licences/end of juin 2014)

t	Quota (tel quel)	2013/14 (white eq)
CXL	676 925	343 069,9
Balkans	200 000	230 231,2
Transitional measures (Croatia)	40 000	39 999,9
Industrial sugar	400 000	4 300
Moldova (2014 civil year)	34 000	7 101,9
Total Andean countries	253 380	131 519,9

Source : European Commission

CXL imports

t	Quota (tel quel)	2013/14 (white eq)
CXL	9 925	9 672,6
Balkans	334 054	8 775
Transitional measures (Croatia)	68 969	67 244,8
Industrial sugar	253 977	247 627,5
Moldova (2014 civil year)	10 000	9 750
Total Andean countries	676 925	343 069,9

Source : European Commission

Balkans imports

As for the Balkans their quota is fully filled (100 %). 178 432.8 t were issued to Serbia (or Kosovo) and 12 000 t to Bosnia and Herzegovina. The volume of 40 000 t was fully delivered to Croatia.

ACP-LDC Imports

On 19/09/2014, the total of import licenses amounted to 2.193 Mt (2.059 Mt on 09/20/2013 and 1.880 Mt on 21/09/2012).

	Delivered licences 19/09/2014	Delivered licences 20/09/2013	Delivered licences 21/09/2014
LDC non ACP	58 163,8	118 695,7	56 530
LDC – ACP	640 763,3	563 792,7	547 894
LDC - ACP	1 493 896,7	1 376 068,7	1 275 961
Central Africa			
West Africa			
SADC	264 044,2	317 684,5	361 685,5
EAC			
ESA	646 296,2	529 062,9	481 646,5
Pacific	150 724,6	139 300	100 978,3
Cariforum	432 831,7	380 056,3	331 651
Total ACP	2 134 660	1 938 861,6	1 823 855,3
Total ACP + LDC non ACP	2 192 823,8	2 058 557,2	1 880 385,3

Source : European Commission

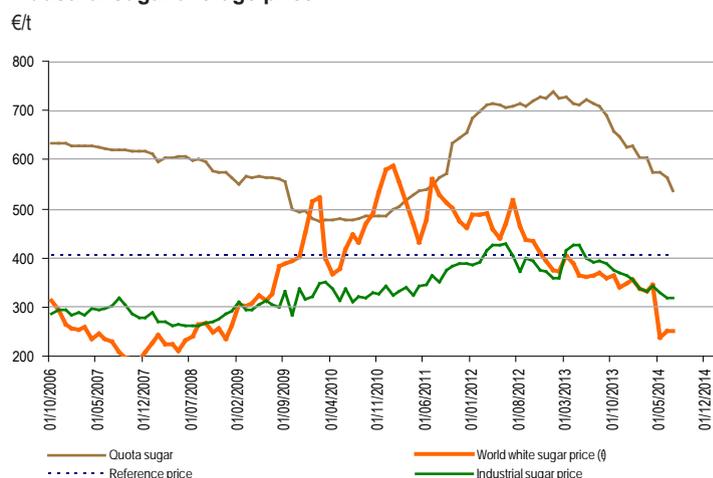
Sugar prices on the Community market : downward trend is observed

The average price of quota sugar in July 2014 amounted to € 536 / t, a decrease of € 26 / t compared to May and June. According to the Commission, the price disparity increases between the member states. Currently, prices are down 230 euros compared to 732 euros maximum in January 2013.

The average selling price of out of quota sugar on the EU market is still € 318 / t, the same level as in June. The average purchase price of industrial sugar in July was 374 € / t (+ € 2 / t compared to June).

Chart 3

Industrial sugar average price



Source : European Commission

2013/14 balance (EU – 27)

Since the last Sugar Market Report the balance of the quota sugar has changed including production which was revised up to 12.86 Mt compared to 12.64 Mt previously mainly due to the additional West Indian production. Total resources amounted to 19.37 Mt compared to 19.54 Mt in 2012/13. The quota sugar stock is also down from the previous season amounting to 1.94 Mt (2.49 Mt in 2012/13).

2013/14 quota sugar balance EU-27

Mt	2012/13	2013/14
Stock on 1/10	1,65	2,49
• market	1,65	2,49
• intervention	0,00	0,00
Carry forward	0,80	0,46
Raw production	12,51	12,64
• travail à façon	0,39	0,46
Imports	4,16	3,56
• sugar	3,64	3,00
• processed foods	0,52	0,56
Out of quota sugar release	0,60	0,00
Total ressources	19,68	19,37

	2012/13	2013/14
Domestic use	15,91	16,10
Exports	1,28	1,33
• quota sugar	0,06	0,07
Total use	17,19	17,43
Stocks	2,47	1,94
Stocks on 30/09	2,49	1,94

Sources : European Commission/ FranceAgriMer

2013/14 out of quota sugar balance: carry forward is estimated at 0.5 Mt

The carry forward is estimated at 0.5 Mt close to the 2009/10 season level (0.56 Mt).

Mt

	2012/13	2013/14
Production	4,86	4,45
Travail à façon		- 0,46
Imports	0,005	0,005
Total Use	4,86	4,00
Chemical-pharmaceutical industry	0,65	0,80
Alcohol – Bioethanol	1,59	1,35
Exports	1,35	1,35
Release on food market	0,60	
Total Use	4,19	3,50
Carry forward	0,67	0,50

Sources: European Commission/FranceAgriMer

2014/15 campaign : a record production and uncertainties about the imports volume

In 2014/15, a rebound in beet production is expected at 18.9 Mt partly because of the expansion of the beet area in the EU (more surfaces in Germany, France and Croatia's accession into the EU). In 2014/15, both quota and out of quota productions in the EU are estimated higher, 13.23 Mt and 6.17 Mt respectively.

According to FO Licht, the consumption continues to increase in the EU with a rate of close to 1 % growth in correlation with population growth and low elasticity of consumption relative to income.

Production in the EU countries

1 000 t	2012	2013	2014
Belgium	796	817	838
Czech Republic	575	542	642
Denmark	480	471	438
Germany	4 422	3 830	4 628
Greece	159	160	52
Spain	556	490	555
France (Met)	4 733	4 614	5 461
France (DOM)	412	433	255
Italy	589	566	543
Lithuania	190	172	130
Croatia		193	198
Hungary	112	116	115
Netherlands	983	948	1 150
Austria	469	482	531
Poland	1 872	1 761	1 758
Romania	259	247	215
Slovakia	229	218	199
Finland	150	116	86
Sweden	373	392	293
United Kingdom	1 223	1 367	1 590
Total UE 27/28	18 168	17 506	19 503

Sources: European Commission/FranceAgriMer

As for the 2014/15 balance sheet its main intrigue is the imports from Brazil (under the CXL quota). Given the high price of sugar on the US market the countries of the Caribbean basin could shift their exports to the North American continent to the detriment of the EU. Given that possibility, FranceAgriMer estimates the level of imports around 3 and 3.4 Mt.

The stock at the end of 2014/15 season would depend on the level of imports: if imports from Brazil are limited to the 2013/14 level and ACP-LDC imports decline (- 50 000 t), the ending stock would be less than 1.5 Mt; conversely if the Brazilian CXL quota is fulfilled and whether ACP-LDC imports increase by 50 000 t, the ending stock would amount to 1.9 Mt. But at this stage it would be premature to focus on one of the two hypotheses.

2014/15 quota sugar balance EU 28

	2014/15 (scenario 1)	2014/15 (scenario 2)
Stock on 1/10	2,00	2,00
• market	2,00	2,00
• intervention	0,00	0,00
Production	13,23	13,23
• travail à façon	0,27	0,27
Imports	3,50	3,94
• sugar	2,94	3,38
• processed products	0,56	0,56
Total	19,00	19,44
Domestic use	16,25	16,25
Exports	1,33	1,33
• quota sugar	0,07	0,07
Total	17,58	17,58
Stocks on 30/09	1,42	1,86

Sources: European Commission/FranceAgriMer

2014/15 out of quota balance: the risk of a carry forward at 2 Mt

FranceAgriMer estimates the production of out of quota sugar in 2014/15 at 6.17 Mt. Thus the carry forward could be more than 2 Mt, given a total of use close to the previous year (3.6 Mt and 3.5 Mt respectively). If estimates of a high volume of out of quota sugar and of a surplus of 2 Mt are confirmed, the relatively rapid opening of the second tranche of 2014/15 exports would be justified

2014/15 out of quota sugar balance

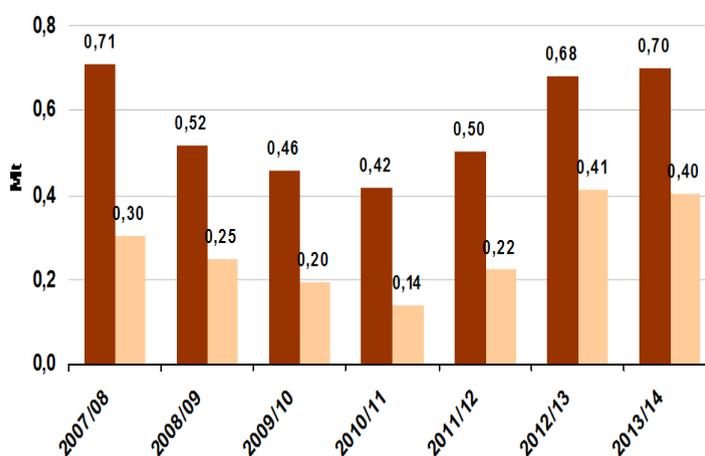
	2014/15
Production	6,17
Travail à façon	- 0,27
Imports	0,00
Total	5,90
Chemical-pharmaceutical industry	0,75
Alcool – Bioethanol	1,50
Exports	1,35
Total Use	3,60
Carry forward	2,30

Sources: European Commission/FranceAgriMer

> The French sugar market (EU-27) 2013/14 campaign: a high ending stock

On 08.01.2014, two months before the end of the season, the stock of quota sugar amounted to 0.7 Mt, almost the same level than in 2013 (0.68 Mt) (Chart 1). Therefore, it is likely that at the end of the 2013/14 campaign, the stock would be close to 0.4 Mt. That would be a historically high level for French quota stock.

chart 1
Quota sugar stock



Source : FranceAgriMer

Preliminary estimates for the cane sugar production in the West Indies in 2013/14 amount to 4.614 Mt of which 1.18 Mt is out of quota sugar and 3.437 Mt is quota sugar (table below).

Production 1 000 t	2009	2010	2011	2012	2013
Beet sugar production (including EU and DOM TAF)	4 691	4 345	5 059,3	4 528,6	4 544,3
EU TAF	47	119,3	126,2	146,4	204,9
DOM TAF	184	0,0	158,2	159,4	176,9
Beet sugar production (excluding TAF)	4 460	4 225	4 774,9	4 222,8	4 162,5
DOM raw production (including TAF)	449	258	416,9	412,2	432,2
Total production (including carry forward)	4 952	4 507	5 202,9	4 732	4 613,6
Under quota production	3 387	3 263	3 421,7	3 417	3 437
Out of quota production (before carry forward)	1 565	1 245	1 781,20	1 315,80	1 176,6

Source : FranceAgriMer

Over the first 10 months of the year (October / July) exports of French sugar on the EU market amounted to 1.28 Mt compared to 1.29 Mt in 2012/13. The level of exports on October 1 reflects the slowdown in exports that started in May. The stable level of French exports on the EU market is kept primarily due to sugar supply from reconstituted stocks in these countries at the beginning of year.

The main EU destinations for the French sugar were Italy (306,149 t), Spain (241 470 t), the UK (180,229 t), Germany (166,752 t) and Greece (67 638 t). Regarding exports of French sugar to third countries for the first 10 months of the campaign, their volume amounted to 297 000 t against 221 000 t in 2013.

2013/14 quota sugar balance

The 2013/14 season would end with a stock of 0.41 Mt, a level equivalent to 2012/13.

On the basis of July data on foreign trade, imports of French sugar were slightly lowered (- 10 000 t) and amounted to 0.33 Mt. On the same basis, exports of sugar in processed products have been revised up (+ 40 000 t) to 0.82 Mt. Regarding exports of unprocessed sugar to the EU their level would increase from 1.43 Mt in 2012/13 to 1.53 Mt in 2013/14, an increase of almost 0.1 Mt.

2013/14 quota sugar balance

	2012/13	2013/14
Stock on 1/10	0,22	0,41
Production (excluding travail à façon)	1,32	1,18
• travail à façon	0,22	0,41
Carry forward	0,10	0,02
Imports	1,10	1,06
• sugar	0,36	0,33
Production	3,32	3,42
Domestic use	2,23	2,15
Exports to EU countries	1,44	1,53
Exports of co-products	0,77	0,82
Total use	4,44	4,51
Total	4,85	0,00
Stocks on 30/09	0,41	0,41

Source : FranceAgriMer

2013/14 out of quota sugar balance

The quota production is down for the second consecutive season (1.78 Mt in 2011/12 and 1.31 Mt in 2012/13) due to lower yields (12.7 t / ha in 2012/13 and 12.6 t / ha in 2013/14). The opening of two quotas for export to third countries in 2013/14 (147 593 t and 146 016 t) has optimized the flow of non-quota sugar in order to achieve a very low carry forward of 5 712 t. On 01/08/2014, shipments of industrial sugar amounted to 584 000 t against 608 000 t last year.

2013/14 out of quota sugar balance

	2012/13	2013/14
Stock on 1/10	0	0
Production (excluding travail à façon)	1,32	1,18
Imports	0,00	0,00
Total	1,32	1,18
Chemical-pharmaceutical industry	0,26	0,25
Alcohol – Bioethanol	0,58	0,55
Non EU exports	0,27	0,31
Exports to EU countries	0,07	0,05
Delivery to EU countries (RUP)	0,01	0,01
Release on food market	0,11	
Total	1,30	1,17
Carry forward	0,02	0,01

Source : FranceAgriMer

2014/15 campaign

The 2014/15 campaign could be exceptional in terms of yields and beet harvest. FranceAgriMer estimated beet yield at 94.7 t / ha (+/- 3 t). This yield would be close to one of 2009 (94.4 t / ha) as well as to the 2011 yield (96.8 t / ha). The beet harvest is estimated at 38.8 Mt (35.1 Mt in 2009 and 37.8 Mt in 2011). The 2014/15 beet sugar production is estimated at 5.2 Mt which is close to the 2011/12 marketing year (5.06 Mt). The quota production could therefore amount to 2.2 Mt.

	2010	2011	2012	2013	2014
Sawn area (1 000 ha)	384	391	386	393	405
Sugar (1 000 ha)	352	354	355	359	368
Yield (t/ha)	12,3	14,0	12,7	12,6	14,1
Production (Mt)	4,35	5,06	4,53	4,54	5,20
Quota production (Mt)	3,00	3,00	3,00	3,00	3,00
Out of quota production (Mt) (including carry forward)	1,35	2,06	1,53	1,54	2,20

Source : FranceAgriMer

2014/15 sugar quota balance

The beginning stock is estimated at 0.41 Mt. The available quota sugar production could reach again 3.43 Mt, the same level as in 2013/14 if the DOM quota was fully used through travail à façon between DOM and the French metropolis. EU imports are estimated at 1.65 Mt, up 0.12 Mt from the previous season. The decline in stocks in the rest of the EU could lead to a greater supply of French sugar to certain member states in which case the stocks at the end of the 2014/15 season could reach 0.28 Mt, down 0.14 Mt from the 2013/14 campaign.

2014/15 quota sugar balance

	2014/15
Stock on 1/10	0,41
• market	0,41
Available production	3,43
Imports	1,06
• sugar	0,22
Total	4,90
Domestic use	2,15
Exports to EU countries	1,65
Non EU exports	0,01
Exports of processed products	0,82
Total Use	4,62
Stocks on 30/09	0,28

Source : FranceAgriMer

2014/15 out of quota sugar balance

In 2014/15, the volume of out of quota sugar is likely to reach a record high of at least 2.2 Mt (+ 0.1 Mt from the previous record in 2011). This volume would far exceed the domestic industrial market (0.95 Mt), which could be higher if alcohol deliveries for distilleries are maximized.

In a framework of large surplus in the overall of the EU it is unlikely that certificates awarded in France would result in exports to third countries of 0.28 Mt. So the carry forward could exceed 0.6 Mt, whereas traditionally it is between 5 000 t and 100 000 t. This level of carry forward could impact the sugar beet area in 2015.

2014/15 out of sugar quota balance

	2014/14
Stock on 1/10	0
Production	2,20
Imports	0,00
Travail à façon EU	- 0,10
Travail à façon DOM	- 0,17
Total	1,93
Chemical-pharmaceutical industry	0,25
Alcool – Bioethanol	0,70
Non EU exports	0,28
Exports to EU countries	0,06
Delivery to EU countries (RUP)	0,01
Release on food market	0,00
Total Use	1,30
Carry forward	0,63

Source : FranceAgriMer

