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Sugar

Annual

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Report Highlights:

EU-25 sugar production for MY 04/05 is estimated at 19.684 MMT.

In July 2004, the Commission proposed to reform the EU sugar regime with a 2.8 MMT quota cut and price cuts of roughly one third, partially compensated with direct payments to beet growers. The reform is likely to be phased in from 2006/07. In September 2004, a WTO Panel ruled that the EU was in breach of its export subsidy commitments. Both ACP/India re-exports and over quota production that must be exported (C sugar) should be counted against the EU's subsidy commitments, which currently they are not.

Includes PSD Changes: No
Includes Trade Matrix: No
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Note

All figures are given in raw sugar equivalents unless otherwise mentioned.

This report provides a PSD data and information for the EU-25 for marketing year (MY) 2004/05. Unofficial estimates for the New Member States 10 (NMS) and EU-25 are provided for Marketing Years (MY) 02/03 to 03/04 for informational purposes. However, intra-EU-25 trade has not been netted out of the trade estimates (trade between, for example, Germany and Poland which would disappear from EU-25 extra-EU trade estimates) and the footnotes to the EU-25 PSDs should be referred to.

Following EU enlargement on May 1, 2004, FAS has switched to reporting an EU-25 number, however USEU Brussels will continue in the meanwhile to provide EU-15, NMS-10 and EU-25 balances for comparison purposes.

USEU Brussels would like to thank FAS/Warsaw for contributions towards compiling this report.

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Executive Summary

In Marketing Year (MY) 04/05, estimates of the area planted to sugar beet show a EU-25 wide reduction of 2% to 2.158 million hectares, compared to MY 03/04. The EU-25 sugar beet yield is estimated to have risen marginally to 8.97 MT/ ha. (Metric tons per hectare) from 8.86 MT/ha. in 2003/04. EU-25 beet sugar production estimates for 2004/05 are revised to 19.349 MMT, to give a total EU-25 sugar production (including sugar produced from beet, cane and molasses) of 19.684 MMT, 119,000 MT lower than in 2003/04.

Consumption of sugar in the EU-25 is estimated to remain static at 17.635 MMT in 2004/05, barely changed from the two previous campaigns.

Import estimates for 2004/05 for the EU-25 are revised upwards from 2003/04 from 2.065 MMT (EU-15) to 2.370 MMT to take into account the reestablishment of Serbian sugar exports to the EU, which had been suspended since May 2003. In October 2004, the European Commission announced that quotas for sugar exports from Serbia, Albania and Bosnia expected to total 177,000 MT would be introduced. Additional quotas may in future be set for Croatia and Macedonia. Assuming a normal carry-over of stocks at the end of 2004/05, the EU-25 is forecast to export just 4.374 MT of sugar in 2004/05. This assumes C sugar exports of around 1.8 to 2.0 MMT.

In July 2004, the European Commission published proposals for the reform of the EU's sugar regime. The main thrust of the proposals is for a 2.8 MMT quota cut and a price cut of around one third, partially compensated by direct payments to beet growers. Formal legislative proposals are expected in the spring of 2005. It is expected that the new regime will enter into force in July 2006 when the current regime expires. One of the most controversial areas is whether quotas can be traded across Member State boundaries. This could effectively mean the end of sugar production in the EU's least competitive beet growing areas such as Greece, Italy and Ireland and Portugal.

In September, a WTO Panel ruled against aspects of the EU's system of sugar export subsidies. The Panel found that the EU has been in breach of its WTO export subsidy limitations as it is exporting up to 1.6 MMT of sugar annually with subsidies, an amount equivalent to its ACP preferential imports, without counting them against its export subsidy limits. In addition the Panel found that C sugar exports are effectively cross subsidized, thus also receiving export subsidies. The EU has already indicated that it will appeal against the Panel's findings. The appeal is likely to be completed by the spring of 2005. A likely timeframe for compliance is difficult to establish at the moment.

These rulings complicate the sugar reform debate: on the one hand they ensure that the reform is politically easier for the Commission to get accepted by Member States but the Panel results would suggest that the proposed reforms need to be deepened or altered to meet the panel's findings as the EU could continue to be in breach of its WTO export subsidy commitments post-reform. It is not yet clear how the Commission will adapt the sugar reform proposals to take into account the WTO Panel – while the quota cut brings production closer to EU consumption levels, thus reducing the need for subsidized exports, the Commission may have to consider abolishing C sugar.

The medium term implications of sugar reform and the WTO Panel are that the EU production will decline and exports will be significantly reduced. Reduced production will clearly lead to some rationalization within the industry. Commitments to the ACP and Least Developed Countries (LDC) will be maintained, though at a post reform price of EUR 329/MT (raw cane sugar), the EU becomes a much less attractive market.

Production

PSD Table

Country

European Union-15

Commodity

Centrifugal Sugar

(1000 MT)

	2003 Revised		2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	Post Estimate [Old]	Post Estimate [New]	
Market Year Begin	08/2002		08/2003		08/2004		MM/YYYY
Beginning Stocks	2717	2717	3864	3732	3256	3256	(1000 MT)
Beet Sugar Production	18405	18405	16211	16211	16209	16007	(1000 MT)
Cane Sugar Production	266	266	295	295	295	288	(1000 MT)
TOTAL Sugar Production	18671	18671	16506	16506	16504	16295	(1000 MT)
Raw Imports	1613	1613	1750	1820	1750	1820	(1000 MT)
Refined Imp.(Raw Val)	471	423	250	245	250	550	(1000 MT)
TOTAL Imports	2084	2036	2000	2065	2000	2370	(1000 MT)
TOTAL SUPPLY	23472	23424	22370	22303	21760	21921	(1000 MT)
Raw Exports	3	3	3	3	3	3	(1000 MT)
Refined Exp.(Raw Val)	5278	5278	4700	4613	4700	4171	(1000 MT)
TOTAL EXPORTS	5281	5281	4703	4616	4703	4174	(1000 MT)
Human Dom. Consumption	14316	14400	14400	14420	14400	14485	(1000 MT)
Other Disappearance	11	11	11	11	11	11	(1000 MT)
Total Disappearance	14327	14411	14411	14431	14411	14496	(1000 MT)
Ending Stocks	3864	3732	3256	3256	2646	3251	(1000 MT)
TOTAL DISTRIBUTION	23472	23424	22370	22303	21760	21921	(1000 MT)

Figures in 1,000 MT of raw sugar equivalent

Notes: When converting from white to raw sugar, a conversion factor of 1.087 is used. Sugar produced in French Overseas Departments are included in production data and excluded from trade data. Sugar-containing products are excluded from trade data. Therefore, domestic consumption includes an additional 0.354 MMT to account for net trade in sugar-containing products (0.54 MMT is used for MYs 02/03, and 04/05. For MY 03/04, the value is 0.281 MMT).

Please see Annex One for unofficial FAS/USEU Centrifugal Sugar and Sugar Beet PSD estimates for the New Member States-10 and EU-25 for 02/03, 03/04 and 04/05.

PSD Table

Country

European Union-25

Commodity

Centrifugal Sugar

(1000 MT)

	2003 Revised		2004		2005 Forecast		UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Estimate [New]	Post Estimate [Old]	Post Estimate [New]	
Market Year Begin		08/2002		08/2003		08/2004	MM/YYYY
Beginning Stocks					4339	4699	(1000 MT)
Beet Sugar Production					19614	19396	(1000 MT)
Cane Sugar Production					295	288	(1000 MT)
TOTAL Sugar Production					19909	19684	(1000 MT)
Raw Imports					1757	1820	(1000 MT)
Refined Imp.(Raw Val)					500	550	(1000 MT)
TOTAL Imports					2257	2370	(1000 MT)
TOTAL SUPPLY					26505	26753	(1000 MT)
Raw Exports					3	3	(1000 MT)
Refined Exp.(Raw Val)					5225	4371	(1000 MT)
TOTAL EXPORTS					5228	4374	(1000 MT)
Human Dom. Consumption					17600	17635	(1000 MT)
Other Disappearance					27	27	(1000 MT)
Total Disappearance					17627	17662	(1000 MT)
Ending Stocks					3650	4717	(1000 MT)
TOTAL DISTRIBUTION					26505	26753	(1000 MT)

EU-25 Production

Estimates of sugar production in the EU-25 for MY 04/05 are revised down to 19.396 MMT beet sugar production and a total EU-25 sugar production (beet, cane and sugar from molasses) of 19.684 MMT (18.108 MMT in white sugar equivalent). This is due to yield estimates being revised down from 9.07 MT/ha. (Post's April estimate) to 8.97 MT/ha.

The European Commission has not made any cuts to the 2004/05 sugar production quotas as their current estimates for the 2004/05 see the EU just inside it's WTO export subsidy limits.

Beet Sugar Production in the EU (in 1,000 MT raw value)

	2002/03	2003/04	2004/05
Austria	471	394	474
Belgium	1108	1118	992
Denmark	561	535	480
Finland	177	148	151
France - beet	5106	4313	4108
Germany	4355	4068	4126
Greece	322	223	240
Ireland	215	243	226
Italy	1532	978	1096
Netherlands	1112	1166	1098
Portugal	85	65	69
Spain - beet	1302	987	1084
Sweden	470	452	404
UK	1548	1484	1413
Total EU-15	18361	16174	15960
	2002/03	2003/04	2004/05
Czech R.	574	554	517
Estonia	0	0	0
Cyprus	0	0	0
Latvia	91	72	76
Lithuania	150	119	136
Hungary	378	274	427
Malta	0	0	0
Poland	2250	2071	2000
Slovenia	25	22	33
Slovak R.	200	192	200
Total NMS- 10	3559	3304	3389
Total EU-25	21920	19478	19349

Note: In addition to sugar produced from beet, there is some production of sugar from molasses in both Germany (9,750 MT in 2003/04) and Austria (23,800 MT in 2003/04). This is accounted for in the centrifugal sugar PSD where it is added to the Beet Sugar Production line, but is not reflected in the above table.

EU Sugar from beet, crop area and yields

	Area (1000's hectares)			Yield (MT raw beet sugar/hectare)		
	2002/03	2003/04	2004/05	2002/03	2003/04	2004/05
Austria	44	43	45	10.70	9.16	10.00
Belgium	98	92	91	11.30	12.02	10.90
Denmark	55	50	48	9.67	10.78	10.00
Finland	32	30	29	5.53	5.01	5.21
France	409	361	347	12.48	11.75	11.84
Germany	459	444	438	9.49	9.16	9.42
Greece	41.5	41	33	7.75	5.37	7.26
Ireland	31	31	31	6.95	7.85	7.28
Italy	246	215	180	6.23	4.55	6.09
Netherlands	109	106	99	10.21	11.05	11.09
Portugal	9	7	8	9.42	8.72	8.62
Spain	114	100	110	11.42	9.87	9.85
Sweden	54	50	48	8.70	9.04	8.42
U.K.	148	140	136	10.46	10.60	10.39
Total EU-15	1850	1710	1643	9.93	9.46	9.71
	2002/03	2003/04	2004/05	2002/03	2003/04	2004/05
Czech R.	78	76	70	7.41	7.29	7.39
Estonia	0	0	0	0.00	0.00	0
Cyprus	0	0	0	0.00	0.00	0
Latvia	16	14	14	5.72	5.14	5.44
Lithuania	29	26	25	5.14	4.58	5.44
Hungary	55	48	67	6.87	5.71	6.38
Malta	0	0	0	0	0	0
Poland	301	286	298	7.49	7.23	6.35
Slovenia	4	5	6	5.68	4.40	5.44
Slovak R.	31	32	35	6.45	6.00	5.7
Total NMS-10	514	487	515	6.93	6.78	6.58
Total EU-25	2363	2197	2158	9.28	8.86	8.97

Note: Area does not include sugar beet grown for other purposes than for sugar, for example, alcohol, but this production is included in the Sugar Beet PSD.

New Member States Production

For MY 04/05, sugar output in the New Member States is revised fractionally down to 3.389 MMT from 3.405 MMT estimated in April. This is around 175,000 MT higher than the combined A and B quotas for the NMS-10. Most of this over quota production is in Poland – with production estimated in 074/05 at 2.0 MMT compared to a quota level of 1.817 MMT. As a consequence, exports of C sugar are forecast to be 200,000 MT, although this sugar could be carried over¹. Subsidized exports are included in the EU-15 balance sheet for 04/05.

	NMS-10		
	02/03	03/04	04/05
Beginning Stocks	1527	1501	1443
Beet Sugar Production	3559	3305	3389
Cane Sugar Production	0	0	0
TOTAL Sugar Production	3558	3305	3389
Raw Imports	7	7	0
Refined Imp. (Raw Val)	305	339	0
TOTAL Imports	312	346	0
TOTAL SUPPLY	5397	5152	4832
Raw Exports	70	10	0
Refined Exp. (Raw Val)	560	460	200
TOTAL EXPORTS	630	470	200
Human Dom. Consumption	3250	3223	3150
Other Disappearance	16	16	16
Total Disappearance	3266	3239	3166
Ending Stocks	1501	1443	1466
TOTAL DISTRIBUTION	5397	5152	4832

Source: FAS/USEU and FAS/NMS Posts estimates.

Note: NMS trade includes trade between different acceding EU countries.

¹ Producers can 'carry-over' up to 20% of the amount of their A quota from one MY to the next. In practice, this means that C sugar (sugar exported outside of the EU without subsidies) becomes the first slice of A quota sugar for the following MY. This obviously reduces the amount of A quota available and would be expected to lead to reduced production in that MY.

Consumption

Consumption of sugar in the EU-25 is estimated to remain static at 17.662 MMT in 2004/05, barely changed from 17.670 MMT and 17.678 MMT in the two previous campaigns. The EU-15 domestic sugar consumption estimates have risen from 14.400 MMT in 2002/03 to 14.485 MMT in 2004/05 due to higher net exports of sugar containing products, which are included in domestic consumption². This is offset by an expected marginal reduction in sugar consumption in the NMS-10 due to higher sugar prices following their accession to the EU in May 2004.

Trade

In October 2004, the [European Commission](#)³ announced that it would be introducing quotas for sugar imports from Serbia, Bosnia and Albania. Sources in Brussels indicate that the quota levels will be 150,000 MT for Serbia, 12,000 MT for Bosnia Herzegovina and 1,000 MT for Albania. No further details on implementation and timing have currently been published. It is also expected that quotas for sugar exports from Croatia and Macedonia to the EU will be created. However, at the moment no indication as to the size of these Tariff Rate Quotas (TRQs) has been circulated. If the Commission propose quotas that are comparable to total sugar production in these countries, they may face opposition from Member State governments in the Council. It is likely that the Member States would prefer to see TRQs granted that are similar in size to the net export capacity of these countries.

EU-25 imports of refined sugar have been revised upwards from 250,000 MT to 550,000 MT on the assumption that these TRQs will be opened during MY 04/05. European Commission working balance sheets for MY 2004/05 assume imports of 500,000 MT (white sugar equivalents) from the Western Balkans region.

Based on Commission estimates of the EU sugar balance sheet for 04/05, the EU would need to export 1.078 MMT of sugar with subsidies (white sugar equivalents)⁴. With the export subsidy level in September being EUR 458/MT, if this level of sugar is exported with subsidies, then the EU will be very close to its export subsidy value limits of EUR 499.1m⁵. If either the world price should drift downwards or the Euro continues to strengthen against the US Dollar, then the Commission may need to revise whether they would need make any quota cuts.

Following EU enlargement, the 10 New Member States (NMS) now have the same tariff regime as the rest of the EU. No significant changes were made to the EU's system of preferential imports due to enlargement, therefore when comparing the current EU-25's level of imports against previous years, figures from the EU-15 should be used.

² Sugar consumption, excluding net exports of sugar containing products, continues to be stable in the EU-15 at around 14.0 to 14.1 MMT.

³

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/1309&format=HTML&aged=0&language=en&guiLanguage=en>

⁴ This does not include the 1.6 MMT of ACP/India equivalent sugar that the EU exports with subsidies.

⁵ 1,077,807 MT of expected exports multiplied by a subsidy rate of EUR 458 equals EUR 493.6m.

Policy

WTO Panel on EU sugar export subsidies

In September, a [WTO Panel](#) requested by Brazil, Australia and Thailand concerning EU export subsidies for sugar found against the EU⁶. The Panel focused on two issues – ACP/India re-exports and C sugar. The WTO Panel found that the 1.6 MMT of ACP sugar that the EU imports per year and exports a corresponding level with subsidies should be counted against its export subsidy commitments. On C sugar, the Panel found that this benefits from a cross subsidization from A and B quota sugar, so that it is effectively a form of export subsidy. This argument draws on the precedent created by the WTO Canada Dairy case.

The European Commission has already announced its intention to appeal against the panel's findings. It is likely that the appeal will be completed by the Spring of 2005. The Panel does not set out how the EU should bring itself into compliance with WTO rules. This remains to either be negotiated with the complainants or could require a WTO compliance panel.

The one aspect of the Panel which did not go against the EU's interests was that no ruling was made as to whether the EU was in breach of the Subsidies and Countervailing Measures (SCM) Agreement. If the Panel had found the EU to be in breach of this, then it would have required the EU to bring itself into compliance in a short timeframe.

Under the current sugar regime, all EU sugar exports would be counted against the EU's WTO export subsidy volume limitations of 1.273 MMT (white sugar equivalent). However, the EU currently exports up to 1.6 MMT of ACP/India equivalent sugar, up to 1.2 MMT of sugar with export subsidies and 2 to 3 MMT of C sugar, totaling 4.8 MMT to 5.8 MMT. Clearly, the EU will have to reduce significantly reduce the quantities of sugar it exports to bring itself into line with its WTO commitments.

EU Agricultural Commissioner Franz Fischler [stated](#): "We are dissatisfied with this ruling and will appeal it. But the EU's appeal will not prevent the EU to plough on with a radical overhaul of its sugar regime. This reform is necessary for internal reasons. It will make the EU sugar sector more competitive and trade friendly."⁷

⁶ http://www.wto.org/english/tratop_e/dispu_e/265r_e.pdf

⁷

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/915&format=HTML&aged=0&language=EN&guiLanguage=en>

Reform of the Sugar Regime

In July, 2004, the European Commission published [proposals](#) for the reform of the EU's sugar regime⁸. The proposals call for price and quota cuts, with beet growers partially compensated for lower beet prices with direct payments. Key aspects are as follows:

Timing

Formal legislative proposals are expected to be tabled towards the end of Spring 2005 once the WTO sugar panel appeal has been finalized. The July proposals call for a three year reform phase-in starting in MY 2005/06. However, this is likely to be pushed back to 2006/07, which coincides with when the current sugar regime expires in June 2006. The three year phase is felt by some operators to be too rapid, so pressure may build to prolong the phase in over perhaps five years. However, with imports from EBA countries due to be fully liberalized in 2008/09, the Commission is likely to try and resist any calls for extending the phase in period⁹.

Price Cuts

The current intervention price will be replaced with a reference price¹⁰. Currently the intervention price is EUR 631.90/MT for white sugar and EUR 523.70/MT for raw sugar. The new reference price will be EUR 421 for white sugar by the end of the reform process. The cut is calculated by the Commission as a 36% price cut based on the current market price of EUR 725 minus sugar levies of EUR 54/MT.

Quota Cuts

The Commission has proposed quota cuts of 2.8 MMT (white sugar equivalent). A and B quotas will be merged and the reductions applied on a pro-rata basis. This would reduce the EU-25 A and B quotas from 17.4 MMT to 14.6 MMT. In addition, around 400,000 MT of sugar currently used in the chemical and pharmaceutical industries will be removed from the sugar regime.

Compensation

Beet growers will be offered direct payments equivalent to around 60% of the beet price reductions they will face. The average level of direct payment will be EUR 555 in the EU-25, with the EU-15 compensation level averaging EUR 585, and EUR 457 for the New Member States¹¹. The total cost of these direct payments will eventually be EUR 1.34 bn for the EU-25. The compensation is likely to be added to the Single Farm Payment (SFP) direct payments introduced with the 2003 CAP Reform. However, it is not clear whether Member States will be able to maintain part of this beet compensation coupled to beet production. In addition, in countries where the SFP will eventually be paid at an equal rate for all types of production, then beet farmers could potentially lose out as beet compensation per hectare is higher than the average SFP.

⁸ http://europa.eu.int/comm/agriculture/capreform/sugarprop_en.pdf

⁹ See GAIN Report E23149 for more details on the EBA scheme.

<http://www.fas.usda.gov/gainfiles/200308/145985702.pdf>

¹⁰ Intervention purchases (The Commission buying up sugar at a set price) has never really been used, so removing this possibility reflects current practice. An as yet unspecified private storage scheme could be set up to replace intervention.

¹¹ Source: European Commission. These calculations assume that compensation is paid on all sugar beet production, including C sugar.

Quota Transfer

One of the most controversial aspects of the reform is to enable the cross border trading of sugar quotas. If quota can be transferred from the least competitive regions of Europe such as Greece and Finland to the lowest cost producers such as France and Germany, then several Member States would effectively cease to produce sugar. At the moment no details have been set out as to how this would operate, so it is difficult to make an assessment of the impact of this proposal. In addition, the issue of whether quotas are owned by processors or beet growers may need some further clarification.

2008 Review

There is a proposal to review the levels of prices and quotas in 2008. While it is standard procedure for reforms to have review clauses, it also gives the Commission the possibility to continue the reform in several years.

International Aspects

The proposals maintain the commitments to ACP and LDC countries, though the guaranteed minimum price for raw sugar will eventually be reduced to EUR 329/MT. At this price, the EU will be a much less attractive market. It is doubtful whether any of the ACP countries could export sugar to the EU at this price without reforming their sugar sectors. The reduced EU sugar price means that these countries will lose significant benefits from their current concessions. The ACP countries are currently actively lobbying the EU. The EU is unlikely to compensate the ACP producers directly, though there may be some form of development aid channeled to help restructuring and diversification in the ACPs.

The EBA countries¹² have asked that the current raw sugar quota be maintained until 2015/16 and that a second TRQ be opened in 2004/05 for 466,033 MT, rising by 15% per year to reach a maximum of 1,425,033 by 2012/13. This would replace the EU's commitment to fully liberalize imports from EBA by 2008/09.

Industry Aspects

For beet processing factories which will close within the first five years of the reform, EUR 250/MT of sugar quota will be provided through joint financing between the EU and Member States. Their quota would then be cancelled. This is to fund the costs of redeploying the workforce and restoring the 'good environmental condition' of the factory site. Processing industry sources have criticized this figure as being way below actual costs that could be incurred.

Isoglucose

Isoglucose, i.e. High Fructose Corn Sweetener (HFCS), quotas would be allowed to increase from the current level of 500,000 tons by 100,000 tons for three consecutive years. While sugar quotas are maintained, the EU will likely continue to limit

¹² EBA – or Everything but Arms – is a package to provide tariff free access to EU markets for all goods, except armaments. The beneficiaries are the 48 Least Developed Countries, generally the poorest, small (under 75 million population) countries who are dependant on no more than one commodity for the bulk of their exports.

Isoglucose production, particularly as if this sector were to be liberalized it would provide significant competition to the sugar sector.

Budget costs

The reform package will have to be more or less budget neutral, which means that the only money available is that already spent on the sugar regime, currently EUR 1.7 bn.

Sugar Expenditure in the EU Budget, 2004 Appropriations, Euro Millions

Export refunds for sugar and isoglucose	1,285m
Production refunds on sugar used in the chemical industry	194m
Refunds on non-Annex 1 Products (sugar)	183m
Measures to aid the disposal of raw sugar	18m
Adjustment aid for the refinery industry	41m
Total	1,721m

For the 2005 budget, EUR 1,815 m has been allocated to sugar, an increase of 5.5% (EUR 94m) over 2004. The increase is linked to enlargement and higher expected export subsidies.

Commission estimates of the impact of the sugar reform, EU-25

	Base	05/06	06/07	07/08	08/09
Prices, EUR					
Cumulated price cut		20%	20%	33%	33%
Reference Price	631.9	506	506	421	421
Quantities, MMT					
Consumption	16.3	16.1	16.1	16.1	16.1
Quota	17.4	16.1	15.6	15.1	14.6
EU production under quota	17.3	16.0	15.5	15.0	14.5
Total Imports	1.9	1.9	1.9	2.0	2.4
ACP/India	1.3	1.3	1.3	1.3	1.3
EBA/SPS	0.2	0.2	0.2	0.3	0.7
MFN	0.1	0.1	0.1	0.1	0.1
Balkans	0.3	0.3	0.3	0.3	0.3
Exports	2.9	1.8	1.3	0.9	0.8
Non Annex 1	0.4	0.4	0.4	0.4	0.4
With Subsidies	2.5	1.4	0.9	0.5	0.4

Source: European Commission

Note: All quantities are in white sugar equivalents. C sugar is not represented in the above balance sheet, which only represents in quota production. In recent years, C sugar production in the EU-15 has been around 2 to 3 MMT, which is then exported without subsidies. The above estimates are based on assumptions that the Doha Round will lead to similar tariff and export subsidy reductions to the Uruguay Round – 20% tariff cuts and 36% reduction in export subsidy expenditure. Non-Annex One products are processed food products, so this accounts for sugar exported in, for example, biscuits.

Annex One - Balance Sheets for EU-15, NMS-10 and EU-25

Centrifugal Sugar Balance Sheets for EU-15, NMS-10 and EU-25

	EU-15			NMS-10			EU-25		
	02/03	03/04	04/05	02/03	03/04	04/05	02/03	03/04	04/05
Beginning Stocks	2717	3732	3256	1527	1501	1443	4244	5233	4699
Beet Sugar Production	18405	16211	16007	3559	3305	3389	21964	19516	19396
Cane Sugar Production	266	295	288	0	0	0	266	295	288
TOTAL Sugar Product'n	18671	16506	16295	3558	3305	3389	22230	19811	19684
Raw Imports	1613	1820	1820	7	7	0	1620	1827	1820
Refined Imp.(Raw Val)	423	245	550	305	339	0	728	584	550
TOTAL Imports	2036	2065	2370	312	346	0	2348	2411	2370
TOTAL SUPPLY	23424	22303	21921	5397	5152	4832	28822	27455	26753
Raw Exports	3	3	3	70	10	0	73	13	3
Refined Exp.(Raw Val)	5278	4613	4171	560	460	200	5838	5073	4371
TOTAL EXPORTS	5281	4616	4174	630	470	200	5911	5086	4374
Human Dom. Cons'n	14400	14420	14485	3250	3223	3150	17650	17643	17635
Other Disappearance	11	11	11	16	16	16	27	27	27
Total Disappearance	14411	14431	14496	3266	3239	3166	17678	17670	17662
Ending Stocks	3732	3256	3251	1501	1443	1466	5233	4699	4717
TOTAL DISTRIBUTION	23424	22303	21921	5397	5152	4832	28822	27455	26753

Note: For 2002/03 and 2003/04, NMS trade includes trade among different acceding EU countries, as well as trade between the EU-15 and the NMS for the EU-25. For 2004/05, trade between the EU-25 and the rest of the world has been allocated to the EU-15, apart from 200,000 MT exports from the NMS-10 equivalent to the predicted level of B and C sugar production in the NMS-10. It is also assumed that all EU-15 and NMS-10 occurs with third countries, i.e., there is no intra-EU trade recorded in the above estimates.

Sugar Beet Balance Sheets for EU-15, NMS-10 and EU-25

	EU-15			NMS-10			EU-25		
	02/03	03/04	04/05	02/03	03/04	04/05	02/03	03/04	04/05
Area Planted	1900	1781	1668	514	494	499	2413	2275	2167
Area Harvested	1900	1781	1668	514	494	499	2413	2275	2167
Production	117681	100972	102437	22954	19751	21937	140635	120723	124374
TOTAL SUPPLY	117681	100972	102437	22954	19751	21937	140635	120723	124374
Utilization for Sugar	114297	96974	98567	22954	19751	21937	137251	116725	120504
Utilizatn for Alcohol	3385	3998	3869	0	0	0	3385	3998	3869
TOTAL UTILIZATION	117681	100972	102437	22954	19751	21937	140635	120723	124374

Source: FAS/USEU Estimates