Will European sugar users switch to isoglucose when quotas end?

By Caroline Scott-Thomas+, 29-Aug-2013

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The success of isoglucose in the EU largely depends on whether food and drink companies decide to make the switch from sugar, says managing director of the European Starch Industry Association Jamie Fortescue.

Currently, the European sugar quota system limits isoglucose production to 5% of the total EU sugar quota, effectively limiting production and access to the sweetener. But in 2017 the limit is set to be lifted, opening the market to isoglucose, also known as glucose-fructose syrup, or high fructose corn syrup in the US.

Fortescue claims that production could increase fourfold in the longer term, under the deal reached in June to scrap quotas as part of Common Agricultural Policy (CAP) reform.

He said: "Production is currently limited to 670,000 tonnes in the EU because of the quotas...The market penetration of isoglucose varies across the world. It is certainly highest in the US where it takes up to 50% of the sugar market. That is not going to happen in Europe, but if you look at Japan, it is up to 20% and that's certainly conceivable in the EU."

Fortescue said it was difficult to predict the level of demand for isoglucose in the coming years, as consumer acceptance of the ingredient and manufacturers' willingness to switch from sugar was still unknown.

However, he added: "We reckon that the potential market in the long term is between two and three million tonnes."

On the other hand, starch producers are not in a position to increase production quickly.

"We don't have that spare capacity in existing plants, so either existing plants would need to be expanded or new plants would need to be built," he said.

"...Companies will want to know a little bit more about how this transition might happen, and what the sugar industry might do. I would be surprised if they have already taken the decision to invest in this new market opportunity."

Interest is certainly there, particularly from the soft drinks sector, he says. Under the quota system, it is the amount of fructose in an isoglucose sweetener that is counted, meaning the more fructose in a glucose-fructose syrup, the more of the quota is used up. Isoglucose used in soft drinks tends to be either 43% or 55% fructose, "which wasn't interesting to us in the quota environment", Fortescue says, adding that the ice cream industry also has its eye on the ingredient.

"Because isoglucose is a liquid, it is much better suited to a liquid product. There are some technical advantages, but depending on the cereal prices compared to sugar prices there may be a cost advantage too," he said.

Starch production in the EU stands at about 10m tonnes a year, of which about 8m tonnes are from cereals. European isoglucose is either maize or wheat-derived.