

How is Europe's starch industry gearing up to become a global player?

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After nearly 50 years of restrictions and quotas, Europe's starch industry can produce as much isoglucose as it wants. But with freedom comes responsibility, warn policymakers. So what is industry doing to prepare?



This week, Europe's suppliers of starch, sweeteners and isoglucose came together in Brussels to celebrate the end of the EU quotas on sugar beet production, and to discuss what comes next after the historic development.

After being capped at 4% of total EU sugars production for so long, suppliers are now free to produce the quantities they want. According to European trade group StarchEurope, which organised the event, in most other international markets, isoglucose sales account for between 15 and 20% of total sugar sales.

'Excitement', 'freedom' and 'opportunity' in this newly liberalised market were therefore the watchwords at the event.

'With freedom comes responsibility'

In this new quota-free era, MEP and member of the European People's Party party, Esther de Lange, offered three principles to guide the sector.

Her first point was to do business responsibly. While a lot of stakeholders will be looking to the quota end with a sigh of relief, many producers may be fearing the increased competition.

"For producers, responsibility in my view should mean gradual growth. For policy-makers it should be about ensuring a worldwide level playing field so that within the EU there is room for a flourishing starch and isoglucose sector that safeguards existing jobs and creates new ones."

Director general of DG Agriculture at the European Commission Jerzy Plewa echoed de Lange, warning that *"with freedom comes responsibility."* Industry has a shared responsibility in reading the market signals to ensure the transition goes smoothly, he said.

The Commission has set up the EU Sugar Market Observatory with precisely this in mind, aiming to inform producers on key market developments to avoid a repeat of the milk crisis when quotas in the bloc were lifted.

According to Alain Dufait, European managing director of starch and sweeteners at Cargill and president of Starch Europe, the fact that the ingredients can be produced from a range of agricultural crops - wheat, potato, corn and beet - and for a number of industries - not just food but also feed, pharmaceuticals, cosmetics, concrete and textiles - offers growth potential for farmers and means they can spread their risks.

Winning hearts and minds

Another challenge facing the sector will be to win over European consumers, said de Lange.

"Winning the hearts of people is even more important than convincing their minds. So yes, chemically sugar is sugar but there is a huge debate in Europe, and also in this house [the Parliament], about isoglucose, child obesity and the impact of carbohydrates in our diet."

She said the industry should not be afraid to call for more research into the links between isoglucose and obesity.

"If it really is a case of replacing one type of sugar for another, convince [people] with facts, science and data but don't forget to win the hearts of people too. That means, for example, keep working with the food industry to bring down overall sugar levels in processed food, especially for children."

Managing director of StarchEurope Jamie Fortescue told FoodNavigator of the importance of building a public understanding of its ingredients. StarchEurope recently set up a website Starchinfood which aims at informing the general public.

"People do not know what maltodextrin, glucose-fructose syrup or glucose syrup are. It's our job to make that information available and, in doing that, hopefully we will create opportunities for customers and consumers."

Misunderstandings

Meanwhile, when the public is aware of isoglucose, there are often misunderstandings around the ingredient that industry could work to clarify, according to Dufait.

He gave the example of the fact that isoglucose is often used in Eastern European soft drinks instead of sugar, which is seen as an example of dual quality food - manufacturers selling lesser quality food in Eastern Europe.

However, according to Dufait, this comes from the fact that before Eastern European countries joined the EU, they were not subject to the quotas and so isoglucose production developed.

Not just a replacement ingredient: 'There are benefits over sugar'



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Misunderstandings may also extend to manufacturers themselves, who are not aware of isoglucose functionality or who believe that, on a dry matter basis, it is cheaper than sugar. The starch industry will therefore need to convince food and drink makers of its advantages.

"Don't imagine that tomorrow morning Europe will just switch to new ingredients, Dufait said. "We need to give companies an added value for the product."

"What's the interest in just replacing sugar? We don't want to make a 'me-too' product. [...] Our isoglucose, our polyols, our native starches, our proteins – we forget about them – the combination of these brings a lot of opportunities. Rather than being seen as a replacement for sugar, we need to stand up as an industry and say 'This is the value in our products and these are the benefits over sugar'."

Professor Fred Brouns, Maastricht University and head of Brouns Health Food Consulting, said there were several applications where isoglucose could be used over sugar: in ice cream, for instance, it works better because there is less ice crystal formation.

Staying competitive: 'If you're not big, you have to be smart'

Europe is set to become a net exporter of sugar meaning it will be competing on a worldwide stage with other global players.

De Lange's third piece of advice was therefore: *"If you're not big, you have to be smart."*

"Knowing that labour costs are higher in Europe and that we won't be the cheapest, we need to be the smartest, permanently innovative and coming up with smart and sustainable solutions," she said.

The first step was removing regulations that prevent suppliers from responding to market demands – such as the quotas themselves, said Robert Guichard, president of CIUS, the trade association that represents European Sugar Users, adding a plea to Europe's policymakers to avoid creating any more legislation.

"Before when we wanted to create a recipe we were limited by the quota system and had to do everything to avoid using isoglucose. Now we have the freedom to make the best recipe for consumers," he said.

Dufait agreed that keeping a close eye on consumer preferences is crucial to identifying future ingredient innovations. *"That's where you start – you look at consumer preferences in the marketplace and try to find a solution."*

The rise in demand for low-calorie sweeteners is therefore a big opportunity for starch suppliers, which provide bulking agents and high intensity sweeteners, he said.

Meanwhile, putting dollars on the table for research and development as well as sustainability was essential to staying competitive - 15% of the industry's costs come from energy costs, Dufait added.

Another potential avenue for innovation is the bioeconomy. Investments might not have immediate returns but this is still an area worth investing in as an industry, he said.

"There are other issues like increased regulation on pesticides or the new CAP. It's going to be vitally important that our industry has access to quality raw materials."