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CEFS-EFFAT POSITION

MIRROR CLAUSES IN SUGAR TRADE

Over the past decade, the availability of third country sugar on the EU market has significantly increased as a result of the multiple concluded EU FTA agreements. Currently, the EU is in FTA negotiations with the world's top sugar producing countries and future exporters – namely Australia, India and Mercosur – which are expected to lead to additional third country sugar on the EU market.

All this is expected to directly impact the EU sugar industry, which is still recovering from the end of production quotas that resulted the closure of 15 factories since 2017 and the loss of thousands of jobs. In addition, since January 2022 Russia's invasion of Ukraine has resulted in unprecedented increase in the costs of energy and other commodities, including sugar beet and fertilisers. Under these non-favourable conditions, the EU sugar sector has shown strong resilience and has been producing sufficient sugar to meet domestic consumption, exceeding 16.6 million tonnes in 2021/22, while maintaining its sugar exports to third countries.

Sustainability is at the heart of the EU sugar sector since a long time and is a key factor in the continuous improvement of its productivity and competitiveness. Both CEFS (European Association of Sugar Manufacturers) and EFFAT (European Federation of Trade Unions in the Food, Agriculture and Tourism) are supporting the EU's focus on -health and environmental standards for food and agricultural products as outlined in the EU Green Deal. But these targets challenge the EU sugar sector.

Delivering on the green transition may lead to new business models, job losses and new skills requirements. This is why sugar producers will need to find new ways to meet the EU's ambitious targets while remaining competitive. And this is also why a robust social dimension to protect workers and promote quality job creation is needed. Anticipation and monitoring of change will be key to achieve a just transition for workers and local communities. Further pressure on the sector from imported sugar not meeting the same environmental and social standards is counterproductive in this respect.

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EU trade policy must be aligned with the objectives of the Green Deal and the EU Pillar of Social Rights.

Trade needs to serve as well the fight against climate change. The EU and its Member States have to be coherent throughout their different policies. The ambitious environmental goals of the EU Green Deal should be respected throughout the different trade agreements.

Having ambitious legislation inside the EU but opening the market to third countries providing sugar below those social and environmental standards opens the door widely to unfair competition with beet sugar produced in the EU. Sugar imported into the EU may use chemical plant production products banned in the EU, child and forced labour, violation of trade union rights in certain countries and cause deforestation.

CEFS and EFFAT see mirror clauses as an adequate trade instrument to ensure a level playing field for the sector, to maintain a high level of social, health and environmental standards, to incentivise the trading partners to change practices and put international trade to deliver on just transition. Mirror clauses would ensure that all sugar imported, exported, produced, sold, processed, etc, in the EU respects the EU's high standards and would help raise environmental and social standards in exporting countries.

CEFS and EFFAT therefore call for all third country sugar entering the EU market to:

- comply with all relevant international conventions on labour, social rights and the environment;
- comply with EU legislation and EU standards of production, mainly on chemicals and plant protection products, nutrients management and water management; and
- comply with corporate due diligence and corporate accountability.

The current EU legislative framework aims at meeting these expectations, as can be seen through the new Regulation on deforestation free products, the proposal for Regulation on prohibiting products made with forced labour, the proposal on a Directive on Due Diligence, as well as new legally binding Trade and Sustainable Development chapters.