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OPEN LETTER

EU TRADE POLICY MUST NOT ABANDON THE BEET SUGAR SECTOR

FAO: Heads of State and Government of the EU Member States

Ahead of the European Council meeting on 23-24 March 2023, CEFS – the European Association of Sugar Manufacturers – calls for a global level playing field and sustainable EU trade policy.

The EU sugar sector is still recovering from the end of production quotas in 2017 that resulted in the closure of 15 factories and the loss of thousands of jobs mainly in rural areas. In addition, since January 2022 Russia's invasion of Ukraine has resulted in unprecedented increase in the costs of energy and other inputs, including sugar beet and fertilisers. Under these unfavourable conditions, the EU sugar sector has shown strong resilience, producing sufficient sugar to meet domestic consumption.

Unfortunately, the EU's trade policy does not reflect the contribution of EU beet sugar production to food security. Over the past decade, the availability of third country sugar on the EU market has increased significantly as a result of concessions in new free trade agreements. And it seems there's more to come: the EU is currently in talks with some of the world's top sugar producers and exporters – namely Australia, Brazil, Thailand and India.

We do not need additional market opening to sugar from overseas. With Brexit a sugar deficit country has left the EU, meaning that more EU-made beet sugar is available to cover the needs of the European market. EU exports to the UK are falling due to the latter's own market opening, meaning even more EU sugar is available for domestic consumption. And bilateral quotas that were negotiated by the EU28 have been inherited in their entirety by the EU27.

On top of this, sugar from Ukraine is entering the EU at an unprecedented rate following the EU's temporary trade liberalisation. Our sector welcomes the EU's support to Ukraine

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and its people, which is another reason why we oppose additional market opening to third countries sugar that would undermine the benefit of the for Ukraine's industry.

Sustainability is at the heart of the EU beet sugar sector and a key factor to the continuous improvement of our productivity and competitiveness. We have been supporting the EU's focus on health and environmental standards for food and agricultural products as outlined in the EU Green Deal. But we also believe that 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.

Considering the above, EU sugar manufacturers call on the Heads of state or government of the 27 EU member states to take into account the following requests:

1. maintain the EU's current import tariffs on sugar,
2. oppose any market access concessions for sugar where no level playing field exists, and
3. align EU trade policy with the objectives of the Green Deal by ensuring that imported sugar is produced under good social and environmental conditions and not with plant protection products not allowed for use in the EU.

Despite recent increases, EU sugar prices remain among the lowest in the world. Any opening of the EU sugar market to additional imports would severely undermine the economic sustainability of our industry and could well lead to the closure of additional factories. This would undermine the food security of the EU at this unprecedented time.

Yours sincerely,

European Sugar Manufacturers