
4th FAO Sugar Conference

'Sugar Policies to Promote Trade, Development & Growth:
Priorities to Face Future Challenges' - Nadi, Fiji

'Market Opportunities & Challenges' (Trade Perspective)

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Presentation Overview

Global Perspective of Fiji Industry

- Export Dynamics

Commercialisation – Route to Market

- Product, Place, Positioning

Trade Opportunities

- Preferential Market Access / Regional Trade

Looking Ahead - Opportunities & Challenges

- Markets
- Industry

Global Perspective of Fiji Industry



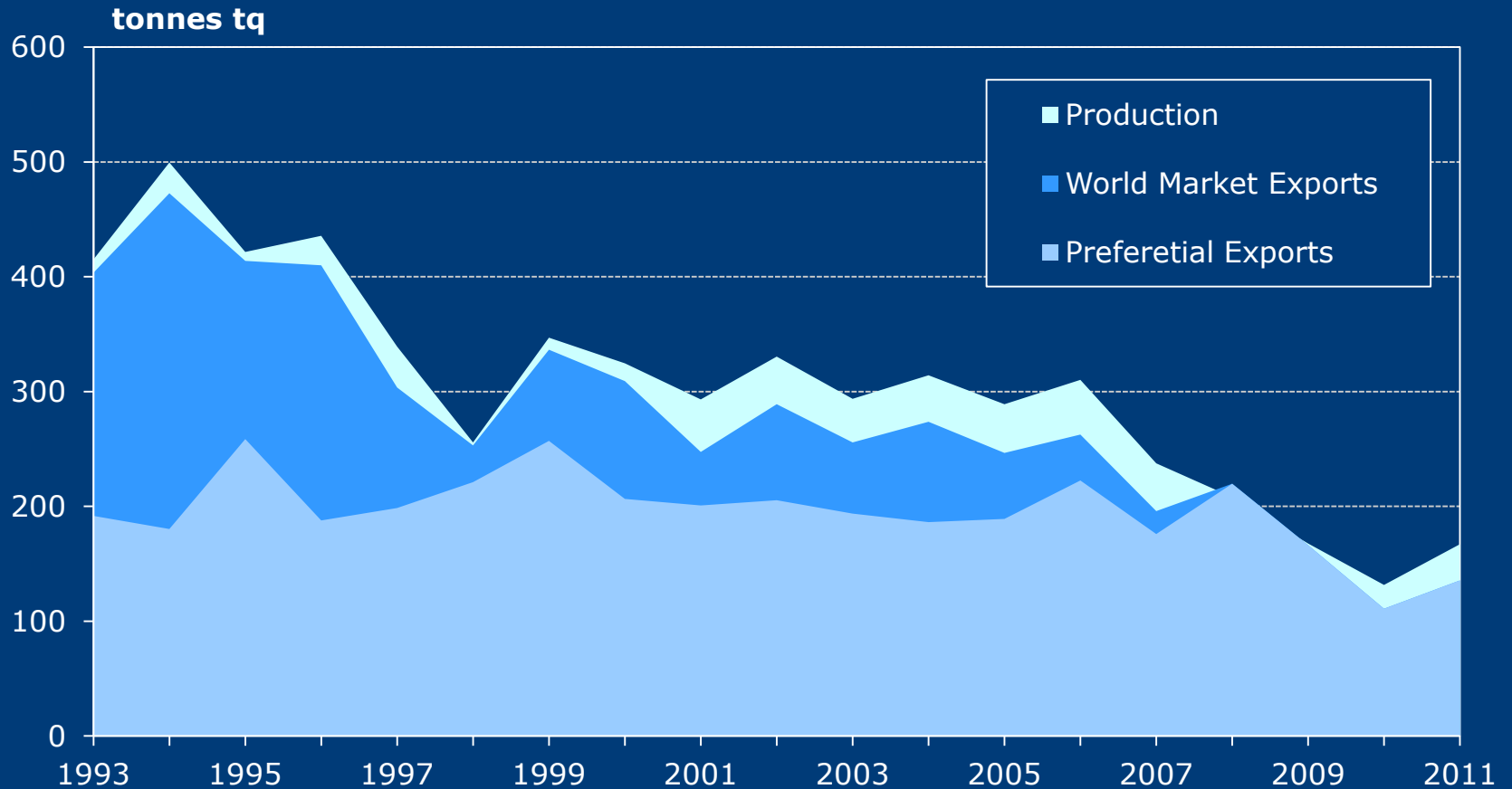
Global Perspective of Fiji Industry **- Export Dynamics**

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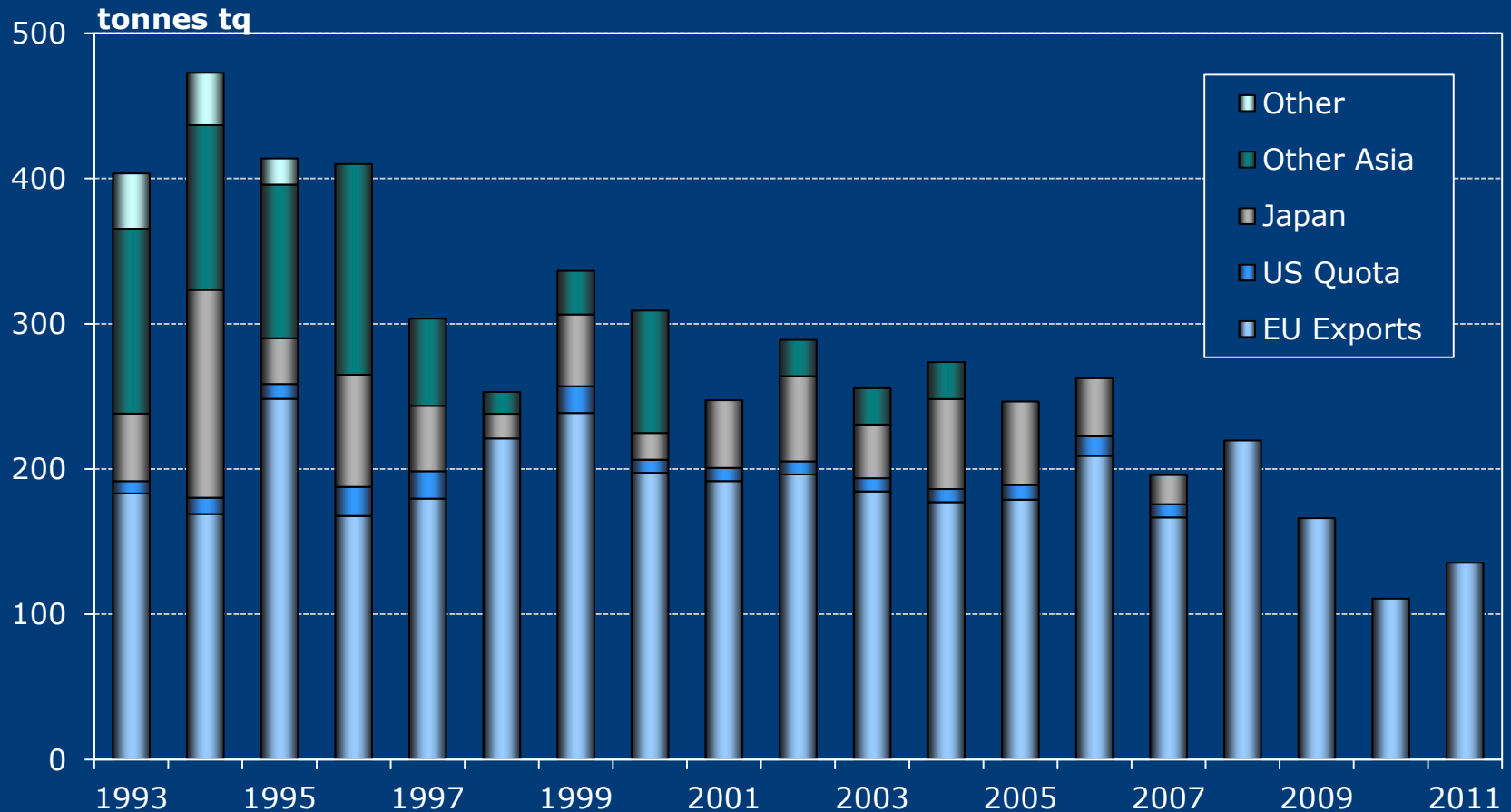
Looking Ahead - Opportunities & Challenges
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Exports Vs Production



▪ 2012 export forecast (cal.yr): 180k tonnes

Exports By Destination



▪ All 2012 exports bound for EU – most remunerative market

Commercialisation

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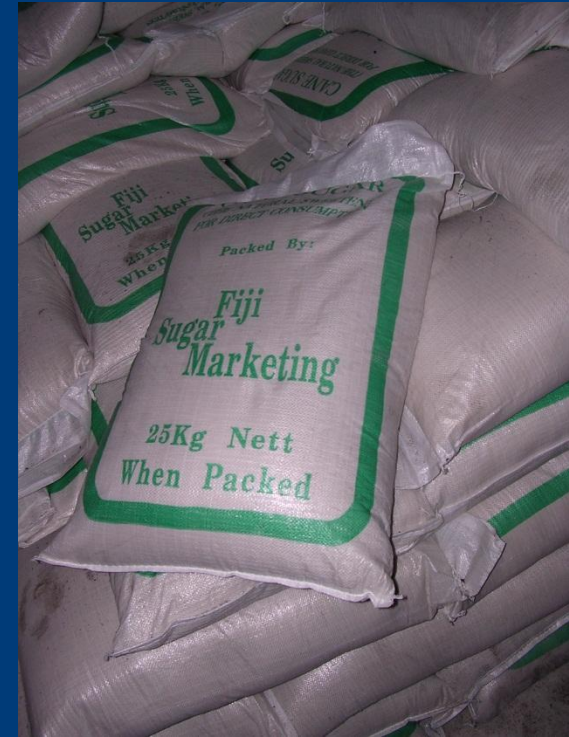


Commercialisation – Route to Market
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Product



- Bulk Raw Sugar – For refining at destination – 98.3°
- Bagged Raw Sugar – For local/regional direct consumption
- Molasses (90% for export, 10% local use)

Place – Route to Market



- Two bulk raw sugar export terminals: Lautoka & Labasa (Malau)
- Molasses tanks

Lautoka Raw Sugar Export Terminal



- Max Draft: 11m (30k-40k mt vessels)
- Loading Rate: 1,000 mt/hr
- Raw Sugar Storage: 120,000 tonnes

Malau Raw Sugar Export Terminal



- Max Draft: 11m (30k-40k mt vessels)
- Loading Rate: 250 mt/hr
- Raw Sugar Storage: 28,000 tonnes

Positioning – Export Routes (EU)

Port	In port	Speed	Via	Min.Draft	Distance
Lautoka	0days				
Thamesport	0days	12kts	select	9.75M (Lautoka)	11319nm (39.3days)
					Total : 11319nm - 39.3 days



Positioning – Export Routes (Asia)

Port	In port	Speed	Via	Min.Draft	Distance
Lautoka	0days				
Kobe	0days	12kts	select	9.75M (Lautoka)	4116nm (14.29days)
					Total : 4116nm - 14.29 days



Czarnikow & Fiji Sugar

▪ **Background**

- Over 50 years cooperation with Fiji sugar industry
- Support for Fiji Sugar Corporation & Cane growers

▪ **The Role of the Broker**

- Optimising commercial opportunities abroad
- Handling logistic chain to move products across the globe
- Essential financial and logistical services
- Assisting with diplomatic representation in preferential markets
- Advising on market developments & trends
- Helping manage changing markets

Trade Opportunities

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EU Preferential Market Access

▪ **Background**

- ACP / EU Sugar Protocol Quota: 165k tonnes (1973 – 2009)
- Guaranteed Prices / Guaranteed Market
- Economic Partnership Agreement (October 2009 onwards)

▪ **Current Situation**

- EPA: Duty-free, quota-free market access – all sugar
- MFN bulk raw sugar import duty €339, plus special safeguard
- White sugar prices currently €711 (May '12)
- Strong demand for raw sugar / refining margin limited

▪ **Outlook**

- EU market changing – Preference erosion continues
- Uncertain implications of proposed removal of production quotas

USA Preferential Market Access

▪ **Background**

- Duty free access for raw sugar for refining, within annual quota
- Fiji one of 40 beneficiary GSP countries: 1.1m tonnes

▪ **Current Situation**

- Quota: 9,477 tonnes
- No.16 prices: ~28/29 c/lb
- White sugar prices: ~50 c/lb
- Large refining premium

▪ **Outlook**

- Farm Bill currently under review
- Limited change to sugar programme envisaged

Regional Market Opportunities

▪ **Background**

- Asian markets of historic importance to Fiji industry
- Destination refineries – Japan and other regional refiners
- ~50% of total export during the 1990's

▪ **Current Situation**

- Deficit trade balance – Strong regional price premiums
- Supported by high world market prices of late

▪ **Outlook**

- Regional premium supported by strong global freight rates
- Strong regional consumption growth

Looking Ahead

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World & Regional Market Outlook

▪ **Opportunities**

- Strong global growth in demand
- Production expansion potential limited – especially in Asia
- Domestic policy favouring destination refining *i.e.* raw sugar

▪ **Challenges**

- Price volatility
- Increasing global freight rates

▪ **Summary**

- Good opportunities for when Fiji production rebounds

Preferential Market Outlook

- **EU**

- Current market conditions favourable for raw sugar
- Outlook less certain, given forthcoming policy change

- **USA**

- Price & quantity limited
- Stable policy environment

- **Outlook: Opportunities & Challenges**

- On going market access – supported by high MFN import duties
- Preference erosion
- Changing EU policy environment – commercial implications

Industry: Opportunities & Challenges

▪ **Opportunities**

- Strong production potential
- Strong demand for sugar: Preferential & regional markets
- Geographical position for Asian markets

▪ **Challenges**

- Price volatility: World market & increasingly EU
- Logistics for preferential markets
- Need to optimise logistics & terminal/loading facilities
- EU policy direction - implications for EU refining sector
- Diversify revenue flows: sugar & sugar products

▪ **Summary**

- Huge opportunities – need for industry to position itself

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