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THE SUGAR MARKET IN ROMANIA: ANALYSIS AND PERSPECTIVES

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Abstract

The paper analyzes the sugar market in Romania, focusing on production, trade, and consumption trends from 1990 to 2023. The study highlights the significant decline in domestic sugar beet production, which has led to increased dependency on imports, primarily from the European Union. Despite Romania's favorable conditions for sugar beet cultivation, internal production meets only 10% of national demand. The findings underscore the challenges faced by local producers, including high production costs and limited processing capacity. The paper also examines market concentration, revealing an oligopolistic structure dominated by a few key players. Recommendations include enhancing local production capacities, promoting modern technologies, and supporting consumer education to balance market dependency on imports.

Key words: *sugar beet production, sugar market, imports, trade deficit, local producers, oligopoly, Romania*

INTRODUCTION

Sugar production, trade, and consumption are crucial to both the national and global economies. Governments have implemented several measures to reduce sugar consumption, yet public demand has remained relatively constant over the past 30 years. The introduction of a sugar tax in Romania in 2023 aimed to improve public health while generating additional state revenue. Changes in consumer preferences and public authority initiatives may influence demand for sugar and sugar-rich foods, with a trend toward replacing sugar with healthier alternatives [16].

Sugar production in Romania has undergone significant transformations in recent decades, influenced by economic factors, post-accession EU regulations, and strong pressure from importers. During the communist regime, Romania produced enough sugar to meet domestic demand and had surplus for export. After joining the European Union (EU), local factories faced financial difficulties due to a lack of competitiveness within the common economic market, rising manufacturing costs, and reduced domestic sugar beet production. Romania's sugar beet production sharply declined between 1990 and 2023, leading to increased dependency on sugar imports and minimal domestic production capacities, with internal prices now largely controlled by importers [14].

As an EU Member State, Romania had to adopt the Common Agricultural Policy (CAP) for sugar production, adhering to strict rules and production quotas designed to stabilize the EU internal market [8]. Initially, the allocated quotas offered relative protection to Romanian producers, but high production costs compared to other European producers reduced their market presence. Globally, around 50% of total sugar beet production comes from the EU. The EU's global leadership is supported by large sugar beet yields, traditionally cultivated in northern France, Germany, the Netherlands, Belgium, and Poland. European producers also supply significant quantities of sugar refined from imported raw cane sugar [9]. Currently, the European sugar market is dominated by France and Germany. Romania imports significant amounts of sugar from Germany, whose production is primarily oriented toward the EU market. Among European consumers of German sugar, Romania ranks second after Italy. In the broader European context, Romania is mid-ranked, with leading positions held by countries hosting major chocolate producers. For the 2023/2024 production season, with two active sugar refineries, Romania ranked 12th in Europe, after Italy (two refineries) and Hungary (one refinery). In comparison, Poland, with 17 refineries, ranked fourth, while Germany led the rankings [4].

The abolition of EU sugar production quotas in 2017 resulted in increased sugar price volatility. Romanian producers were strongly affected by competition with more efficient and modern European companies with longstanding traditions in sugar production. Local Romanian producers, characterized by high production costs and outdated infrastructure, could not withstand the competition, leading to the closure of most domestic production units and a significant reduction in national sugar processing capacity. The case of the Luduș Sugar Factory, acquired by the French group Tereos and put up for sale in 2022 due to market profitability challenges, serves as an example. The Romanian government expressed intentions to intervene to avoid total dependence on imports [10], but the factory was eventually acquired by Romanian investors, who also own the Bod Sugar Factory [6].

Currently, only about 10% of Romania's domestic sugar consumption is covered by local production, leaving the internal market highly dependent on imports. Domestic sugar consumption is estimated at approximately 400,000 tons, with a significant portion used in food industry sectors where sugar is a key ingredient. Romania's sugar imports amounted to approximately 360 million euros last year, double the amount in 2019. Amid the war in Ukraine, sugar exports from the neighboring country to the EU reached 237,733 tons between October 2023 and February 2024, a 21.7% increase compared to the same period the previous year. About 20% of these imports were sold in Romania, with non-quota imports and lower prices posing significant competition to domestic production [7].

The decline in domestic sugar beet production is unjustified, given Romania’s agricultural tradition, favorable natural conditions, particularly in the northern region and the Transylvanian Plateau, and the potential income for farmers. By employing modern agricultural technologies, sugar beet cultivation could become a significant source of revenue for farmers [15].

These aspects highlight the importance of a detailed analysis of Romania’s sugar sector to understand current challenges and anticipate possible future developments.

In this context, the paper analyzes the sugar market in Romania, focusing on production, trade, and consumption trends from 1990 to 2023.

MATERIALS AND METHODS

Open-access sources from Clarivate, Google Scholar, and Research Gate databases were utilized for references.

The documentation was completed with articles published online.

Official information presented by the Ministry of Agriculture and Rural Development, National Institute of Statistics, TopFirme.com were used for research.

The data have been processed and graphically presented and then interpreted.

Fior validation, teh results have been compared with other relevant information from the literature.

RESULTS AND DISCUSSIONS

Domestic Sugar Beet Production

During the communist era, domestic sugar beet production held a significant share of agricultural output. Romania was a major regional producer of sugar beet, supported by an extensive network of processing factories. Cultivated areas frequently exceeded 100,000 hectares, with sugar beet production meeting both domestic demand and export needs. After Romania's accession to the European Union (2007), following the liberalization of the EU sugar market and the elimination of production quotas (2017), Romanian producers faced direct competition with Western European countries [2]. By 2023, cultivated areas had dropped below 10,000 hectares, with total sugar beet production falling to under 200,000 tons, far below domestic demand (Fig. 1). Transition to a market economy affected the agricultural sector and also the sugar industry who experienced a significant decline due to the privatization of agricultural land and the lack of investments.

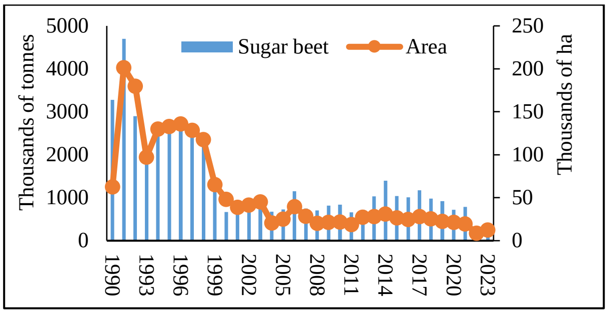

Fig. 1. Area Cultivated and Sugar Beet Production in Romania, 1990–2023
Source: Authors' design using the data from [13].

In 1990, Romania produced approximately 1.4 million tons of sugar beet. The historical peak of sugar beet production and yields was recorded in 1991, following a positive trend driven by centralized agricultural policies. However, the cultivated area and production saw steep declines during the 1990–2000 period.

After this consistent decrease, the 2000–2010 period marked a stabilization of cultivated areas and production, albeit at much lower levels compared to 1990, as the sugar beet sector adapted to new economic and market realities. The sector has faced sharp decline in recent decades due to factors such as the liberalization of the EU sugar market, decreased processing capacity, and the reduction of cultivated areas.

Since 2010, there have been slight variations in cultivated areas and production, likely influenced by weather conditions, global developments in the sugar market, and the EU Common Agricultural Policy (CAP), which Romania adopted upon joining the EU in 2007. The reduction in sugar beet production and national sugar output can be correlated with the decreasing amount of land allocated to this crop.

The price of sugar beet has remained low at processors, driven by the presence of only one processing plant in Romania, owned by the Austrian company Agrana (Fig. 2). By 2022, the price of sugar beet remained relatively stable, with low values ranging between 200-300 lei/ton (approximately 40-60 euros/ton). In 2023, a dramatic increase was observed, exceeding 1,000 lei/ton (equivalent to approximately 200 euros/ton), driven by rising demand and the opening of a second processing unit in Luduș.

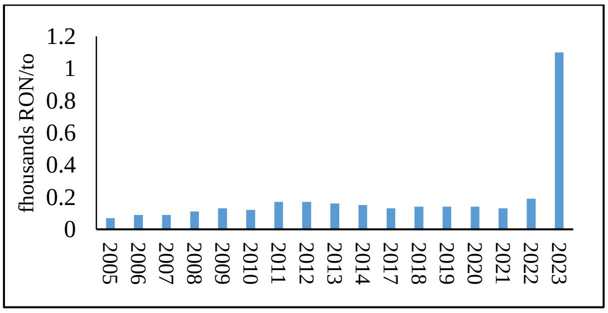

Fig. 2. Sugar beet price in Romania
Source: Authors's design using the data from [11].

In 2017, four sugar beet producer groups were recognized by the Ministry of Agriculture and Rural Development (MADR) under specific legislation. However, by 2023, only two associations remained active in the market [11].

Romania's Sugar Trade

To meet consumption needs, Romania imports significant amounts of sugar derived from beet or cane, primarily from the EU market (Germany) and, more recently, from Ukraine. The data presented in Figure 3 illustrates Romania's international trade in cane or beet sugar and pure sucrose between 2004 and 2022, including imports, exports, and trade balance expressed in thousand tons. Sugar imports far exceed exports, highlighting a high dependency of the domestic market on trade with other countries.

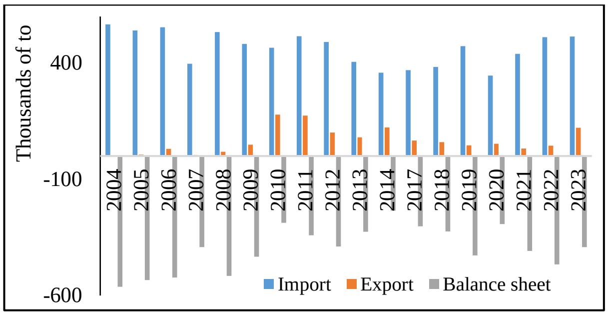

Fig. 3. Romanian intra and extra cane or beet sugar and pure sucrose trade
Source: Authors' design using the data from [11].

The volume of sugar imported has remained relatively constant, ranging between 400,000 and 600,000 tons annually. Exports have varied between 50,000 and 100,000 tons per year, reflecting Romania's low production capacity for exports. The trade balance has been negative throughout the period, with significant trade deficits reaching up to 800,000–900,000 tons annually. Despite minor variations, the ratio between imports, exports, and the trade deficit has remained consistent, indicating a lack of significant changes in domestic production or consumption. Figure 4 illustrates the value of Romania's international sugar trade between 2004 and 2023, expressed in millions of euros, including imports, exports, and the trade balance.

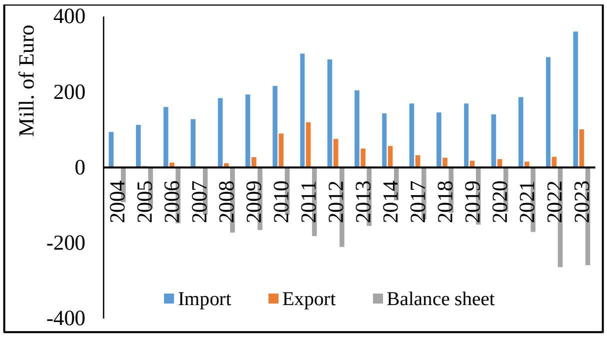

Fig. 4. Romania's Sugar Trade Balance, 2004-2023
Source: Authors' design using the data from [11].

Sugar imports in Romania have remained relatively constant, with values significantly higher than exports throughout the analyzed period. After 2020, the value of imports increased substantially, surpassing 300 million euros in 2023 due to rising international prices. Romanian sugar exports have remained modest compared to imports, varying between 20 and 80 million euros annually, reflecting limited export availability. Over the analyzed period, the trade balance has been consistently negative, with the deficit worsening in recent years, exceeding 200 million euros in 2023.

Romania is a net sugar importer, with a growing trade deficit. This situation highlights a significant challenge for the local sugar production sector, necessitating measures to reduce dependency on imports, either by increasing domestic production or through policies supporting exports.

Market Analysis from the Perspective of Economic Operators

Based on data from the TopFirme platform for CAEN code 1081 – “Sugar Manufacturing” – several observations can be made about Romania’s sugar market [18].

According to the cited source, there are 13 active economic operators in the sugar manufacturing sector in Romania. Considering that approximately 1 million companies are registered on the platform, sugar industry operators represent 0.0013% of the total number of economic operators nationwide.

In 2023, the sugar industry employed a total of 555 people, accounting for 0.01% of the national workforce. The combined turnover of these companies amounts to 1.3 billion lei (approximately 298.5 million euros), constituting 0.05% of Romania’s total turnover.

The net profit achieved by these firms is 97.8 million lei (around 22.2 million euros), representing 0.02% of the total national net profit. Key players in the market include:

AGRANA ROMANIA S.R.L., headquartered in Bucharest, with a turnover of 1.2 billion lei (279.3 million euros) and 366 employees in 2023. AGRANA is an international industrial company headquartered in Vienna, Austria, specializing in the production of sugar, starch, and fruit preparations. Founded in 1988, AGRANA has evolved from a holding company for the Austrian sugar and starch industries into a global player with approximately 50 production facilities in countries such as Austria, Germany, Romania, Hungary, Poland, Ukraine, France, Morocco, South Africa, China, South Korea, Argentina, Brazil, Mexico, Australia, and the United States. AGRANA produces sugar from beet and cane, serving both the food industry and final consumers.

AGRANA began operations in Romania in 1998 by acquiring several sugar and starch factories. Currently, the company operates sugar factories in Roman (producing sugar from sugar beet and serving as a key partner for local sugar beet growers), Buzău (operating exclusively as a raw sugar refinery), and a starch factory in Țăndărei (producing native and modified starch, glucose, and maltose syrups, with a processing capacity of approximately 100 tons of corn per day). In 2023, AGRANA Romania recorded a record turnover of 1.23 billion lei (approximately 247 million euros), 46% higher than in 2022. However, the company reported losses of 9.3 million lei (approximately 2 million euros), mainly due to supply chain disruptions and significant economic impacts. In July 2024, AGRANA announced the indefinite suspension of the sugar refining line at its Buzău factory due to supply chain challenges [3]. Other operations, such as packaging, storage, and logistics, continue at both the Buzău and Roman sites [12].

Sugar Plant Premium Luduș S.A., . (Fabrica de Zahăr Premium Luduș S.A.), located in Luduș, Mureș County, has a long history of sugar production from sugar beet, established in the 1960s. The factory operated continuously until 2021, when it was on the verge of closure.

As of now, based on platform data, the company has a turnover of 47.4 million lei (10.8 million euros) and 114 employees. After being acquired by Romanian investors, the factory resumed operations, increasing production in 2023 to 24,000 tons of sugar, processing sugar beet from approximately 3,500 hectares [17]. For 2024, the company announced production of around 65,000 tons of sugar, with contracted production from 8,800 hectares and agreements with over 500 farmers in Transylvania. The company markets the Bod brand of sugar, 100% Romanian. Future plans include investments of approximately 128.8 million lei over the next three years, aiming to increase the sugar beet cutting capacity from 3,200 tons per day to 4,000 tons per day and introducing new packaging lines and products such as vanilla sugar and sugar sachets. These investments benefit from state aid of 62.5 million lei through the Investalim Program.

EUROPLANT INTERNATIONAL S.R.L., based in Jilava, Ilfov County, specializes in producing fruit syrups based on sugar. In 2023, the company had a turnover of 21 million lei (4.8 million euros) and 29 employees.

Other companies specializing in sugar beet processing have ceased operations [5]. For example, Antrepriza Zahăr Bod, located in Brașov County, faced financial and operational difficulties in recent years, leading to the suspension of activities. Similarly, Tereos Romania, based in Luduș, Mureș County, saw its factory closed in 2021 by its French parent company, Tereos, citing economic and market challenges. The factory was later acquired by Romanian investors.

Geographic distribution: The three main producers are distributed as follows: Bucharest (the leading economic operator in sugar manufacturing, with a turnover of 1.2 billion lei and 366 employees), Mureș County (one economic operator with a turnover of 47.4 million lei and 114 employees), Ilfov County (one economic operator with a turnover of 21 million lei and 29 employees).

From this perspective, the sugar manufacturing market in Romania is concentrated, with a small number of active companies. AGRANA ROMANIA S.R.L. [1] dominates the market, holding a significant share in turnover and employment. The geographic distribution indicates notable activity in Bucharest and the counties of Mureș and Ilfov. The sector’s contribution to the national economy, in terms of turnover and profit, is modest. The Romanian sugar market is not a monopoly but exhibits oligopolistic characteristics, being dominated by two major players, AGRANA Romania and Fabrica de Zahăr Premium Luduș, which control a large part of production and distribution. However, the market is not exclusive, as competition comes from substantial sugar imports, which constitute a significant proportion of domestic consumption. Imports mainly originate from the European Union, where sugar is produced at lower costs due to subsidies. The current oligopoly is characterized by a small number of large factories and a relatively high volume of imports, balancing local production and international supply.

CONCLUSIONS

Sugar beet production and processing in Romania have undergone significant transformations, transitioning from a well-represented industry to a limited one dominated by imports.

While the sugar market is not a monopoly, the high dependency on imports underscores the vulnerability of the domestic sector. In this context, measures are necessary to reduce the trade deficit and stimulate domestic production.

The adoption of modern technologies could significantly improve productivity and reduce costs, giving Romanian farmers a chance to become more competitive. Additionally, product diversification, including the development of premium or organic lines, could represent an opportunity for both the domestic and export markets. Consumer education plays an essential role, and awareness campaigns highlighting the benefits of consuming local products could increase demand for Romanian-produced sugar.

Furthermore, government support, through direct subsidies, investments in infrastructure modernization, and facilitating market access, is critical for revitalizing the sector. Another recommendation involves strengthening agricultural cooperatives in the sugar beet production sector, which could enhance the bargaining power of small producers and facilitate their access to processing and distribution networks.

Integrating these measures into a national strategy could contribute to the sustainable growth of Romania’s sugar sector and reduce its reliance on imports.

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