



# Sugar industry in Poland

*Dr Marek Dereziński  
Krajowa Spółka Cukrowa S.A. „Polski Cukier” /  
Association of Sugar Producers in Poland*

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# Agenda

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

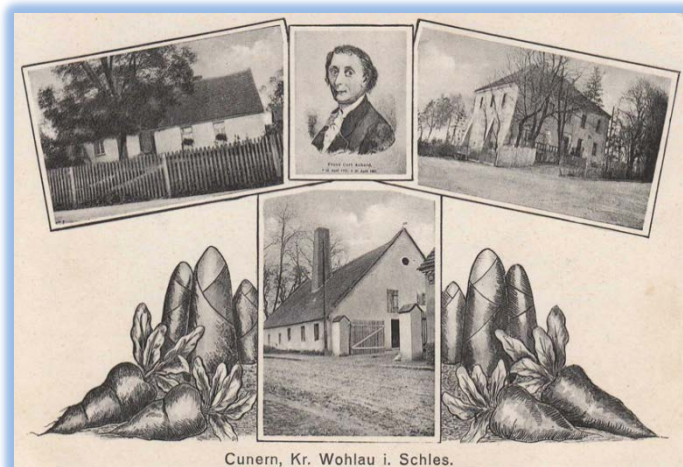
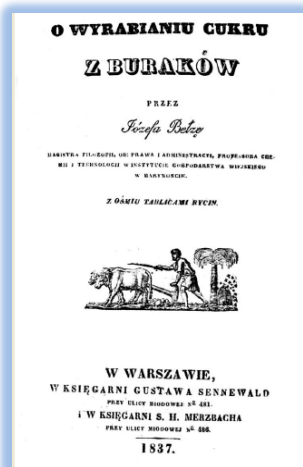
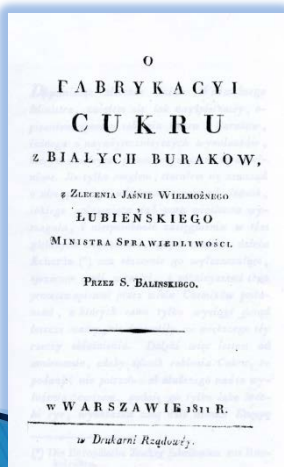
The world's first factory to produce sugar from sugar beet was established on Polish soil in Konary (Lower Silesia). It was founded by a German chemist, Franz Karl Achard.

## ▶ 1826

The first sugar factory in the Kingdom of Poland opened its doors. It was built in Częstocice by count Henryk Łubieński.



*Sugar factory in Konary, photo of 1914*



*Franz Carl Achard in a postcard of 1939*

## The history of sugar industry on Polish soil (II)



*'Częstocice' sugar factory in a pre-war photo*



*'Głinojeck' sugar factory built in 1985*

### ▶ 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 reconstitute 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.



*Modern sugar factory's interior*



*Modern sugar factory's interior*



*Modern Polish sugar factory*



# **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	Change
Production (x 1 000 000 t): <b>~2,0</b>	→	~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	↓



8 sugar factories closed under restructuring scheme pursuant to EU provisions  
+  
sugar factories closed outside the EU restructuring scheme

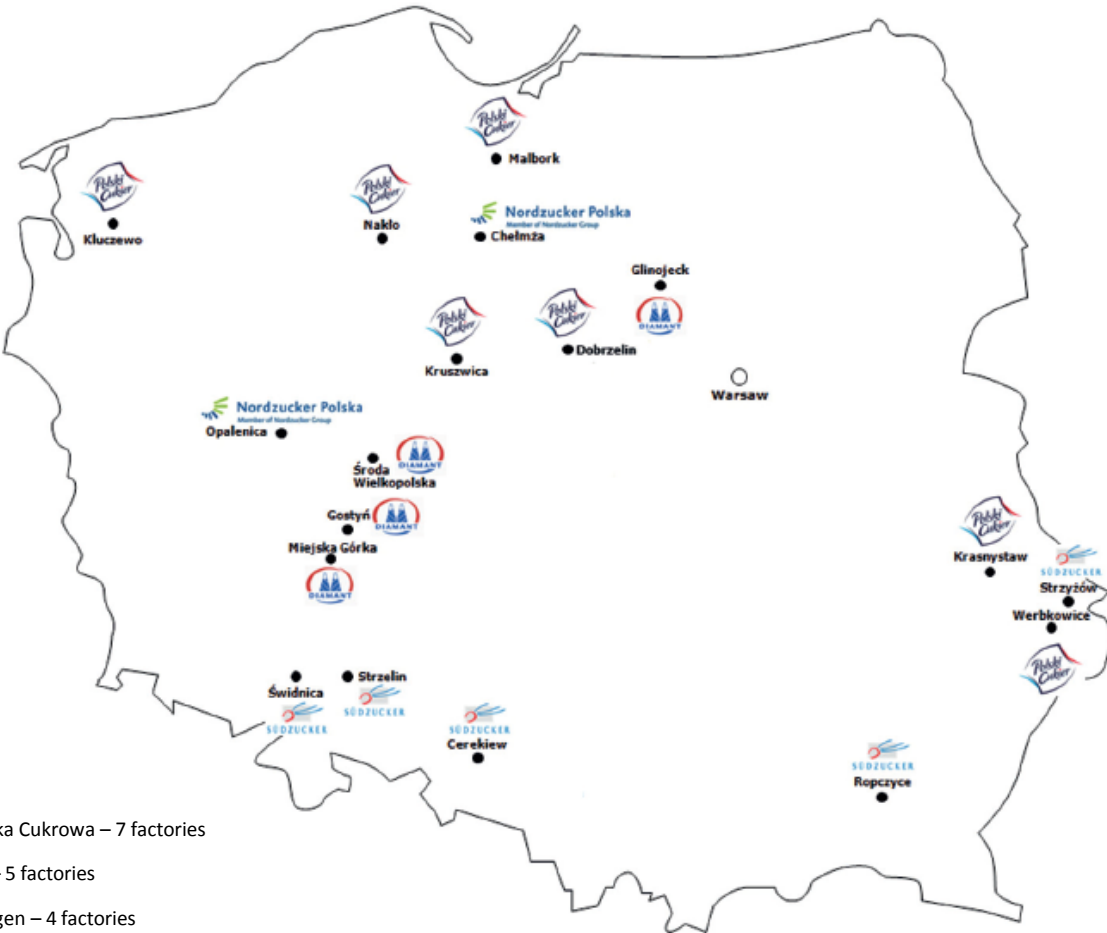
*Poland - net sugar importer*

# Sugar industry in Poland after 1989 (IV)

Number of factories in 1989 – 78

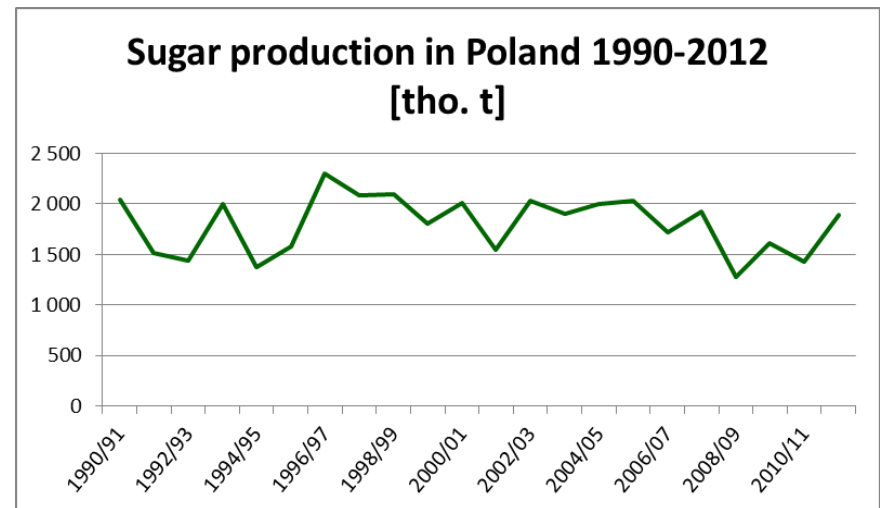
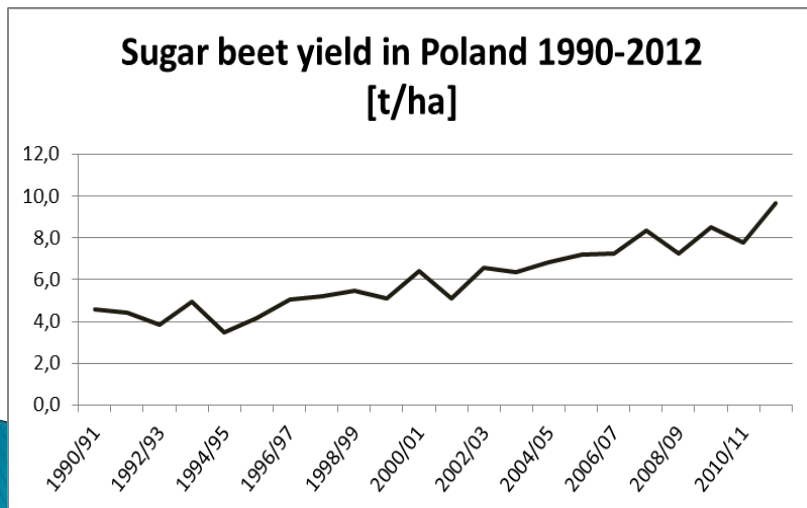
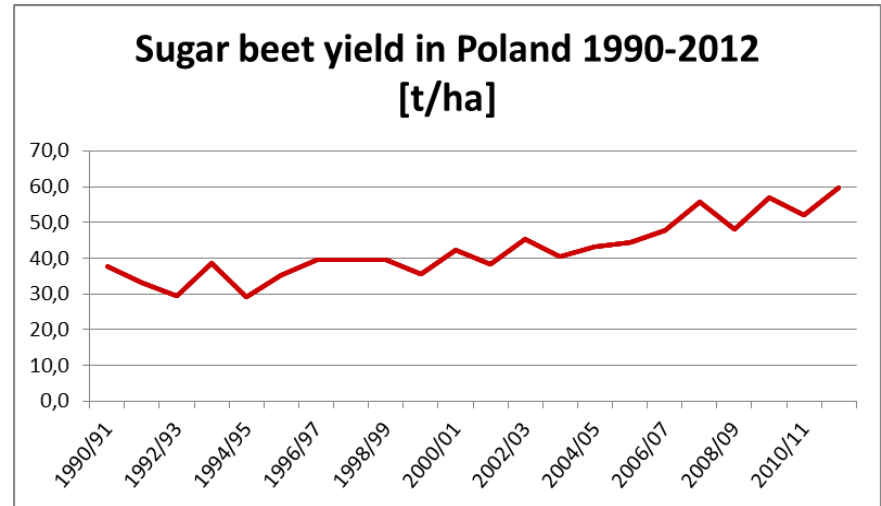
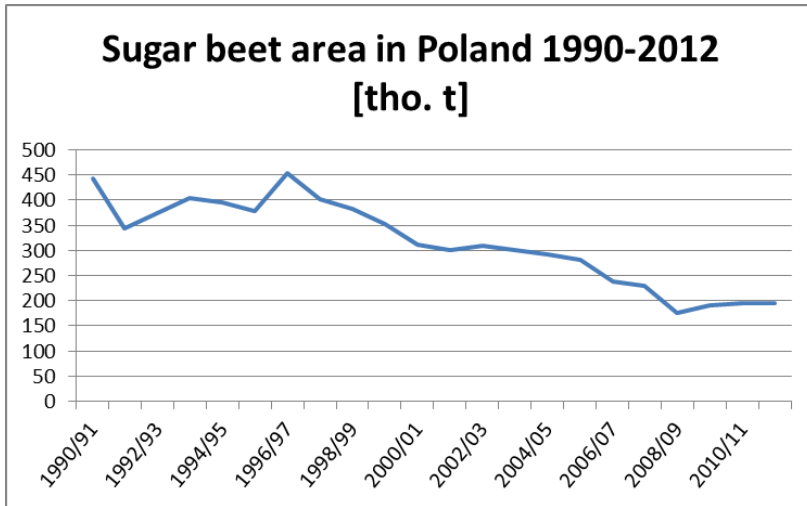


Number of factories in 2013 – 18



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

# Sugar industry in Poland after 1989 (V)





# **Sugar quota system in the EU**

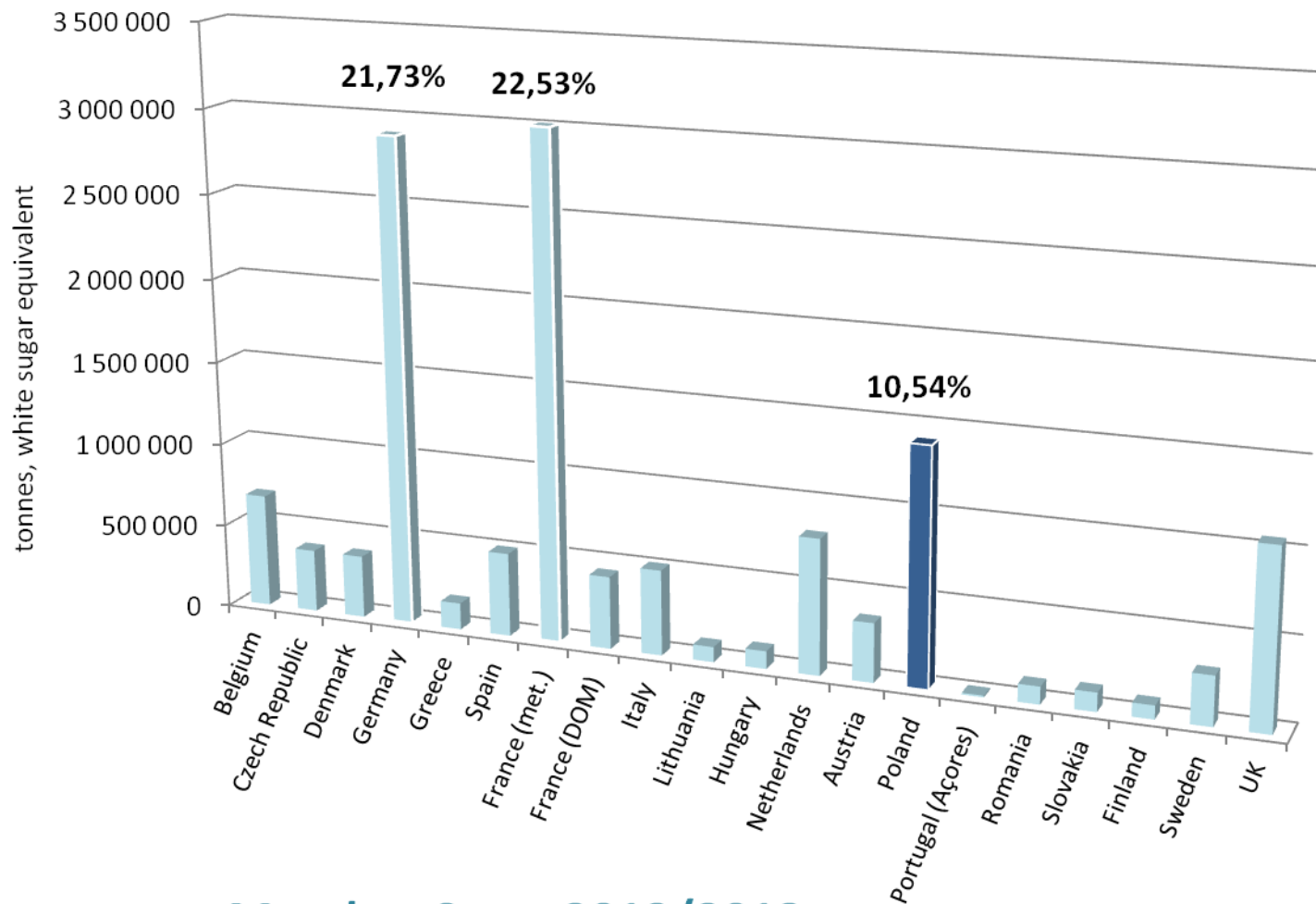
## **with regard to the market protection mechanisms**

## 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



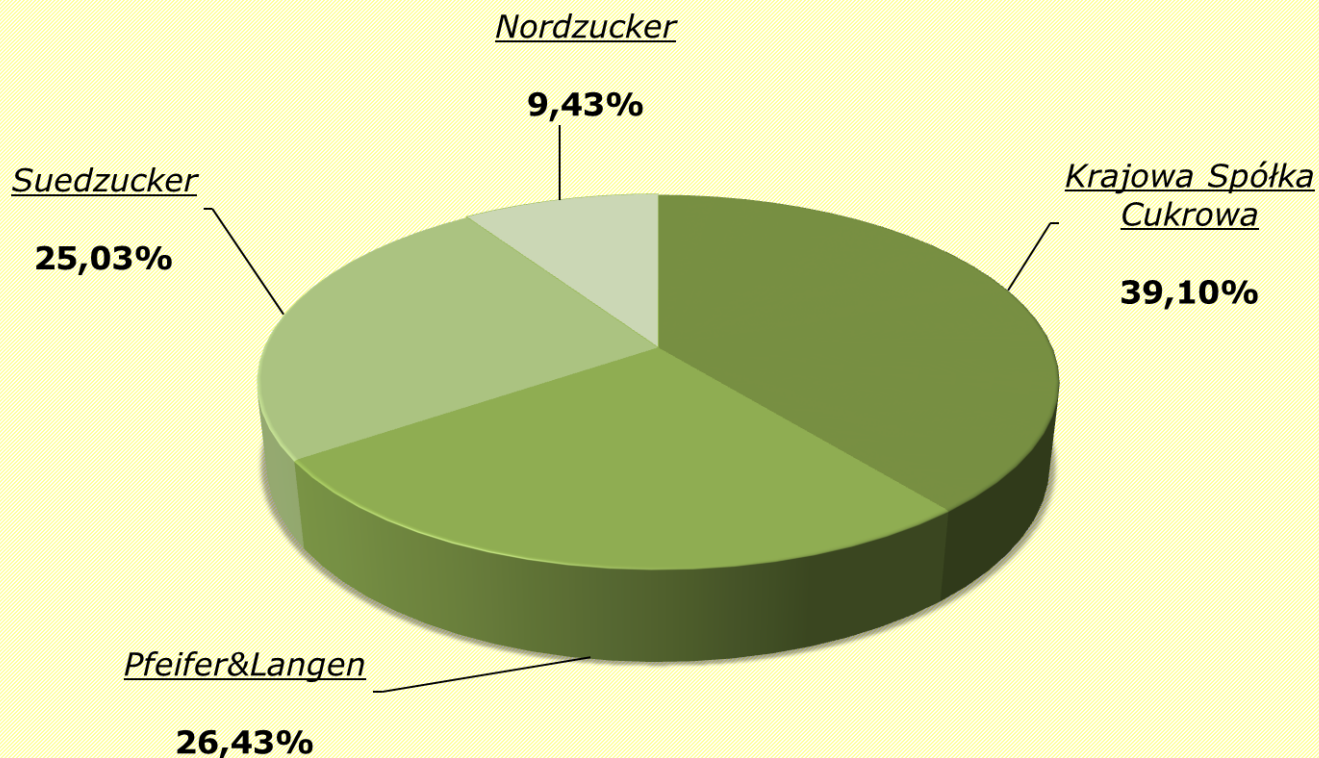
Quotas per Member State 2012/2013

# Sugar market share and allocated production quota (II)

2012/2013 campaign

Capital group	2011/2012	2012/2013	Market share [%]
KSC			
Pfeifer & L			
Suedzu			
Nordzu			
<b>Total</b>			

**Sugar market share in Poland**



## 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

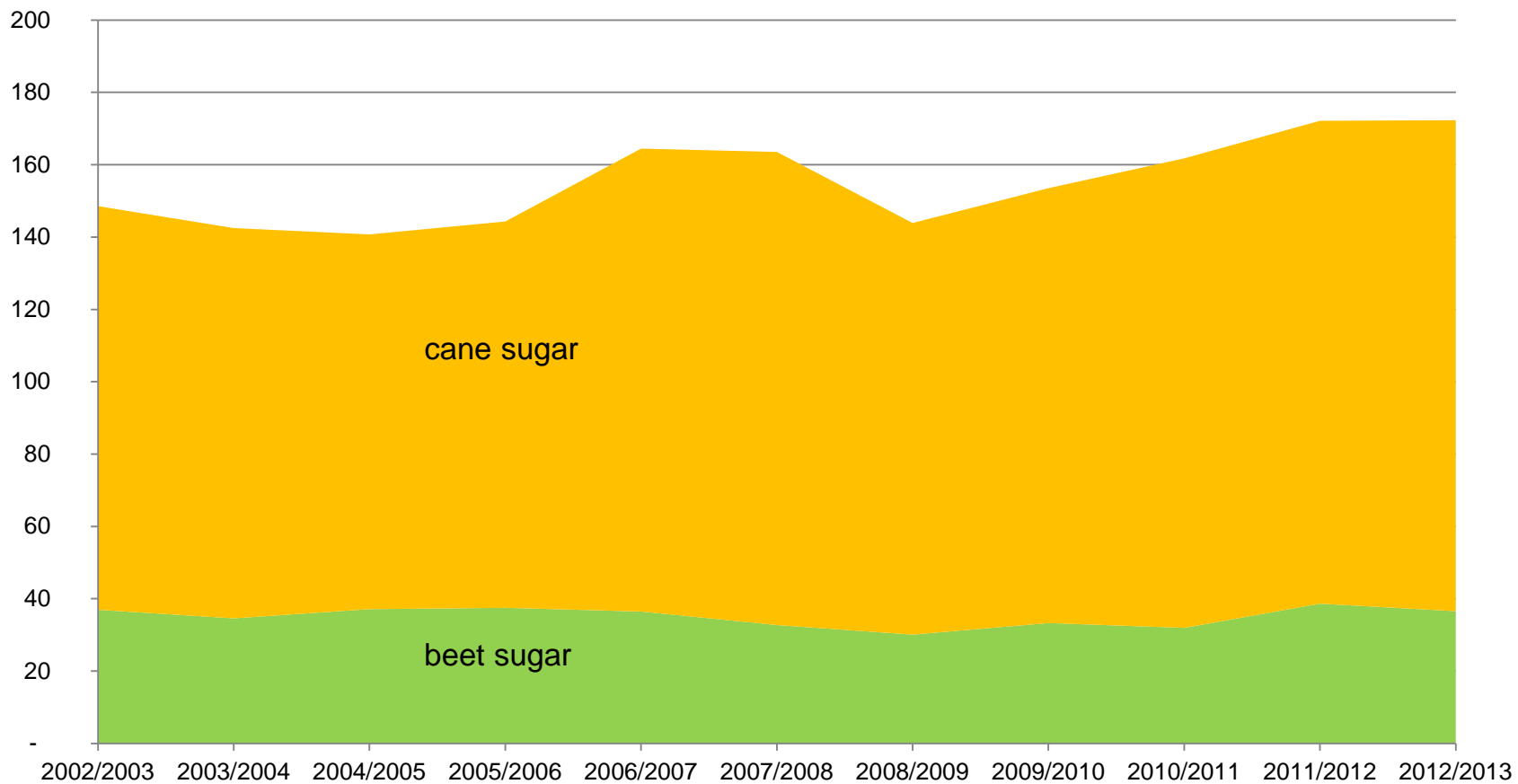
white sugar

- 419 euro/t

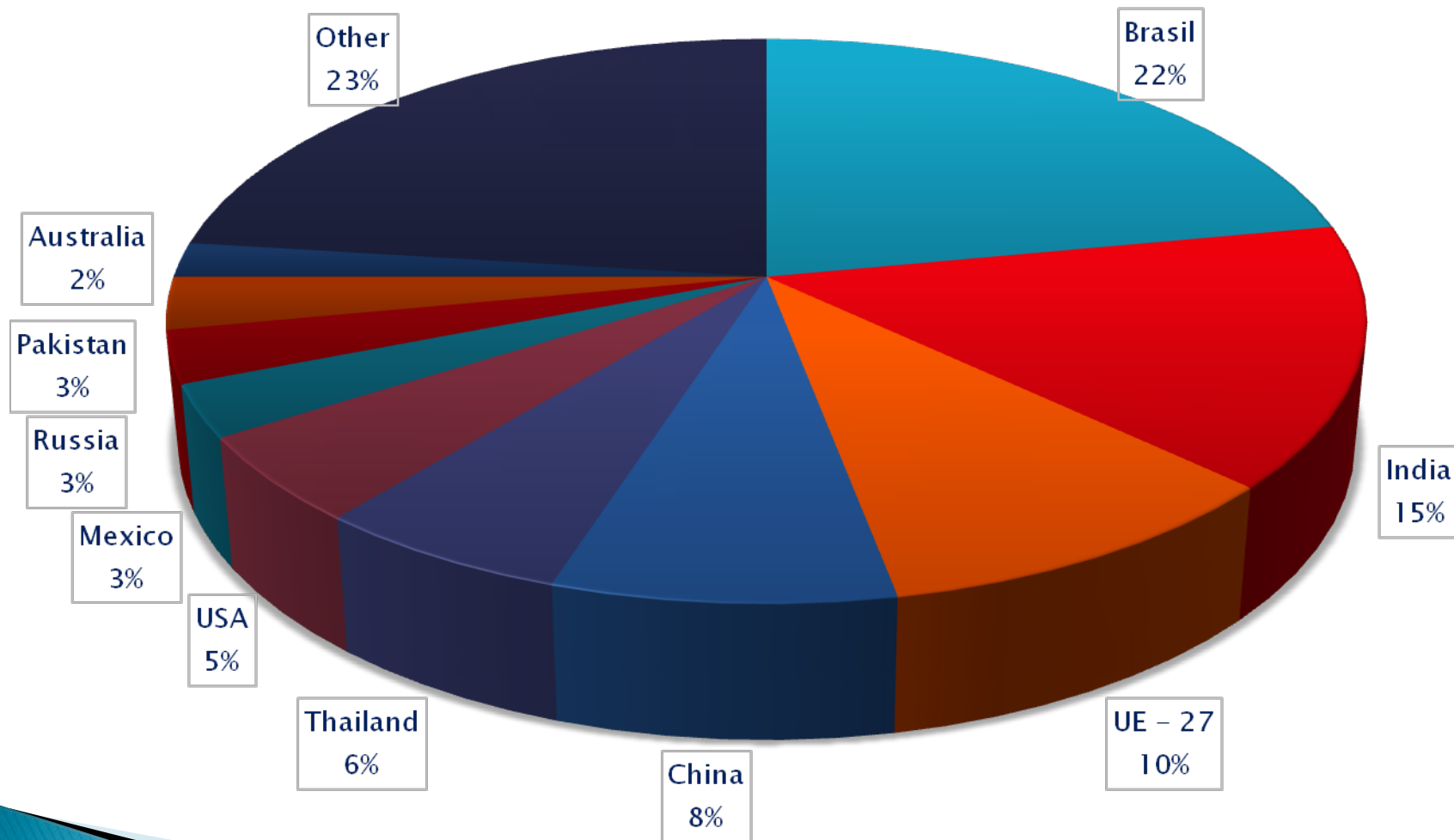


# Sugar production worldwide

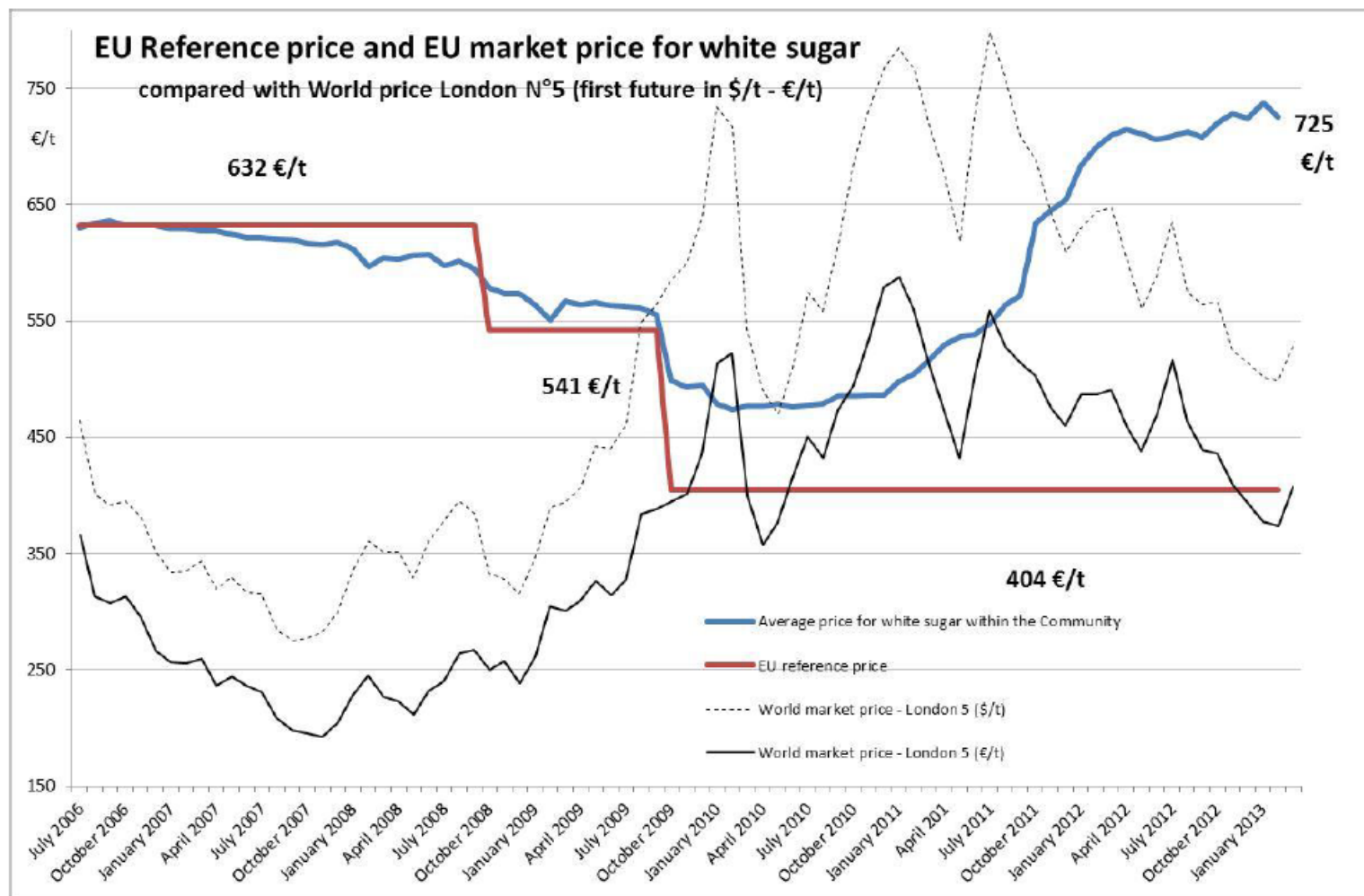
## Sugar production worldwide



## Major sugar producers in 2012/2013



# EU and world prices – EU report



## 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*