

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Italy

**Post:** Rome

### Italian Sugar 2011

**Report Categories:**

Sugar

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**Report Highlights:**

MY 2011/2012 sugar beet area is estimated at 50,000 hectares (ha), 21 percent down from the previous MY due to the elimination of CAP payments, increasing prices of other crops (mainly corn), heavy rains that occurred during the sowing period, and to early spring frosts. MY 2010/2011 Italian beet sugar production decreased to 440,000 MT due to severe weather conditions as well as to the *cercospora* blight.

## General Information:

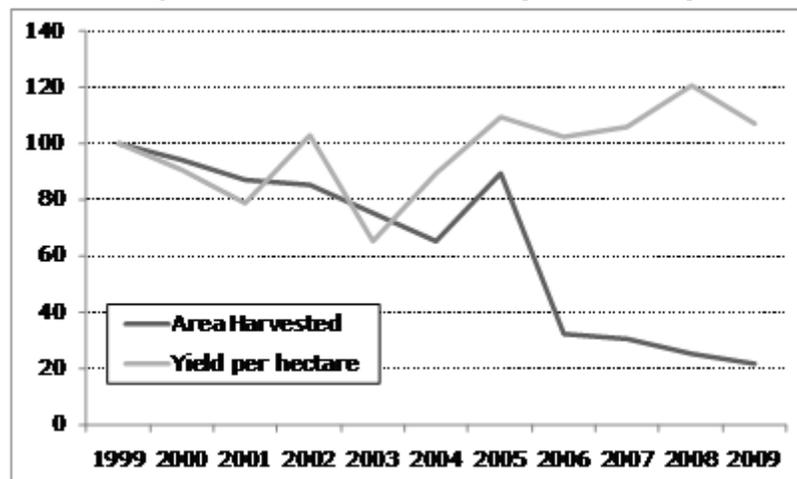
### Production, Supply and Demand of sugar

Sugar	2009/2010	2010/2011	2011/2012
	MY begin 10/2009	MY begin 10/2010	MY begin 10/2011
	Current post data	Current post data	Current post data
Planted area	61	63	50
Sugar beet production	3,307	3,550	2,800
Beginning Stocks	0	0	0
Beet Sugar Production	509	440	400
Raw Imports	52	55	60
Refined Imp.(Raw Val)	1,418	1,500	1,600
Total Imports	1,470	1,555	1,660
<b>Total Supply</b>	<b>1,979</b>	<b>1,995</b>	<b>2,060</b>
Raw Exports	6	5	6
Refined Exp.(Raw Val)	40	45	30
Total Exports	46	50	36
Human Dom. Consumption	1,932	1,945	2,024
Other Disappearance	0	0	0
Total Use	1,932	1,945	2,024
Ending Stocks	0	0	0
<b>Total Distribution</b>	<b>1,979</b>	<b>1,995</b>	<b>2,060</b>

### General information

The implementation of the new EU Common Agricultural Policy (CAP) for the sugar sector resulted in a significant reduction of subsidies to both farmers and refineries, which led to the closure of most sugar refineries (15 plants shut down) and a drop in the number of sugar beet growers. As a result, sugar beet area and production dramatically dropped. Currently only 4 plants refine sugar in Italy (3 in the north and one in the south) and overall domestic white sugar production covers less than one third of domestic production.

### Italian Sugar Beet Area and Yield (1999=100)



Source: Faostat.

## Production

MY 2011/2012 sugar beet area is estimated at 50,000 hectares (ha), 21 percent down from the previous MY due to the elimination of CAP payments, increasing prices of other crops (mainly corn), heavy rains that occurred during the sowing period, and to early spring frosts. Although the Italian government budgeted aid for the sugar beet industry for both MY 2009/10 and 2010/11, this aid has not been paid yet to refiners or farmers, increasing uncertainty and disincentives. For MY 2011/12, farmers and sugar companies have agreed to establish a price of €39.7/MT in the north and €45/MT in the south, which should make sugar beet growing still profitable. This price includes €26.29/MT processor price for raw beet, € 3/MT refinery's integration, €4.51/MT per Article 68 (EU Reg 73/2009), and €5.90/MT if the sugar beet pulp goes for bioenergy use (biogas plants). No bioethanol is produced in Italy from sugar beet derivatives.

MY 2010/11 Italian beet sugar production is estimated at 440,000 MT, down 13.5 percent from previous MY. Severe weather conditions occurred during most of the growing season and the *cercospora* blight significantly damaged both the quality and quantity of the crop, especially in the North of Italy. Heavy rains and hard frosts occurred in March and forced farmers to delay sowing.

Rain also negatively affected the crop in May, causing water stagnation, and again in August, which reduced sugar content. As a consequence, the average sugar content was 14.59 percent while sugar beet yield per hectare did not increase as is typical when sugar content is low.

Average sugar yield is down to 7 MT/ha compared to 8.4 MT/ha in MY 2009/10. Despite low yields, beet production in MY 2010/11 was marginally profitable as prices were above €40/MT.

## Consumption

Sugar consumption has increased in Italy in the last few years and currently fluctuates between 1.9 MMT and 2 MMT.

## Trade

Italy imports around 70 percent of its domestic demand due to the declining production trend. In MY 2009/2010 Italy imported approximately 1.5 MMT of sugar, almost 25 percent more than the previous year. About 95 percent of imports consist of refined sugar, mainly from other EU MSs, including France, Germany and the UK. Italian sugar exports are minor and totaled 46,000 MT in MY 2009/2010.

### Italian Refined\* Sugar Imports ('000 MT)

	2008/2009	2009/2010	Oct-Dec 2009/2010	Oct-Dec 2010/2011
EU-27	955	1.078	274	235
Germany	366	467	124	107
France	380	393	88	103
United Kingdom	170	127	43	9
Slovenia	1	22	3	7
Austria	17	20	3	5
Poland	0	15	0	1
Denmark	3	13	5	0
Extra EU-27	76	130	15	53
Mauritius	0	71	0	37
Swaziland	23	23	3	6
United Arab Emirates	8	10	5	0
<b>World</b>	<b>1.031</b>	<b>1.208</b>	<b>289</b>	<b>288</b>

\*HS code 170199, not expressed in RSE

Source: GTA.

In this report, all sugar is in raw sugar equivalent (RSE) unless otherwise noted.

The PSD in this report only pertains to sugar as defined by HS 1701. It hence excludes sugar beet production destined for fermentation or other industrial purposes.

Conversion factors and methods used in this report:

MY = marketing year for sugar October- September

Raw cane sugar = 1,07 X Refined cane sugar

Raw beet sugar = 1,087 X White (refined) beet sugar