



# International Sugar Organization

**INTERNATIONAL SUGAR COUNCIL  
C(08)05**

**(Restricted)  
(English Only)**

**6<sup>th</sup> October 2008**

## **Draft Year 2009 MECAS Work Programme**

The attached Draft 2009 MECAS Work Programme is circulated to Council Members.

This document will be considered by the Administrative Committee on 20<sup>th</sup> November, 2008. Any further recommendations at that meeting concerning the Draft 2009 MECAS Work Programme will be reported to Council at its meeting on 21st November.

## Draft Year 2009 MECAS Work Programme

### Introduction

The Executive Director proposes to conduct a programme of work for the Market Evaluation, Consumption and Statistics Committee (MECAS) as presented in this document for the year 2009.<sup>1</sup> The MECAS programme is undertaken in addition to the Secretariat's substantial regular commitments (see Annex 1 and 2).

There are three components to MECAS activities, including:

- The Quarterly Market Outlook;
- ISO studies; and
- On-going monitoring of specific issues.

Activities proposed during 2009 for each of these components are presented below.

### Quarterly Market Outlook

*The Quarterly Market Outlook* (one issue each quarter) provides analysis of recent and expected trends, developments and issues in the world sugar, ethanol, alternative sweeteners, and molasses markets, as well as updates and commentary on the WTO negotiations on Agriculture and on Regional Trade Agreements. Each issue provides timely analysis and review of:

- world sugar and fuel ethanol price behaviour;
- currency movements and domestic prices for sugar and ethanol;
- national sugar policy developments (twice yearly);
- trade developments;
- world sugar balance including individual estimates for 160 countries
- consumption, production, and trade in ethanol, developments in national fuel ethanol programs, as well as ethanol feedstock price developments;
- consumption, production, trade and stocks of sugar, alternative sweeteners and their feedstocks and molasses;
- analysis of the most focal issues (*Special Focus* section);
- the price dynamics of other commodity markets; and
- the WTO Negotiations on Agriculture and Regional Trade Agreements.

The content of the Quarterly Market Outlook will be a focus of attention at the twice yearly MECAS Meetings, along with the ISO studies.

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<sup>1</sup> Article 33 of the 1992 International Sugar Agreement establishes MECAS. Paragraphs 2 and 3 of article 33 outline the scope of the work to be undertaken by the Committee, while paragraph 4 states that the Council shall consider each year a draft forward work programme.

## ISO Studies

The ISO Secretariat has adopted the target of preparing six studies in 2009, consistent with our expected resource level (as discussed later).

### Selection of Studies

ISO studies are prepared to meet two key outcomes crucial to the achievement of our strategic direction:

- Members benefit from improved transparency in world sugar trade; and
- Members are fully informed about key drivers and emerging issues impacting the world sugar and sweeteners economy, as well as related markets, particularly ethanol.

All of the proposed study topics for 2009 were identified as meriting additional research and analysis in the ISO's first major study under its new strategic direction: "Key Drivers of the World Sugar Economy" – MECAS (02)08.

ISO studies are therefore aimed at providing members with objective, factual, professional and timely assessments of developments relating to the key drivers of the world sugar economy.

Even so, each year the ISO Secretariat also consults with members in devising the priority listing of research topics, which for 2009 are given in Annex 3.

At each MECAS meeting, the studies to be undertaken from this list for the upcoming MECAS meeting will be discussed. This approach is taken because the sugar market is dynamic and developments are often unforeseeable over the medium term. The approach also ensures that the ISO does not lock itself into research topics, which may become no longer relevant.

### On-going monitoring of specific issues

The ISO also maintains a watching brief on specific issues on an on-going basis, reporting relevant information to members as they arise, and as resources allow, including:

- (a) **Sugar, Human Health and Nutrition**
  - To survey, review and disseminate information evaluating the nutritional and health aspects of sugar, with a view to reducing public prejudice against sugar, facilitating promotion of consumption.
  - To provide members with up-to-date information in conjunction with relevant WHO activities.
  - To provide members with worldwide trends in per capita sugar consumption in the context of calorie intake and health issues.

- (b) **Sugar and the Environment**
- To monitor environmental issues and their possible impacts on the sugar industries of member countries.
- (c) **Foreign investment**
- To monitor the flows of foreign investment in a globalising world sugar economy.
- (d) **Freight**
- To monitor developments in the ocean freight market.

Issues which have been so far regularly monitored, like carbon credits and the Clean Development Mechanism, organic sugar, sugar fortification and sugar promotion, are not prioritised for 2009.

## Resource Availability and Requirements

Professional staff time available including the three economists during 2009 is 138 weeks – as shown in the table below. Of this total, 48 weeks are anticipated to be required to effectively execute regular activities (see annex 1 for a description of these activities), but excluding the preparation of the Quarterly Market Outlook which is accounted for under MECAS-related activities. At 86 weeks, human resources available for MECAS activities in 2009 are the same as in the five previous years.

<b>Activity</b>	<b>Person Weeks</b>
<b>Regular and other Commitments</b> (except Quarterly Market Outlook )	<b>48</b>
<b>MECAS</b>	<b>86</b>
Quarterly Market Outlook	37
ISO Studies	46
ON-going monitoring	3
<b>Other Activities</b>	<b>4</b>
<b>TOTAL</b>	<b>138</b>

## Annex 1

## Regular Commitments 2009

Activity	Objective	Output	Timing of Release
Sugar Statistics	To compile exhaustive, accurate statistics on key economic variables in the world sugar economy and to disseminate such data on a timely basis.	ISO Year Book. Monthly Statistical Bulletin.	September. Around the 5th day of each month (statistics relating to the previous month).
Sugar Market Monitoring and Analysis	To conduct timely, objective, relevant analyses of economic developments and trends in the world sugar trade, and to widely disseminate this market information.	Quarterly Market Outlook. Monthly Market Report & Press Summary.	February, May, August, November. Around the 10th day of each month (information relating to the previous month).
Ethanol market and national fuel ethanol programmes monitoring and analysis	To conduct timely, objective, and relevant analyses of trends and developments in ethanol production, consumption, trade and national support policy, and to widely disseminate this market information.	Quarterly Market Outlook. Monthly Market Report & Press Summary.	February, May, August, November. Around the 10th day of each month (information relating to the previous month).
Ethanol Statistics	To compile exhaustive, accurate statistics on key economic variables in the world sugar economy and to disseminate such data on a timely basis.	Ethanol Supplement to the ISO Year Book.	September.

## Regular Commitments 2009 cont'd

Alternative Sweeteners & By-products monitoring and analysis  - High Fructose Corn Sweetener - Intensive Sweeteners - Molasses	To conduct timely, objective, relevant analyses of economic developments and trends in the world markets for alternative sweeteners and molasses, and to widely disseminate this market information	Quarterly Market Outlook.  Monthly Market Report & Press Summary.	February, May, August, November.  Around the 10th day of each month (information relating to the previous month).
WTO/RTA/FTA monitoring and analysis	To conduct timely, objective, relevant analyses of the WTO negotiations on agriculture and progress of Regional Trade Agreements and Free Trade Agreements and to widely disseminate this market information.	Quarterly Market Outlook.  Monthly Market Report & Press Summary.	February, May, August, November.  Around the 10th day of each month (information relating to the previous month).
ISO Seminar and Workshop	To conduct a seminar and workshop each year addressing relevant and important issues in the world sugar trade and related matters.	ISO Seminar and proceedings.  ISO Workshop and proceedings.	November (Proceedings in January).  May (Proceedings in July).
ISO Council Sessions	To meet obligations of the ISA 92 and to ensure performance of all functions necessary to carry out the provisions of the Agreement.	International Sugar Council Sessions' and supporting documents.  Administrative Committee Meetings' and supporting documents.	May/June and November.  May/June, October and November.
MECAS Meetings	To provide new economic information about the world markets for sugar, fuel ethanol, alternative sweeteners, and by-products.	MECAS Meetings and MECAS Papers.	May/June and November, in conjunction with International Sugar Council Sessions.

## Other Activities for 2009

Activity	Objective	Output	Timing
Database maintenance/enhancement	To ensure software and programming support for the efficient collation of statistics and the production of publication-ready tables.	Contributes to production of ISO Year book and Monthly Statistical Bulletin.	As required.
Common Fund for Commodities	Strengthen relations with CFC Secretariat.  Assist in preparation of project proposals for submission to the CFC, in accordance with the CFC's Programme Approach.  To conduct mid-term reviews and final evaluations of active CFC projects.	One or more sugar development projects approved by CFC for financing.  Mid-term review and final evaluation reports as appropriate.	As appropriate, depending of timing of the 2 meetings of the Consultative Committee of the CFC (typically January and July).
Joint Events: Planning, organisation and execution.	To prominently position the ISO and increase its visibility.	To strengthen the ISO's image and reputation as the worldwide recognised centre of excellence	As required.
Preparation of papers/speeches for major international fora	Constructive participation and contributions to world sugar and ethanol related fora.  Wide dissemination of ISO studies and statistics.	ISO papers and speeches.	As required/invited.
General matters, administration, information requests	To ensure efficient and effective operation of the ISO Secretariat and the ISA'92.	Meet provisions of the ISA'92.	As required.

## Annex 2: Summary of Planned Publications: 2009

Publication	J	F	M	A	M	J	J	A	S	O	N	D
ISO Sugar Year Book 2009									●			
Monthly Market Report and Press Summary	●	●	●	●	●	●	●	●	●	●	●	●
Quarterly Market Outlook		●			●			●			●	
World Sugar Balances		●			●			●			●	
Statistical Bulletin	●	●	●	●	●	●	●	●	●	●	●	●
Workshop Proceedings 2009						●						
Seminar Proceedings 2008	●											
ISO study 1					●							
ISO study 2					●							
ISO study 3					●							
ISO study 4											●	
ISO study 5											●	
ISO study 6											●	
ISO Work Programme: 2010										●		

### Annex 3: Proposed Topics for ISO Studies in 2009.

Project Number	Title	Objective	Explanatory Notes	Minimum Person Weeks
2009/1	<b>Cogeneration – opportunities in the world sugar industry</b>	To review existing and planned power cogeneration capacity in sugar sectors all over the world with a view to assessing its potential to improve revenue streams..	The rising cost of energy and the immense growth of power demand, in particular, in developing countries make cogeneration- the combined generation of steam and electricity- an efficient and cost-effective means to save energy, reduce pollution and generate additional income for the sugar industry.	7
2009/2	<b>Domestic sugar prices - a survey</b>	To identify and analyze the key factors determining the level and dynamics of domestic prices for sugar, as well as to investigate links between world and domestic prices.	The last time the ISO conducted a survey of domestic prices in 2003. The new study will generate a reference paper on domestic prices for sugar during the current decade. The study will also assess how the recent boom for food prices on both international and national levels have affected prices for sugar.	7
2009/3	<b>Food Security and sugar and ethanol production</b>	<p>To ascertain the impact of sugar crop production growth on land use, prices of other crops and food commodities inflation.</p> <p>To identify the key short term and longer term drivers underlying rising food prices, including the impact of biofuels, with a view to understanding the relative role of sugar and sugar crop based ethanol on trends in future global food security.</p>	Trends in world food security have become paramount during 2008, sparking considerable controversy over the reasons for a surge in food commodity prices and in particular the contribution of rising biofuels production to relatively low grains stocks and rising prices. The contribution of sugar and sugarcrop based fuel ethanol to the emotive food vs fuel and food security debate will be established.	7

2009/4	<b>GM Beet and Cane – prospects in a new market environment.</b>	In this paper the key issues surrounding transgenic sugar from a producer and consumer perspective are identified and discussed with a view to assessing the potential rate of adoption of GM beet and cane in major sugar producing countries.	The ISO's last MECAS study on GMO sugar was in 1999. At that time commercial transgenic varieties of sugar beet were already a reality. However fearful of consumer resistance it is only now that US growers have quickly adopted Round up resistant GM beet – planting more than half of US beet areas in 2008 Furthermore, in 1999 several key producing and exporting cane sugar countries were noted as having embraced gene transfer technology to varying extents, but commercial varieties remained 2-3 years away. Has the emotionally charged consumer resistance to GMO's waned sufficiently for commercialisation of GM cane varieties?	9
2009/5	<b>Future prospects for Brazil's competitiveness in sugar &amp; ethanol</b>	To assess the future competitiveness of Brazil's sugar and ethanol industry, in particular how it could impact on sugar and ethanol production, and export availability. To evaluate the outlook for Brazil's cost-competitiveness in the cane sector, if possible by comparing it to other crops and other major country producers.	This paper will provide an update and extension of a 2006 paper on Brazil, which quantified the capacity expansion and new investments in Brazil's cane sector. The 2009 paper will also analyze developments in the country's cane sector as opposed to other crops, as well as emerging issues and their impact on sugar and ethanol production costs, such as second generation ethanol, new cane varieties, the impact of mechanized harvesting, changes in environmental and labour conditions, infrastructure bottlenecks etc.	7
2009/6	<b>The international physical trade of sugar: a survey</b>	To produce a survey on the major shipping routes/ vessel types by region and type of sugar as well as to investigate the link between freight rates, sugar refining and trade flows in a changing world sugar economy.	The paper should generate a reference paper on the international physical trade of sugar, by providing combined updates to a 2005 paper on freight rates, a 2005 paper on sugar refining as well as a 2006 paper on the product structure and pricing of physical	9

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			sugar. In addition, the paper should consider changes in trade routes as a result of variations in regional premiums and trade policies.	
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