



18 July 2018

Dear Commissioner Malmström,

The European Association of Sugar Manufacturers (CEFS) and the International Confederation of European Beet Growers (CIBE) would like to register our concern with the ongoing free trade negotiations with Australia.

First, there is no material need to open up the EU market to Australian sugar imports. EU production combined with existing tariff rate quotas (TRQs) and preference schemes are more than sufficient to satisfy domestic EU sugar consumption. Since the end of sugar production quotas on 1 October 2018 imports from all origins have fallen by almost 50 per cent on the previous marketing year. Further, Australia already has a TRQ for 10,000 tonnes of sugar and additional market access through an Erga Omnes TRQ of 290,000 tonnes of sugar subject to a much-reduced rate of 98 EUR/tonne. In addition, Brexit will result in an increase of the availability of raw sugar to refiners in the EU-27 of around 150,000 tonnes per annum via the Central America and South Africa TRQs, to which the UK will no longer have access.

Australia, the third biggest world sugar exporter after Brazil and Thailand, is a highly competitive sugar producer, enjoying natural cost advantages. Just as with Brazil, when offered zero-tariff market access, Australian sugar producers are able to profit from exporting sugar to the EU even when our domestic prices are low. The effect of these extra imports would be more downward pressure on EU prices, which at 368 EUR/tonne in May 2018 are close to their lowest level since the price reporting scheme began twelve years ago. Market opening would also exacerbate volatility on the EU sugar market: since Australia exports more than two thirds of its production onto the world market, any additional opening would further expose the EU to world market price fluctuations.

Finally, CEFS and CIBE also urge you to stand firm on rules of origin for sugar and sugar-containing products. Strict rules of origin are essential to preserve EU sugar's market share, given Australia's proximity to major subsidised sugar producers such as Thailand and its participation in a network of free trade agreements.

We stand at your disposal.

Yours Sincerely,

Marie-Christine Ribera  
Director General, CEFS

Elisabeth Lacoste  
Director, CIBE