1. The history of sugar industry on Polish soil
2. Sugar industry in Poland after 1989
3. Sugar quota system in the EU with regard to the market protection mechanisms
4. Sugar production worldwide
The history of sugar industry on Polish soil
The history of sugar industry on Polish soil (I)

1801
The world’s first factory to produce sugar from sugar beet was established on Polish soil in Konary (Lower Silesia). It was founded by a German chemist, Franz Karl Achard.

1826
The first sugar factory in the Kingdom of Poland opened its doors. It was built in Częstocice by count Henryk Łubieński.
The history of sugar industry on Polish soil (II)

- **1826-1914**
  Gradually, as technology developed, small primitive sugar factories started to evolve into large industrial sugar plants. Before the outbreak of World War I there were 101 factories producing sugar on Polish soil.

- **1918-1939**
  Some sugar factories were closed, but new ones were established in their place (there were 61 active plants in total). Sugar industry was one of the most vibrant branches of agro-industry.

- **1945-1989**
  After World War II, during which the industry had suffered heavy losses, attempts were made to restitute its power under planned economy, centrally managed by the communist government. Lack of rational management, high manufacturing costs, low work efficiency and primacy of politics over economy caused sugar production in Poland to be state-subsidized from the mid-1970s until the end of communism.
The history of sugar industry on Polish soil (III)

- **1990-2013**
  Last two decades have certainly been one of the most dynamic periods for Polish sugar industry, seeing ownership and structural changes, but also legal context transformation (from centralised economy to Poland’s joining the EU). The change of political system opened up various opportunities and involved a number of significant changes, eg. legal, organisational, technological.
Sugar industry in Poland after 1989
Sugar industry in Poland after 1989 (I)

Number of factories in 1989 – 78

Changes in the sugar industry (1989-2013)

- First attempts to privatize factories were only partially successful
- Some sugar factories went bankrupt due to difficult economic situation of the sector
- New privatisation formula within 4 sugar holding companies
- Opening of the Polish market to international investors
- Closures of unprofitable plants and concentration of production
- 2005 reform of the sugar regime – deep restructuring from 2006 to 2010
Sugar industry in Poland after 1989 (II)

2005 reform of the sugar regime

**BEFORE** ↔ **REFORM** → **AFTER**

- Production (x 1,000,000 t): ~2,0 → ~1,7
- Consumption (x 1,000,000 t): 1,6 → 1,6
- Import (x 1,000 t): 60 → 250
- Export (x 1,000 t): 750 → 200
- Quota (x 1,000,000 t): 1,67 → 1,4
- Beet area (x 1,000 ha): 282 → 193
- Number of growers (x 1,000): 71 → 36
- Number of factories: 40 → 18

**Poland - net sugar importer**

8 sugar factories closed under restructuring scheme pursuant to EU provisions

+ sugar factories closed outside the EU restructuring scheme
Sugar industry in Poland after 1989 (IV)

Number of factories in 1989 – 78

Krajowa Spółka Cukrowa – 7 factories
Suedzucker – 5 factories
Pfeifer & Langen – 4 factories
Nordzucker – 2 factories

Number of factories in 2013 – 18
Sugar industry in Poland after 1989 (V)

**Sugar beet area in Poland 1990-2012**
[tho. t]

**Sugar beet yield in Poland 1990-2012**
[t/ha]

**Sugar beet yield in Poland 1990-2012**
[t/ha]

**Sugar production in Poland 1990-2012**
[tho. t]
Sugar quota system in the EU
with regard to the market protection mechanisms
Current sugar market management mechanisms in the EU

- sugar and isoglucose quotas, withdrawal of sugar from the market
- subsidising private sugar storage
- export refunds
- measures in the event of disruption of sugar prices on the internal market (release of out-of-quota production onto the EU market, additional import) - Art. 186, Council Regulation (EC) No 1234/2007
- market protection against imports from outside of the EU (customs, additional import duties, quotas)
- inward and outward processing relief
- import of 2.5 m t to refineries
Sugar market share and allocated production quota (I)
2012/2013 campaign

Quotas per Member State 2012/2013
## Sugar market share and allocated production quota (II)

### 2012/2013 campaign

<table>
<thead>
<tr>
<th>Capital group</th>
<th>2011/2012</th>
<th>2012/2013</th>
<th>Market share [%]</th>
</tr>
</thead>
<tbody>
<tr>
<td>KSC</td>
<td>549 632</td>
<td>549 632</td>
<td>39,10%</td>
</tr>
<tr>
<td>Pfeifer &amp; Langen</td>
<td>371 621</td>
<td>371 621</td>
<td>26,44%</td>
</tr>
<tr>
<td>Suedzucker</td>
<td>351 870</td>
<td>351 870</td>
<td>25,03%</td>
</tr>
<tr>
<td>Nordzucker</td>
<td>132 485</td>
<td>132 485</td>
<td>9,43%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1 405 608</strong></td>
<td><strong>1 405 608</strong></td>
<td><strong>100,00%</strong></td>
</tr>
</tbody>
</table>

### Sugar market share in Poland

- **Nordzucker**: 9,43%
- **Suedzucker**: 25,03%
- **Pfeifer & Langen**: 26,43%
- **Krajowa Spółka Cukrowa**: 39,10%
EU sugar market regulation system aspects that significantly influence the market

- approved sugar and isoglucose producers only
- minimum sugar beet price (26,29 EUR/t)
- reference price
  - white sugar – 404,4 EUR/t,
  - cukier surowy – 335,2 EUR/t
- production fee
- sugar surplus fee
- agreements between sugar manufacturers and beet growers
- pre-sowing written contracts
EU market protection from import

Duties:

- beet sugar and raw cane sugar for refineries
  - 339 euro/t
- white sugar
  - 419 euro/t
Sugar production worldwide
Sugar production worldwide

- Cane sugar
- Beet sugar
Major sugar producers in 2012/2013

- Brasil: 22%
- India: 15%
- China: 8%
- UE - 27: 10%
- Thailand: 6%
- USA: 5%
- Mexico: 3%
- Russia: 3%
- Pakistan: 3%
- Australia: 2%
- Other: 23%
EU and world prices – EU report

EU Reference price and EU market price for white sugar compared with World price London No5 (first future in $/t - €/t)

- 632 €/t
- 541 €/t
- 404 €/t
- 725 €/t
Challenges for EU sugar industry after 2017

- need for further, intense development of sugar production
- growth of competitiveness in production
- reduction of administrative burdens impeding the development of the industry
- working out the model of cooperation between beet growers and sugar producers that would strengthen the competitiveness of Polish sugar industry on the EU and world sugar market
- exploring the possibilities that would enable to better use the potential of production sector
Thank you