

Market Report

> FranceAgriMer's Economic analysis of the sugar market



• number 20, January 2013 / **Sugar Market Report**

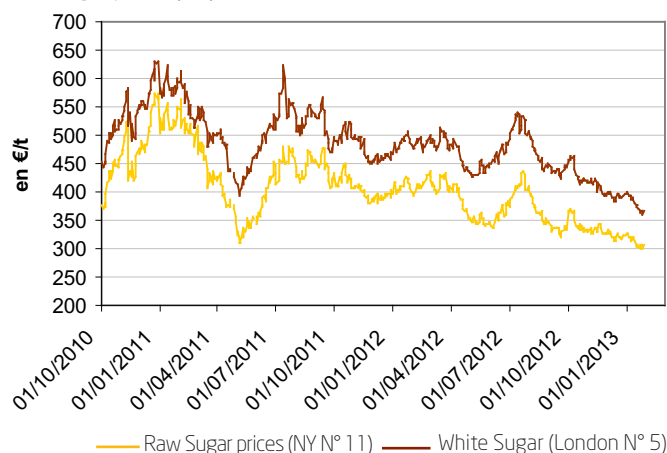
In 2012/13, for the second consecutive year, the world sugar market will have a significant surplus. The world production will exceed global consumption by at least 6 Mt. In 2012/13, world sugar trade could go down sharply given the increased production in importing countries (primarily China). Therefore the downward pressure on world prices could also worsen in the coming months. In the European Union for the first time since 2009 the marketing year 2011/12 ended with a stock of quota sugar bigger than 1.5 Mt and with a record carry-forward of out of quota sugar (0.8 Mt). In 2012/13, the opening of new import quotas at zero duty (Peru, Colombia, and Central America) will increase the level of imports. Exceptional measures have been adopted once again by the EU (import and release of out of quota sugar into food sugar) even if in 2012/13 the sugar under quota market balance appeared to be less tight than in 2011/12.

Despite a decline (- 1.5 Mt) of the EU sugar production in 2012/13, the volume available for out of quota sugar (4.6 Mt) will allow to export 1.35 Mt and will be sufficient enough to replenish the food market. In 2012, French beet harvest has declined by at least 3 Mt, and it's going to be the same for sugar production (- 0.7 Mt) without export capacity decrease in the rest of the EU and third countries.

THE WORLD SUGAR MARKET

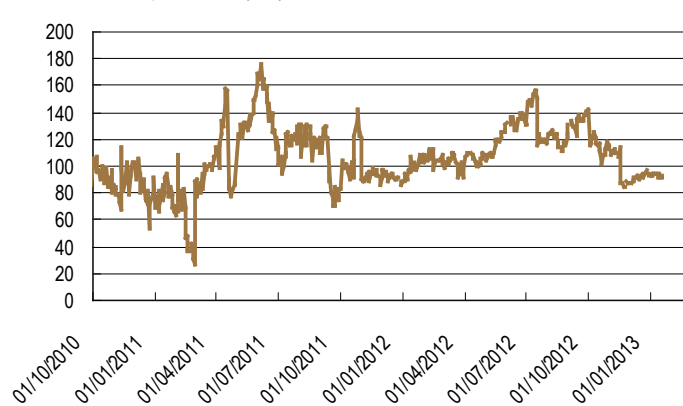
> Decline in world prices in the 1st quarter (October-December) of the 2012/13 marketing year.

World sugar prices (\$/t)



Source : LIFFE et ICE

White nominal premium (\$/t)



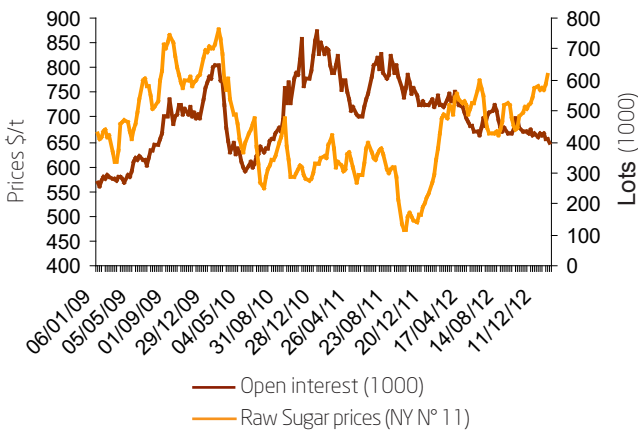
Source : LIFFE et ICE

Since July 2011 the decline in world sugar prices was obvious. It broke the upward trend that began in December 2008 which led to record price levels between October 2010 and June 2011 (\$ 876 / t for white sugar and \$ 750 / t for raw sugar). During the first quarter (October / December) of the 2012/13 year this trend has not changed. Since that time, monthly prices of white sugar on the London market were down by 9% from October (\$ 565 / t) till December (\$ 516 / t). The decline was less pronounced for raw sugar, the average price fell by 6% within the period from October (\$ 450 / t) to December 2012 (\$ 424 / t). The strongest resistance to the decline in the raw sugar over white sugar manifested in a net tightening of the price difference between white sugar and raw sugar and the white premium which was below 100 \$/t from November 2012.

With the exception of October, sugar price volatility has decreased by half in comparison with the 2011/12 year, which can be interpreted as a sign of the strong downtrend.

The downtrend in sugar prices is accompanied by sustained activity in the New York futures market as number of open interest positions stayed at levels observed before May 2012. In contrast, the net position of non-commercial traders which are the most speculative ones (hedge funds) was clearly negative since late September 2012. These operators have a short position in the futures market indicating anticipation or a bet on the continued downward trend as their positions unwinding leads to contracts purchase; it can only be beneficial if prices fall.

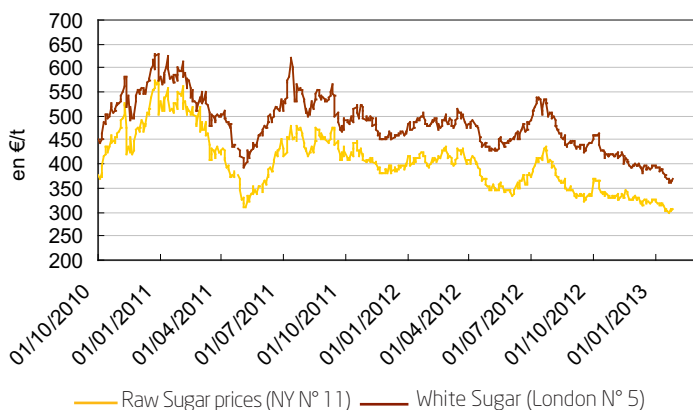
Prices of raw sugar and open interest on the NY futures market



Source : CFTC (Commodity Futures Trading Commission)

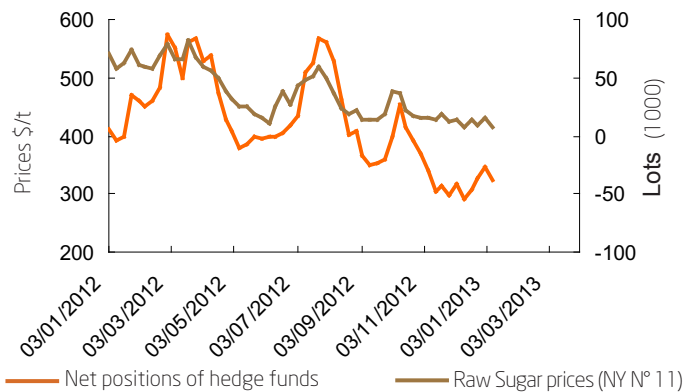
After reaching its lowest level in July 2012 (\$ 1.21 per euro), the euro has steadily grown leading to an exchange rate that exceeds \$ 1.3. This change in the rate of the euro determined the decrease of world sugar prices in euros: from October to December monthly average for raw sugar was down 7%, while white sugar has lost 10%. Since early January 2013, the price of white sugar is between 390 €/t and 400 €/t, while raw sugar is between 315 €/t and 320 €/t. Over one year (Dec 12/ Dec 11) raw sugar has declined by 18% and white sugar by 15%.

World sugar prices (€/t)



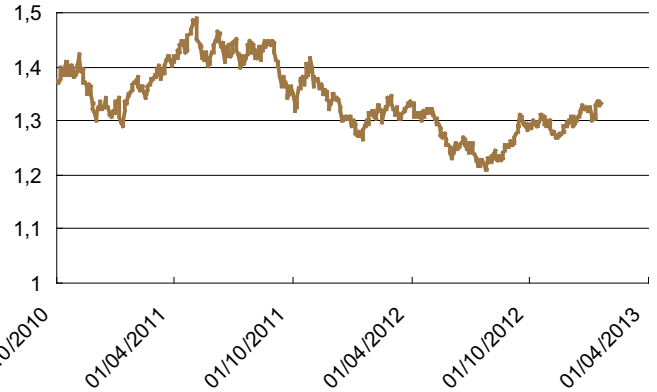
Source : LIFFE et ICE

Prices of raw sugar and net positions of hedge funds



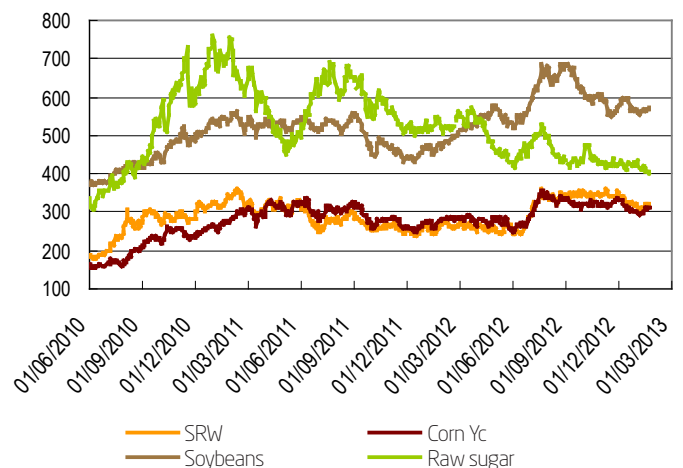
Source : CFTC (Commodity Futures Trading Commission)

Exchange rate € / \$



Source : CFTC (Commodity Futures Trading Commission)

Evolution of prices (FOB) of other agricultural commodities (\$/t)



Source : CBOT, ICC

In July 2012, world grain and soybean meal have increased sharply, which coincided with a rebound in world sugar prices. Since that date and until early December 2012, grain prices remained at high level (340-350 \$/t for SRW), while sugar prices were moving back down and those of soybean meal saw significant downward correction.

The consequence of this development was that the gap between the price of raw sugar and cereals significantly reduced in December 2012 by around \$ 90/t. In contrast and despite the decline in soybean prices, there is a more habitual price hierarchy between soybeans and raw sugar, the price of soybean meal is \$ 100 / t higher than the raw sugar price.

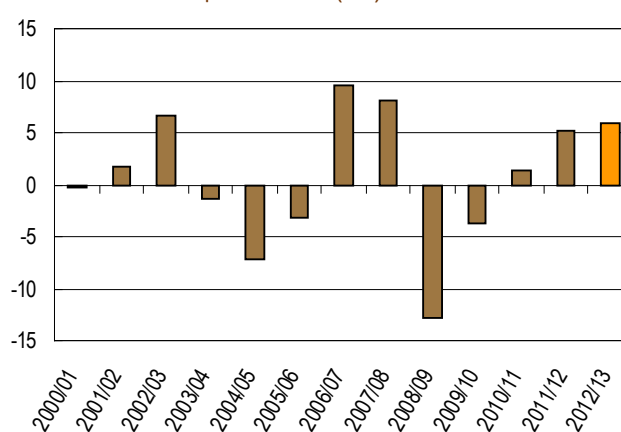
In 2012/13 for the second consecutive year, there will be a global balance surplus

According to the converging estimates of different analysts (ISO, FO Licht, Kingsman, USDA, Rabobank) in 2012/13, the global production/consumption balance will be once again in surplus after the return of a significant surplus in 2011/12 (7 Mt). The main factor behind the decline in world prices was probably determined by two successive surplus campaigns (2011/12 and 2012/13). According to ISO and FO Licht the world sugar production exceeds 177 Mt in 2012/13 against 175 Mt in 2011/12 setting a new production record. Global sugar consumption for the first time exceeds the level of 170 Mt (171.4 Mt according to ISO and 172.4 Mt according to FO Licht), up to 3 Mt compared to the year 2011/12, and it would progress faster than world production (+ 2% against 1.4%).

World sugar balance 2012/13 (Mt)

	Production	Consumption	Surplus/deficit
F.O Licht (1/11/12)	177,3	172,4	4,9
ISO (15/11/12)	177,6	171,4	6,2
Kingsman (6/12/12)	182,5	171,6	10,9

Production / consumption balance (M/t)



Sources : ISO

Despite this greater increase in consumption, the production level is still sufficient to cover consumption needs and identifies for the second consecutive year a surplus of production over consumption estimated at 6 Mt by ISO and 4 Mt by FO Licht.

The prospect of a further increase in production in 2012/13 is a result of a combination of a double upward trend that exists since 2011/12:

- On one hand, the major exporting countries (Brazil, Thailand, Australia, Mexico, India) post an overall of 2 Mt compared with 2011/12 and 4.5 Mt in 2 years.
- On the other hand, the main importing countries (Russia, China, Pakistan, USA, EU) post an overall of 1 Mt compared to 2011/12 and 5 Mt in 2 years.

Thus, the export availabilities remain at a very high level (53.5 Mt), while the demand for imports will fall sharply for the second consecutive season (48.2 Mt against 52.7 Mt in 2011/12 and 55.3 Mt in 2010/11). Whatever the difficulty in understanding the global stocks situation is, the imbalance between import demand and export availability will cause the stocks' increase either among exporting countries or among importing countries. Thus, the global stocks/consumption ratio should return to a level higher than 40%, which is the intermediate level between the ratio of the deficit campaigns (04/05, 08/09, 09/10) and the ratio of large surplus campaigns (1998/99 to 2002/03).

Evolution of production in major exporting countries (Mt raw)

Exporting countries	Production			Consumption			Surplus/deficit (1)		
	2012/13 (for)	2011/12	2010/11	2012/13 (for)	2011/12	2010/11	2012/13 (for)	2011/12	2010/11
Brazil	38,1	35,2	38,2	13,6	13,3	13,3	24,5	21,9	24,9
India	26,6	28,5	26,6	24,6	24,0	22,5	2,0	4,5	4,1
Thailand	10,2	10,6	7,1	2,8	2,7	2,7	7,4	7,9	4,4
Mexico	5,9	5,3	5,5	4,4	4,4	4,4	1,5	0,9	1,1
Australia	4,5	4,0	3,5	1,0	1,0	1,1	3,5	3,0	2,4
Total Exports	85,3	83,6	80,9	46,4	45,4	44,0	38,9	38,2	36,9

Sources : ISO, FranceAgriMer (nov 2012)

Evolution of production in major net importing countries (Mt raw)

Importing countries	Production			Consumption			Surplus/deficit (1)		
	2012/13 (for)	2011/12	2010/11	2012/13 (for)	2011/12	2010/11	2012/13 (for)	2011/12	2010/11
Russia	5,2	5,5	3,5	5,9	5,9	5,9	-0,7	-0,5	-2,4
Algeria	0	0	0	1,4	1,4	1,3	-1,4	-1,4	-1,3
Indonesia	2,6	2,5	2,5	5,7	5,5	5,4	-3,1	-3	-2,9
Pakistan	5,2	4,4	4,5	5,1	4,8	4,8	0,1	-0,4	-0,3
China	14,3	12,5	11,4	15,4	15	14,8	-1,1	-2,5	-3,4
Malaysia	0	0	0	1,5	1,5	1,4	-1,5	-1,5	-1,4
USA	7,9	7,6	7,1	10,6	10,3	10,3	-2,7	-2,7	-3,2
EU	17	18,9	16,7	19,3	19,2	19,2	-2,3	-0,3	-2,5
Total Net Imports	44,4	43,4	39,7	51,9	50,8	50,5	-7,5	-7,4	-10,8

(1) Production - Consumption.

Sources : ISO, FranceAgriMer (nov 2012)

> **A sharp increase in sugar production in Brazil from October to December 2012 totaled of 40 Mt for the 2012/13 marketing year**

In 2012/2013 the sugar production in Brazil which is estimated at 38.1 Mt shows a strong upturn of the cane crop which suffered in 2010/11 and 2011/12 from a sharp drop in yields resulting from adverse weather conditions and the increase of the cane average age.

The cane crop which began in spring 2012 in the Centre-South region ends in excellent condition (dry weather) and 220 mills are still active against 60 last year. Cane crop which began in April 2012 reached 531 Mt in late December 2012, in the Centre-South region, against 492 Mt late December 2011.

From October to December 2012 sugar production totaled 10.1 Mt in the Centre-South region – the main production region which was twice the volume produced from October to December 2011 (5.1 Mt). If the weather conditions are good, the next cane harvest will start in April 2013 and should continue on the path of recovery, therefore it is possible that the production of the campaign 2012/13 in Brazil will be close to 40 Mt, which is 2 Mt more than the number given by ISO.

> **China is expected to resume production close to 14 Mt, the second after the 2009 record**

At the end of December 2012, the production was estimated at 3.3 Mt, 9% more than in 2011/12. However, the cold weather and the rain reduced the potential yield in the main production region (Guangxi). Chinese production is estimated at 14 Mt and will be close enough to consumer demand. As a result, a sharp reduction in imports can be expected in China (1.1 Mt in 2012/13). In 2011/12 it already reached a record volume of 4.3 Mt. The Chinese government's decision to stockpile up to of 3 Mt is a sign of the extent of sugar availability in the Chinese market.

> **In 2012/13, a considerable improvement in sugar output is also expected in Mexico**

For the first 3 months of the campaign, the sugar production has almost doubled (0.92 Mt against 0.57 Mt). According to ISO, the entire campaign could have an increase of 0.6 Mt which finally can be even bigger. At the same time, the U.S. sugar production is expected to increase by 0.3 Mt limiting the supply requirements of the North American market.

In 2012/13 the production in Thailand, the second largest exporter of sugar in 2011/12, should not achieve the record level of 2011/12 (according to ISO - 10.6 Mt in value).

At the end of December 2012, Thailand's sugar output had reached 1.9 Mt against 2.05 Mt for the same period in 2011. Despite the expansion of surfaces and the initiation of new sugar plants, a significant decline might take place in the cane harvest in Thailand due to monsoon rains and rainy weather from May to October. This decline should lead to a reduction in Thailand export capacity, which would still be the second largest exporter. Pakistan is also expected to increase its production by 20% (5.2 Mt against 4.4 Mt).

At the end of December 2012, sugar production in India is ahead of last year with 8 Mt against 7.8 Mt late December 2011.

This result was not conform to the predictions of ISO, FO Licht or ISMA (Indian Sugar Mills) for the 2012/13 year, which relied on a decrease of 2-3 Mt of sugar production (26.6 Mt against 28.5 Mt according to ISO).

Expected production's declines in Russia and the EU would have a limited impact on their import needs. According to ISO, Russian production will decrease by 0.3 Mt to 5.2 Mt against 5.5 Mt (gross value) in 2011/12. In mid-January the Russian production totaled to 4.7 Mt in net value. The Russian import needs (0.75 Mt) will remain well below 1 Mt. In 2012, in the EU it is likely that there will be a drop in production partly offset by the volumes of sugar stocked early in the season. The EU imports should increase due to the possible opening of new import quotas at zero duty from Peru, Colombia, and Central America.

THE EU SUGAR MARKET

> **The 2011/12 campaign: a more balanced quota market / record level of out of quota production**

For the first time since the year 2005/06, the stock of quota sugar at the end of the year 2011/12 will be much higher, than the stock at the beginning of the campaign: on the 30th of September 2012, the stock of sugar under quota amounted to 1.65 Mt against 1 Mt one year earlier. This increase in stock is the sign of tensions easing on the market supply of quota sugar. These tensions had marked the previous two seasons (2009/10 and 2010/11). The higher stock was observed at the end of the 2007/08 year, historically this level is not abnormally high: it represents less than a month of use.

The recovery of the quota sugar stock and the easing tensions on the market supply are mainly the result of exceptional measures taken during the 2011/12 year: import measures for 0.52 Mt (including imports with certificates issued at the end of the 2010/11 year) and resale measures of 0.65 Mt of non quota sugar as food sugar.

It should also be mentioned that the realization of the full quota of production happened through use of intra-Community contract for other countries for a volume of 0.3 Mt.

As overall, it was approximately 1.5 Mt of 'exceptional' sugar that became the part of the quota sugar market. 0.9 Mt of this amount has been consumed as well as 0.6 Mt which helped at the same time to restore the end of campaign stock to a more normal level.

In 2011/12 the total imports of sugar in amounted to 3.75 Mt (white value), including 0.27 Mt in IPR (Inward Processing Relief) and 14 000 tonnes of industrial sugar against 4.1 Mt in 2010/11, of which 0.46 Mt in IPR and 54 000 tonnes of industrial sugar.

The import volumes of the quota sugar have been quite close to those of the 2011/12 year (3.46 Mt) and 2010/11 (3.57 Mt). Apart from exceptional measures, the imports of the 2011/12 year amounted to 2.92 Mt against 2.86 Mt in 2010/11.

The top of the balance sheet for quota sugar has also benefited from 0.650 Mt of out of quota sugar release in 2 parts (0.40 Mt and 0.25 Mt), 0.150 Mt more than in 2010/11.

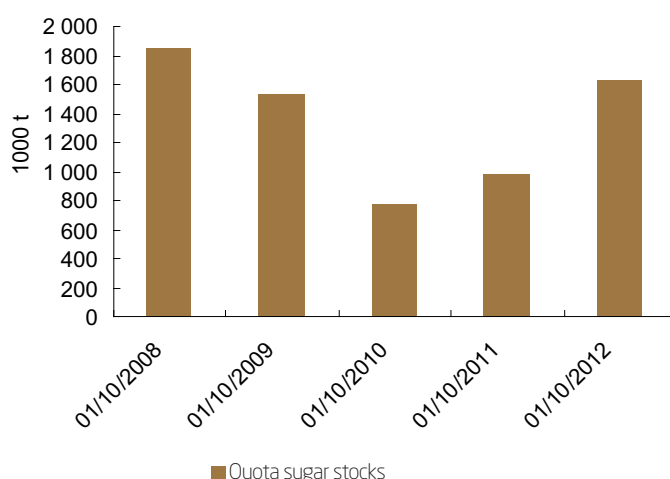
As overall in 2011/12 the available resources of quota sugar amounted to 18.91 Mt, 0.4 Mt more than in 2010/11.

This volume of 18.9 Mt was mobilized to meet the normal supply of 12 months, or 17.3 Mt, of which 16.0 Mt corresponded to the EU final consumption demand and 1.2 Mt were meant for exports mainly in the form of processed products.

The difference between total resources and uses, represents the ending stock of the campaign and amounted to 1.65 Mt.

As for the balance of quota sugar the main challenge of the campaign was the volume of available out of quota sugar which amounted to 5.8 Mt before processing, and 5.5 Mt after processing. The uses of syrup have increased sharply, up to 0.5 Mt in 2011/12 and up to 1.41 Mt against 0.91 Mt in 2010/11. The marketing campaign of out of quota sugar also reached a record export volume of 2.03 Mt due to the use of the remaining export licenses of 2010/11 (0.7 Mt), as well as the release of 0.650 Mt of food sugar. In total, 4.7 Mt out of quota sugar were sold in 2011/12, 2.5 Mt more than in 2011/12. Despite this exceptional level, the amounts available were too important to avoid a carryover of 0.8 million tonnes of out of quota sugar on the campaign 2012/13.

Quota sugar stocks



Source : European Commission / FranceAgriMer

Provisional balance 2011/12 Quota sugar EU-27 (Mt)

2011/12 Campaign			
Beginning stock 1/10/11	0,98	Consumption	16,03
- market	0,98		
- intervention	0,00	Exports	1,23
		- sugar as such	0,06
Carry forward 10/11	0,15		
Available fresh production	13,16	Total outlets	17,26
Imports	3,96		
- quota sugar	3,46	Stocks	1,65
- outstanding quotas	0,52	- market	1,65
Out of quota sugar release	0,65		
Total	18,91	Ending stocks 1/10/12	1,65

Source : European Commission/FranceAgriMer

Provisional balance 2011/12 Out of quota sugar EU-27 (Mt)

2011/12 Campaign			
Beginning stock 1/10/11	0,00	Chemical-pharmaceutical industry	0,65
		Alcohol - Bioethanol	1,41
Fresh production	5,52	Exports	2,03
		Release on food market	0,65
Imports	0,01	Total outlets	4,74
Total	5,54	Carry forward	0,80

Source : European Commission/FranceAgriMer

> The 2012/13 campaign : despite an increase in imports and a higher stock early in the season exceptional measures on the quota market are inevitable in 2012/13

Before any exceptional measures to be set up, imports are expected to increase in 2012/13 and for the first time crossed the threshold of 3 Mt. The imports of sugar from ACP-LDCs are estimated at 1.9 Mt (0,01 Mt higher than in 2011/12). In mid-January 2013 the number of issued certificates is 50 000 tonnes higher than the previous campaign. Imports under CXL quotas should be fully used (0.650 Mt) while imports of white sugar from Balkans should regress to 0,3 Mt (0,36 Mt in 2011/12). However the implementation of the new zero duty import quotas under the agreement with the Andean Pact countries (Peru, Colombia) and Central America should lead to new imports, currently estimated at 0.140 Mt given uncertainties related to the timing of ratification of the agreements signed in June 2012. In total, taking into account imports of Moldovan sugar (30 000 t) and imports at full duty (100 000 tonnes), the imports in 2012/13 can be estimated at 3.12 Mt.

This volume is likely to be exceeded due to the decision of the Commission to initiate an award of import duty starting 24/01/2013. During this first auction, 54 000 tonnes of raw sugar and 8 540 tonnes of white sugar were awarded.

The EU also decided to adopt a measure of conversion of quota sugar into sugar for food for the initial volume of 150 000 tonnes, which could increase in the coming months.

In 2011/12 it is also possible that the quota production will be very close to the amount of the quota (or 13.34 Mt); the intra-EU contracts and the DOM contracts might saturate the Community quota.

By integrating the results of the first auction and the requalification of out of quota sugar the resources of quota balance are estimated at 18.78 Mt, 0.122 Mt less than 2011/12. The supply needs are estimated at 17.33 Mt, of which 16.10 Mt are the final demand for consumption on the EU market.

Under these conditions the ending stock is estimated at 1.46 Mt. There's a decrease of 0.19 Mt compared with the beginning of the campaign.

Provisional balance 2012/13 Quota sugar EU-27 (Mt)

Campaign 2012/13			
Beginning stock 1/10/12	1,65	Consumption	16,10
- market	1,65		
- intervention	0,00	Exports	1,23
		- sugar as such	0,05
Carry forward 11/12	0,80		
Available fresh production	12,50	Total outlets	17,33
Imports	3,68		
- sugar as such	3,18	Stocks	1,46
	0,00	- market	1,46
Out of quota sugar release	0,15	- intervention	0,00
Total	18,78	Ending stocks 1/10/13	1,46

Sources : European commission/ FranceAgriMer

In 2012, the fresh sugar production was estimated at 17.55 Mt by the European Commission, FranceAgriMer suggests lower number of 17 Mt. Given the carry forward of 0.8 Mt of out of quota sugar in 2011, the estimated production for 2012/13 would be 17.8 Mt, of which 13.3 Mt are quota sugar and 4.5 Mt are out of quota sugar.

The out of quota production would decrease by 1 Mt compared to 2011/12. But this decline will be largely offset by the expected decline in exports of 1.35 Mt (2.03 Mt against 2011/12) which is the maximum allowed due to the successive opening of two quotas (0.65 Mt in October 2012 and 0.70 Mt in January 2013).

It's possible that distillery deliveries will not reach the new record of 2012/13 amounted to 1.4 Mt, and will decrease by 0.15 Mt Therefore it would be 1 Mt of out of quota sugar available after conversion of 0.15 Mt.

Provisional balance 2012/13 Out of quota sugar EU-27 (Mt)

Campaign 2012/13			
Beginning stock 1/10/12	0,00	Chemical-pharmaceutical industry	0,65
		Alcohol - Bioethanol	1,30
Fresh production	4,50		
		Exports	1,35
Imports	0,02	Release on food market	0,15
		Total outlets	3,45
Total	4,52	Carry forward	1,07

Sources : European commission/ FranceAgriMer

EU MARKET SUGAR PRICES

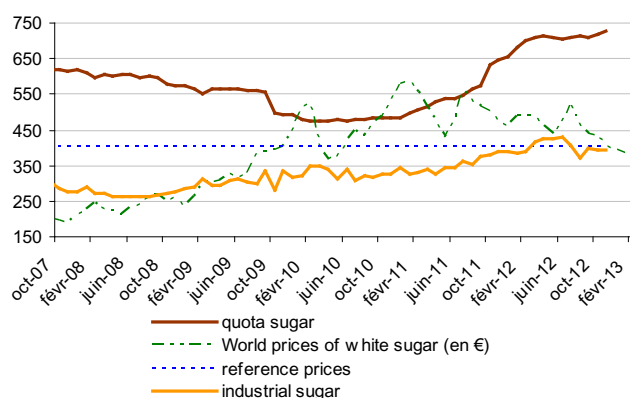
After a pause between April and September 2012 with price level between 705 €/t and 715 €/t the quota sugar price increased within the first two months of the 2012/13 season: 720 €/t in October and 728 €/t in November 2012.

This price increase came with a tightening of price dispersion in the EU: country averages in November were much closer together than they had been in previous months.

This price change in the EU differs from the evolution of world prices, resulting in a growing gap which represented € 334/t in November 2012. This gap means better remuneration in the European market from the world market and can't be a handicap for imports into the EU.

Apart from monthly jolts, average prices for industrial sugar are on a downward trend since June 2012, when they reached the record level of € 428/t. Since that time, there was a decline that went below 400 €/t; due to greater synchronization with world prices, as buyers of industrial sugar had the opportunity to take in the world market thanks to duty import quota of 0.4 Mt.

Average sugar prices



Source : European Commission

THE FRENCH SUGAR MARKET

> The 2011/12 marketing year a record sugar volume was mobilized to meet the demand for quota sugar

3.7 Mt of the total production of 5.3 Mt of the 2011/12 campaign have been marketed as quota sugar on the French and EU markets (including in the form of processed products for export to third-countries) which was the record volume since the 2006 reform.

This high volume has been mobilized to meet the supply requirements of the EU market and, to a limited extent, to restore the national stock at the level of 0.23 Mt by 30/09/2012 (0.14 Mt on 01/10/2011), which was comparable to that of the end of the 2008/09 season. 1.8 Mt out of 3.7 Mt were exported to other EU countries like Spain and Italy.

Unlike what was observed in the EU, the increase in sugar syrup production reserved for alcohol production was moderate (0.59 against 0.53 Mt in 10/11, +11% against 55% in the EU).

At the same time, 0.63 Mt of out of quota sugar were exported to non-EU countries, against 0.28 Mt in 2010/11; 0.14 Mt (0.16 Mt in 2010/11) were re-sold as quota sugar and 0.13 Mt (0.09 Mt in 10/11) were traded in the rest of the EU. Finally, the carry forward of out of quota sugar approached 0.1 Mt, which was a historically high level for France as well as a sharp increase compared to the 10/11 carry forward (11 000 tonnes).

Provisional balance 2011/12 French quota sugar (Mt)

Campaign 2011/12			
Beginning stock 1/10/11	0,14	Consumption	2,08
- market	0,14		
Carry forward	0,01	Exports	
		Sugar as such	1,77
		- EU	1,74
Fresh production	3,41	- Third countries	0,03
		Processed products	0,77
Imports	1,13	Total outlets	4,61
- sugar as such	0,37		
Out of quota sugar release	0,14	Ending stock 30/09/12	0,23
		- market	0,23
Total	4,84		

Sources : FranceAgriMer

Provisional Balance 2011/12 French out of quota (en Mt)

Campaign 2011/12			
Beginning stock 1/10/11	0	Chemical-pharmaceutical industry	0,20
		Alcohol - Bioethanol	0,59
Fresh production	1,78	EU exports (including OR)	0,13
		Exports to third countries	0,62
Imports	0,00	Release on quota sugar market	0,14
		Total outlets	1,68
Total	1,78	Carry Forward	0,01

Sources : FranceAgriMer

> Campaign 2012/13

The weather conditions in 2012 were generally less favorable than in 2011 (the best year for beet) or 2009. The national yield average will be much less than 90 t/ha and thus far from 2009 (93.9 t/ha) and 2011 (94.7 t/ha) levels.

The national yield average is estimated at 86.2 t/ha by the ITB. The surfaces' stability that represents over 390 000 ha assures a beet harvest between 33 and 34 Mt, the third biggest after 2009 and 2011. The production of beet sugar is estimated at 4.5 Mt; in late December 2012 sugar production reached 4.32 excluding overseas (4.56 Mt at the end of November 2011).

The sugar trade

The imports of sugar were renewed at the 2011/12 level of 370 000 tonnes of sugar before processing and 762 000 tonnes of processed sugar. The total exports of processed sugar were also extended to the level of 2011/12 and amounted to 766 000 tonnes.

The French exports of out of quota sugar to third countries are estimated at 280 000 tonnes (129 000 tonnes for the first EU import quota of 0.65 million tonnes, 148 000 tonnes released under the second import quota of 0.7 Mt).

The deliveries to the EU are estimated at 1.86 Mt, of which 90 000 are reserved for out of quota sugar deliveries and 8,000 tons for the outermost region.

Quota sugar balance 2012/13

Given the needs of the European quota saturation, and assuming the completion of contracts, the quota production would amount to 3.43 Mt and in 2012/13 the quota sugar availability would amount to 4.82 Mt (15 000 tonnes less than in 2011/12).

In addition to the coverage of the country's domestic demand these 4.8 Mt will allow to export 1.76 Mt to the EU.

The ending stock is estimated at 200 000 tonnes, which is very close to the beginning of the season.

Provisional balance 2012/13 French quota sugar (Mt)

Campagne 2012/13			
Beginning 1/10/12	0,22	Consumption	2,08
- market	0,22		
Carry forward	0,10	Exports	2,52
		Sugar as such	1,77
		- EU	1,76
Available fresh production	3,43	- third countries	0,01
		Processed products	0,77
Imports	1,13	Total outlets	4,62
- sugar as such	0,37		
Out of quota release on the market	0,03	Ending stock 30/09/2013	0,20
		- market	0,20
Total	4,82		

Out of quota sugar balance 2012/13

The out of quota production is estimated at 1.57 Mt; of which 0.34 Mt could be transferred in the form of contracts for the benefit of other EU countries and DOM. The available volume of out of quota sugar will approximately amount to 1.23 Mt (1.64 Mt in 2011/12), which also must be reduced by the sugar converted into quota sugar estimated at 0.03 Mt (out of a total of 0.150 Mt at EU level). At this stage, the resources of the out of quota balance sheet are estimated at 1.20 Mt.

Considering a small increase of 5 000 tonnes in deliveries for ethanol production, a decline in exports of non-EU countries (0.28 Mt against 0.63 Mt) the carry forward of out of quota sugar will be closed to 30 000 tonnes.

Provisional balance 2012/13 French out of quota sugar (Mt)

Campagne 2012/13			
Beginning stock 1/10/12	0	Chemical-pharmaceutical industry	0,20
		Alcohol - Bioethanol	0,60
Fresh production	1,23	EU export (including OR)	0,11
		third countries	0,27
Imports	0,00	Release on quota sugar market	0,03
		Total outlets	1,21
Total	1,23	Carry forward	0,02

Sources : FranceAgriMer



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