



International Sugar Organization

INTERNATIONAL SUGAR COUNCIL

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Year 2010 Draft MECAS Work Programme

The attached Year 2010 Draft MECAS Work Programme is circulated to Council Members. This document will be considered by the Administrative Committee on 26th November, 2009. Any further recommendations at that meeting concerning the Year 2010 Draft MECAS Work Programme will be reported to Council at its meeting on 27th November.

Year 2010 Draft 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 2010.¹ 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 2010 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.

¹ 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 2010, 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 2010 were identified as meriting additional research and analysis in the ISO's first major study under its 2001 strategic direction: "Key Drivers of the World Sugar Economy" – MECAS (02)08.

ISO studies are aimed at providing members with objective, factual, professional and timely assessments of developments relating to the key drivers impacting the sugar, sweeteners, fuel ethanol and related markets.

Even so, each year the ISO Secretariat also consults with members in devising the priority listing of research topics, which for 2010 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, sweeteners, and sugar-crop based renewable energy markets are 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 2010.

Resource Availability and Requirements

Professional staff time available including the three economists during 2010 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 2010 are the same as in the six previous years.

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

Annex 1

Regular Commitments 2010

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.
Analysis of related issues and markets	To conduct timely and relevant analysis of currency moments, domestic prices, related markets and commodities and to widely disseminate this 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).

Regular Commitments 2010 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 2010

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: 2010

Publication	J	F	M	A	M	J	J	A	S	O	N	D
ISO Sugar Year Book 2010									●			
Monthly Market Report and Press Summary	●	●	●	●	●	●	●	●	●	●	●	●
Quarterly Market Outlook		●			●			●			●	
World Sugar Balances		●			●			●			●	
Statistical Bulletin	●	●	●	●	●	●	●	●	●	●	●	●
Workshop Proceedings 2010						●						
Seminar Proceedings 2009	●											
ISO study 1					●							
ISO study 2					●							
ISO study 3					●							
ISO study 4											●	
ISO study 5											●	
ISO study 6											●	
ISO Work Programme: 2011										●		

Annex 3: Proposed Topics for ISO Studies in 2010.

Project Number	Title	Objective	Explanatory Notes	Minimum Person Weeks
2010/1	World Sugar Demand Outlook	To review the drivers impacting world sugar demand in view of deriving projections for world and regional sugar consumption by 2020.	The ISO consumption model was developed in 2004 and last updated in 2006. This study will provide an update to the income and population elasticities of demand worldwide and by region as well as quantify the relationship between other emerging drivers and world/regional sugar consumption growth.	10
2010/2	Central America/ Caribbean Sugar and Ethanol Prospects	Case study to explore market opportunities for the sugar industries in this growing producing region as well as ascertain the current and future role of Central-America in the world sugar and ethanol trade.	Central America is a major sugar net exporting region, with Guatemala consistently featuring among the world's top exporters. Central America is also a major hub in the world trade of ethanol, and opportunities regarding future further diversification of the regional industry into home-grown ethanol production as well as cogeneration are to be covered by the study.	7
2010/3	GM Beet and Cane – prospects in a new market environment.	To identify and assess the key issues surrounding transgenic sugar from a producer and consumer perspective with a view to assessing the potential rate of adoption of GM beet and cane in major sugar producing countries.	<p>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 recently that US growers have adopted Round up resistant GM beet.</p> <p>Furthermore, several key producing and exporting cane sugar countries have embraced gene transfer technology to varying extents. Has the emotionally charged consumer resistance to GMO's waned sufficiently for commercialisation of GM cane varieties?</p>	7

2010/4	Industrial and Direct Consumption of Sugar – an International Survey	To review the changing structure of sugar consumption of individual countries with a view to identify long-term trends and drivers of direct and industrial consumption of sugar.	For the time being there is no coherent data on the structure of sugar consumption in different countries. The new study will generate a reference paper on the sugar use structure which could be later use for enhancing our understanding of key drivers of consumption and possible demand responses to higher world market prices.	8
2010/5	World Trade of Raw and White Sugar – recent trends and prospects	To examine long-term trends and drivers of white and raw sugar trade flows, to prepare a proper database for forecasting white/raw sugar trade balances.	The new study will be a preparatory paper which will allow introducing white/raw sugar trade balances as a permanent feature of the QMO.	7
2009/6	Ethanol prices and drivers – a world survey	To identify and assess price discovery for fuel ethanol in major producing countries.	There are significant differences in the level and dynamics of fuel ethanol prices among major producers. Key drivers impacting price dynamics will be examined including amongst others, market structure, government incentives and institutional arrangements, feedstock price variability, and industry scale.	7