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PRESS STATEMENT

EU-CENTRAL AMERICA ASSOCIATION AGREEMENT: EVALUATION OF THE TRADE PILLAR

The European Commission has recently opened a public consultation on the evaluation of the trade pillar of the Association agreement between the EU and its members states and six Central American Countries – namely Costa Rica, Guatemala, Honduras, Nicaragua, Panama, and El Salvador. The agreement entered into provisional application in 2013.

Under the terms of the agreement, the six Central American countries, from day one, benefit from a total duty-free sugar TRQ of 166,860 tonnes per year (raw value). This is a substantial concession. However, the European Commission took the unprecedented step to offer annual increases in the TRQ, totalling almost 5,000 tonnes per year. In perpetuity.

The result is that the total TRQ for Central America stands at 200,880 tonnes in 2021. Of this, more than 165,000 tonnes have so far entered the EU market this year alone.

CEFS strongly opposed such high concessions on sugar. We highlighted that such "endless" annual increases could damage the economic sustainability of the sector.

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Unfortunately, our voice was not heard. The EU sugar market has suffered under four years of persistently low prices. COVID-19 has caused a fall in consumption. And Brexit has resulted in a substantial reduction in our import needs. Nevertheless, the Central American TRQs have continued to increase, year after year.

The EU-Central America Association Agreement is one of the first "new generation" trade agreements of the EU that included, among others, key provisions on human rights, labour rights, environment (including biodiversity and climate change) and sustainability. But CEFS, together with CIBE (European Beet Growers), have found repeated violations of these provisions by Guatemala, among others.

CEFS Director General Marie-Christine Ribera stated:

"The EU sugar sector has strongly supported the EU's new trade strategy on reflecting the objectives of the Green Deal and the Farm to Fork Strategy. However, the EU must protect EU producers from trade partners that show unwillingness to fulfil their bilateral trade and sustainability commitments. When these conditions are not met, market access should be withdrawn, and preferential market access concessions should not be granted."

Considering all the above as well as the possible entry into force of the EU agreements with Mercosur and with Mexico in 2022, CEFS calls for no new EU sugar market access concessions to be granted in any future EU trade agreements, including those negotiated with high sugar producing countries, namely Australia, India and Indonesia.

Founded in 1953, **CEFS** represents **European sugar manufacturers** in 18 EU countries, the United Kingdom and Switzerland.

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