


International Sugar Organization

1 Canada Square
Canary Wharf
London E14 5AA

EXECUTIVE DIRECTOR

**Press Release(22)22
(English only)**

21 June 2022

Various sugar related articles

The Executive Director would like to draw your attention to the articles below all of which are relevant to the sugar sector.

ED & F Man Daily

Brace for even higher sugar prices, Europe's top producer warns – *Bloomberg* - European sugar prices will keep climbing as producers pass on higher costs and supplies remain tight, the region's top sugar company said. Farmers and processors are being squeezed by bigger energy bills and higher costs for important inputs like fertilizers. At the same time, output is being threatened by beet growers switching to crops such as grains and oilseeds that have become more profitable following the war in Ukraine. That's helped push a gauge of European sugar prices to the highest in four years. Increased costs will likely be passed onto food retailers and industrial food producers, according to Suedzucker AG. That could further push up food prices that are near a record and have contributed to soaring inflation. Due to the "ongoing deficit in the sugar markets, we expect another price increase for the upcoming contract season," Suedzucker spokesman Dominik Risser said by email, referring to the German company's sales to customers. He declined to elaborate on prices. Demand is also expected to strengthen following the recovery from the Covid-19 pandemic, he said.

India likely to impose a ceiling on sugar exports to keep lid on prices – *Ary News* - India is likely to impose a ceiling on sugar exports for a second straight year starting this October, aiming to ensure ample domestic supplies and keep a lid on local prices, industry and government sources said on Friday. The world's biggest sugar producer could cap exports of the sweetener at 6 million to 7 million tonnes in the 2022/23 October-September season, about one-third less than the total to be shipped out in the current season, industry and government sources said.

FoodNavigator.com
Taking a risk-based approach to supply chain disruption

The global supply chain is being challenged like never before. Maintaining food safety is paramount, but so too is product quality and costs. Managing this level of change requires an agile response based on robust analytical data – and it starts with identifying the risks. Rob Griffiths - Technical Specialist at RSSL explains.

Supply chain squeeze

Global events continue to impact the supply chain and have created a level of disruption on an unprecedented scale. Extreme weather conditions, Covid repercussions and the war in Ukraine are all putting pressure on some of the world's key commodities.

Wheat supplies are under severe strain, with global inventories reportedly¹ at their lowest level since 2008. As the so-called 'bread basket of Europe', Ukraine is one of the top three wheat

exporters in the world but the ongoing conflict is stifling supply routes. At the same time, last year's poor harvest in the US and Canada, together with the current drought in France and India's heatwave-driven export ban is compounding an already difficult situation.

Equally concerning for the food industry is the shortage of sunflower oil. Largely caused by the Ukraine crisis – the country accounts for 47%² of the world's supply – its knock-on effect to the wider oils and fats market is adding to the problem. Not only are prices soaring, greater demand for alternative oils has seen some regions ban exports in a bid to protect their domestic markets. Indonesia³, for example, banned palm oil exports earlier this year. As the world's largest producer, the move sparked global concern, protests from local farmers and was ultimately lifted three weeks later.

For producers, these and other recent developments have brought into sharp focus our reliance on certain geographic regions. It has also created an urgent need to have systems in place to either find new suppliers or reformulate products with alternative ingredients and/or raw materials. In both cases, understanding and evaluating potential safety risks, as well as the impact on product quality is vital.

So what does this look like in practice?



Testing times

Working with new suppliers is almost inevitable in the current climate, but a lack of history means that carrying out thorough checks on newly sourced materials is more important than ever.

Robust analytical tests to ensure the ingredient or raw material is genuine and has not been adulterated is an essential first step. As is ruling out any form of contamination – particularly when it comes to regulated allergens. The recent RASFF alert⁴ regarding the presence of peanut protein in soy lecithin from India shows just how rapidly this kind of issue can escalate and impact the global supply chain. In this case, RSSL's specialist allergen team was closely involved with providing urgent analytical support and food safety risk assessments to concerned companies around the world.

Verifying the quality of a supplier's ingredient is equally important. Any change can affect the final product in a number of different ways, so comparing how the newly sourced material behaves against key performance parameters is key.

A substandard oil, for example, may not have the same stability in terms of oxidation and development of rancidity so is unlikely to achieve the required shelf life. Whereas variation in a fats solid fat content could impact product structure, mouthfeel and texture, or even cause issues during processing or in the manufacturing line which would be costly and time consuming to rectify.

That's not to say that some of these issues can't be addressed through reformulation. Using an antioxidant with a less stable oil, for example, can help to bolster poor stability. But only by analysing key functional properties and identifying potential problems in advance, can producers take effective mitigating measures.

It's also important to note that speed is often of the essence in these situations. Faced with current shortages, manufacturers may have no choice but to switch ingredients and need to assess the shelf- life and stability of potential alternatives as quickly as possible. This is when our accelerated testing techniques come into their own; by screening a number of formulations faster

than the standard approach, we are able to progress optimised formulations to full shelf-life testing within a much shorter timeframe.

Ultimately, targeted analytical testing provides a comprehensive understanding of an ingredient's functionality and answers fundamental questions such as: Is it safe? Does it affect product quality? Will consumers notice? Do we need to make changes to the formulation or process to compensate? Can we keep within an acceptable price bracket?



Representative sampling

One issue that is often overlooked – and arguably undervalued – is the sampling process itself. Getting a representative sample for analytical testing is important for accurate and reliable results. Knowing how many samples to take, where from and how to make sure they are right for the relevant type of analysis are all key issues. But navigating the various complexities is not easy.

For example, there are ISO standards in place for large bulk containers. Certain industries, such as cereals and dairy have their own guidelines, but the rules vary from country to country.

We believe that a risk-based approach to sampling is the most effective. This should never be a random process, but carefully thought through, which is why our advice is given on a case-by-case basis. In the case of contamination, for example, the aim is to design a sampling plan that maximises the chances of detecting the contaminant if it is present. This risk-based approach will balance the number of samples versus the cost of the testing.

Supplier verification

Changing suppliers under pressure also demands careful management. Whereas sourcing a new ingredient from an existing supplier might only require minimal testing to ensure specification is met, this would not be sufficient for a completely new partnership. The new supplier may have a completely different risk profile, so a full suite of safety and quality testing is likely to be needed – but adds considerable complexity, time and cost to the process. None of which is welcome when the need is urgent.

Again, this is when businesses benefit from our expert approach to the supplier approval process – both in terms of the operation and the ingredient or material in question. By identifying and understanding the risks, measures can then be put in place to mitigate them as far as possible, in the short and longer term.

New normal

In many ways, the pandemic followed by the war in Ukraine appears to have created the perfect storm to disrupt the supply chain. The immediate outlook remains relatively grim, with experts forecasting things won't improve for some time. It also raises the worrying question of whether this level of disruption will become a more regular occurrence.

But there are positive signs. In the early days of Covid, the food industry showed itself to be responsive and agile. Businesses pivoted to survive. Systems, processes, product development and mindsets all adapted to highly unusual circumstances. So, there's no reason to believe that this creative thinking won't continue.

Most importantly, we're seeing businesses look at supply chains and distribution channels in a new light. Part of this focus is establishing links with trusted partners – such as RSSL's analytical

testing, product development and risk assessment experts - to protect them against a potentially uncertain future.

Nestlé Cereals promotes regenerative ag through new Wheat Plan



Nestlé Cereals has launched the Nestlé Wheat Plan to support UK wheat farmers adopt regenerative agriculture practices.

<https://www.foodnavigator.com/article/2022/06/20/nestle-cereals-promotes-regenerative-ag-through-new-wheat-plan>

Sugaronline Ebriefing

UK: AB Sugar posts 7% rise in Q3 revenue

AB Sugar had a 7% rise in its revenue for the third quarter ended May 28 to GBP457 million (US\$560.3 million), according to the earnings report released by Associated British Foods (ABF) on June 20, reports Sugaronline.

"British Sugar's energy business sales prices were strong and Azucarera benefited from higher sugar and co-product prices," the company said.

"Illovo volumes in the quarter were held back with a later start to the new production season as a result of significant disruption from heavy rains." The company said sugar production in South Africa, Eswatini and Malawi was significantly lower than last year.

The re-commissioning of AB Sugar's Vivergo bioethanol plant is progressing although production volumes are being held back by delays in the delivery of some critical equipment.

"Current commodity prices and costs are delivering the expected margins. Looking ahead we continue to expect European sugar demand to be in excess of production with production in 2021/22 only slightly higher than the prior year with a lower crop area offset by a recovery in yields to more normal levels. World sugar prices are also expected to remain strong," according to ABF.

BRAZIL: Archer Consulting says fall in TRS in centre-south is concerning

Brazilian consultancy Archer Consulting considers the reduction in Total Recoverable Sugars (TRS) at cane crops in Brazil's centre-south region this season concerning, reports Sugaronline.

"Some mills have noticed an improvement in the productivity of crops in recent weeks, but the fall in TRS continues to be concerning," Archer's director Arnaldo Luiz Corrêa wrote in a recent column posted on the consultancy website. He said some millers believe the TRS will hardly recover to the planned levels. "Depending on the region, there are talks of 4-kg falls in TRS per tonnes of sugarcane as of June 15."

Considering the current production mix, each 1kg fall in TRS is equivalent to a reduction of 225,000 metric tonnes of sugar and 180 million litres of ethanol in total output. This would mean a BRL1.1 billion (US\$194 million) cut in the total revenue of the centre-south sugar industry.