



NEWS FROM WABCG

JANUARY 2018

EDITORIAL

December was another crazy month concerning sugar value, with raw sugar losing 10% in the first part of the month, just before gaining 12% in the second part of the month. When we say our market is volatile, we are not exaggerating! And the entire year 2017 illustrated this perfectly: our product lost more than 25% of its value!



Of course I could wish you all a prosperous market for the year 2018. But let's be realistic: we have the impression more and more that there isn't much we can do to change it...

So I prefer to wish you all a good relationship within your industry for 2018! This should allow us to pass through 2018 with the confidence that our industry will be strong enough to withstand every kind of market situation.

Because building a good relationship amongst members of the sugar industry is crucial. And this relationship can only be based on confidence and transparency to face such a roller coaster market. This will be illustrated once again in this issue of 'News from WABCG', with cases described by our members from Europe (France) and Central America (Honduras).

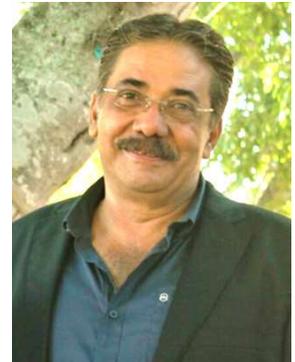
I wish you all a very Happy New Year. And may the WABCG expand, this year again, the number of its members, to increase the family of sugar cane and sugar beet growers!

Jean-Pierre Dubray, President WABCG

NEWS FROM SOUTHERN HONDURAS

I wrote last year, in this newspaper, that sugar cane growers of the Southern Zone of Honduras, represented by Uprocasur, tried to negotiate with their miller (Pantaleon Group). We wanted to be paid under a predefined formula negotiated collectively between producers and the industry, as is the case with other producers in the rest of the country and neighbouring countries.

I have the regret to say that, despite the support of the member countries of the WABCG and its Executive Board, nothing has changed. We still depend on a price defined directly by the industry without taking into account the producers in the negotiation processes and where we do not have clear rules or transparent information regarding the way this price is fixed.



This situation has even been getting worse. Indeed, the reaction of the industry to our request to negotiate has been to cancel the cane purchase contracts of Uprocasur's President. This extremely brutal measure can even weaken our association, causing producers to fear they may have the same fate as their leader if they raise their voice to request a fair price treatment for the cane produced, knowing that, in our region, more than 70% of producers own less than 10 hectares of land.

We firmly believe that healthy competition requires ethics and social responsibility in all the links of the value chain and we know that companies that do not conform to these principles, are condemning themselves to disappear. Indeed, consumers ask more and more for fair trading practices, and social responsibility. Non ethical companies, which abuse their suppliers (especially those



that only have a small production unit), are not sustainable.

We believe that ethics are not a luxury for companies but a necessity, to guarantee a business climate of trust and commitment with suppliers, customers and collaborators. Ethics cannot be seen as a cost that undermines the short-term profitability of the company but as something that brings the organization closer to "excellence", makes it positively different since it constitutes the basis for good and sustainable business practices, and it encourages productivity. Consumers want to be part of the positive changes for the planet and its inhabitants and, for that reason, they support those companies whose mission transcends the simple fact of making money and they commit themselves with their community and suppliers in a genuine way.

We trust that the sugar industry will listen to its consumers who are the reason they work, and its managers will act with wisdom opting for ethical behaviour that will lead them to excellence.

Mauricio Larios, President
Uprocasur (Unión de Productores de Caña de Azúcar del Sur), Honduras

Next meeting:

WABCG Council

23-26 April 2018

Rotterdam (The Netherlands)

NEWS FROM FRANCE

Usually in France at this time of the year, the harvesting period is finished. Indeed, up to now, all factories worked around 100 days until the very beginning of January. But this year, for the first time and due to the end of the European quota regime, factories are still running – and will continue to do so for one more month!



Indeed, in order to cut industrial costs, factories had to run longer. Growers accompanied them by increasing acreage dedicated to sugar beet by 20%.

Our yield was good, around 93t of sugar beet at 16% of sugar per hectare (13.8t of white sugar per hectare). This gave us new challenges to harvest earlier, and later, than in the past, and we have to open new negotiations with our processors in order to take this into account for the future.

We consider that our sugar beet will first be used to produce sugar to be sold on the European market (around 65%) – but also for ethanol (21%) as well as to produce sugar to be exported outside Europe (16%). World prices now directly impact the European sugar price, and our new campaign began with a collapse of almost 30% in European prices.

This urges us to build, together with processors, new risk management tools, leaning on renewed and transparent contracts. Two main topics are the focus of our attention. Firstly, we are trying to convince processors to propose sugar beet prices to growers, based on sugar futures, according to market opportunities. And secondly, we are now trying to appraise the implementation of a mutual fund, to allow growers to save money during good years that can be released during bad years.

These will be the new challenges for CGB for the coming year, combined with special attention given to our growers to help them calculate their own production costs, in order to optimize them. With this in mind, we will try to make the end of the European quota regime a new opportunity!

Eric Lainé, President
CGB (Confédération Générale des Planteurs de Betteraves), France