International Sugar Organization

1 Canada Square
Canary Wharf
London E14 5AA

EXECUTIVE DIRECTOR

Press Release(20)46
(English only)

13 August 2020

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.

Sugaronline – Ebriefing 07-08-2020

BELIZE: Santander celebrates record harvest

Santander Sugar Group has ended its harvest season reporting record numbers, according to Love FM.

The company has been resilient in the face of unpleasant weather conditions and the COVID-19 epidemic, it said. Agricultural Manager, Enrique Sanchez said the company processed 640,000 tonnes of sugarcane, producing 56,000 metric tonnes of sugar as well as 25,000 tonnes of molasses and power.

"Our yields went up to 33 metric tonnes per acre and we also got very good sugar yield per metric tonne, we had 95 kilos of sugar per metric tonne."

The company has been looking for new markets and has invested in technology, he said. It tries to try to monitor every field with drones to check for lack of water.

ED&F Man Commodities Daily Report – 11 August

São Martinho has net income of R$115.7 mn in Q1 of 2020/21, up 26.5% - Reuters – São Martinho's profit was a 26.5% increase compared to the same period of the year previous, at a time when Brazilian mills have focused on the manufacture of the sweetener. EBITDA totaled R$491 mn in the period, reaching a 41.1% gain y/y. São Martinho stated that the indicator reflects the best selling price, which increased by 16.9% in the quarter, and the highest volume of sugar sales in the period (92.4% increase). "In line with the production guidance for the harvest, announced in June, the company has been directing the production mix towards sugar, given the better profitability of the product in relation to ethanol", said São Martinho, which processed 10 mnt of cane in the period.

Cosan has a loss of R$174.4 mn in the 2nd quarter, affected by pandemic and exchange rate – Reuters – Cosan's net loss compared to a profit of 418.3 million reais in the same period of 2019, impacted by the effects coronavirus pandemic and exchange rate effects. EBITDA fell 56.5% y.y to 517.8 mn reais. The company attributed the decline to the rapid spread of Covid-19, with intensification of social isolation measures, which resulted in a sharp drop in demand and industrial activity. "The loss for the period was … also affected by the effect of the devaluation of the real on the unprotected portion of the perpetual bond," said
----

Cosan. But Cosan considered that the hardest phase of the crisis was over. "We have already noticed a gradual recovery over the months in all our businesses, in line with the easing of measures to restrict the circulation of people, indicating that the worst seems to be behind us."

FoodNavigator.com – 11 August 2020
Coca-Cola introduces recyclable paperboard-based rings on can multipacks
11-Aug-2020 By Rachel Arthur

Coca-Cola European Partners is introducing CanCollar - a paperboard packaging solution - for multipack cans in Spain. The move will avoid the use of 18 tonnes of plastic a year.

https://www.foodnavigator.com/article/2020/08/11/coca-cola-introduces-recyclable-paperboard-rings-on-multipacks

ABN Amro Exit Threatens Commodity-Trader Liquidity Squeeze
2020-08-12

By Andy Hoffman and Ruben Munsterman
(Bloomberg) -- ABN Amro Bank NV became the latest bank to exit the commodity and trade finance business, further shrinking the pool of funds available to trading houses moving trillions of dollars of oil, metals and grains around the world every year.

The Amsterdam-based lender, once a key pillar of a triumvirate of Dutch banks providing short-term loans to traders, said Wednesday it'll close the division after racking up losses from a series of trading scandals. Following similar retreats by one-time stalwarts BNP Paribas SA and Societe Generale SA, it's a blow for commodity traders dependent on such credit to fund their operations. "Our position is a long-term strategic decision," Chief Financial Officer Clifford Abrahams said on a conference call. "We looked at our business, and looked at the capital deployed at our business, and concluded we can use those resources better."

ABN Amro, among the top 10 trade finance banks, will let existing loans wind down over the next three to four years. "We will work with our clients to do it in an orderly way," Abrahams said in an interview. "It's tough for our clients and our staff, but we are convinced it's in the best interest for the bank." Commodity traders rely on short-term finance deals from banks to fund the buying, transport, refining, blending and storage of raw materials -- from crude oil to wheat to zinc. Without access to the low-cost loans, they can't fund their day-to-day operations. "ABN's decision to pull out of commodity trade finance is worrying for the sector," said Jean-Francois Lambert, an industry consultant and former trade finance banker with HSBC Holdings Plc. "ABN was a very active player in the industry."

Options Shrinking
While major trading houses such as metals giant Glencore Plc, top independent oil trader Vitol Group and Trafigura Group still have scores of banks to tap for loans, the options for mid-size and smaller niche traders are drying up. "What we are witnessing could trigger a liquidity squeeze for the sector," Lambert said. "Already smaller players arefeeling the pinch as lenders have become more restrictive." ABN Amro and Dutch peers ING Groep NV and Rabobank have a long and storied history of lending vital short-term finance to trading houses. But the global pandemic and wild gyrations in commodity
prices have brought to light a wave of scandals. In the collapses that followed, Singapore oil trader Hin Leong Trading (Pte) Ltd. left more than 20 banks on the hook for $3.5 billion in losses amid allegations of fraud. Earlier this year, ABN said two client cases accounted for 460 million euros ($540 million) in provisions, including one tied to a "potential fraud case in Singapore."

Stricter Rules

As well as the scandals, oil's slump and a historic decline in fuel demand have changed the landscape for lenders to commodities traders. Trading-house finance executives and bankers have said the sector will need to adopt tighter loan rules and restrictions to guard against further frauds and losses. Major industry lenders have already cinched their purse strings, raising the cost of borrowing amid more than $9 billion in potential losses for banks. Even the biggest traders could be squeezed if more banks pull back or exit the space. "Commodity trading needs 'other people's money,'" Lambert said. "Any restriction on the availability of such liquidity will have an immediate effect on their ability to trade." ABN Amro said Wednesday that its trade and commodity finance activities will be "discontinued completely," as it reported a net loss of 5 million euros. The bank's exit follows the halt of new trade finance loans by France's BNP Paribas. BNP was, for many years, the leading lender to the industry, accounting for as much as half of some trading houses' bank lines. It cut trade finance operations significantly after 2014 in the wake of a record fine for violating U.S. sanctions, but was still a top 10 lender. Fellow French bank Societe Generale confirmed this month it was closing its trade commodity finance unit in Singapore following the collapse of Hin Leong and other trading-house scandals.

With assistance from Ross Larsen.
