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EU SUGAR SECTOR CALLS ON MEMBER STATES TO REJECT ANY OPENING OF THE EU SUGAR MARKET TO AUSTRALIA

Negotiators have entered the crucial final stage of the EU-Australia FTA negotiations. Sensitive products such as sugar are now under discussion.

CEFS (European Sugar Manufacturers) and CIBE (International Confederation of European Beet Growers) ask that **no additional EU market access be granted to Australian sugar and that the EU negotiators robustly defend the Union's interests**, for the following reasons:

- The EU sugar sector has been under substantial pressure since the end of production quotas in 2017. A long period of low prices, causing the closure of 15 factories and the loss of thousands of jobs, mainly in rural areas, has been succeeded by an ongoing and unprecedented increase in input costs, primarily fertilisers and energy. Despite these unfavourable conditions, the EU sugar sector has shown strong resilience, producing sufficient sustainable beet sugar to meet domestic consumption.

- Since Russia's invasion of Ukraine in February 2022, the EU sugar sector has welcomed the EU's support to Ukraine and its people, including the temporary trade liberalisation of Ukrainian agricultural products. The latter has resulted in a significant increase in sugar imports from Ukraine. 269,518 tonnes of Ukrainian sugar entered the EU between June 2022 and April 2023, over thirteen times its annual import quota of 20,070 tonnes. These imports have come at no small cost to the EU sugar sector, which should be taken into account in the negotiations with Australia.

- 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 FTAs. Any additional market opening to Australia will put further pressure on our sector, while we are attempting to adapt to long-term challenges such as decarbonisation and the implementation of the Farm to Fork Strategy.

- With Brexit, a sugar deficit country has left the EU. At the same time, EU exports to the UK are falling due to the latter's own market opening, meaning that more EU made beet sugar is available to cover the needs of the European market. In addition, the availability of Australian sugar has already doubled since the European Commission agreed to inherit the entirety of the WTO import quota negotiated by the EU28. Furthermore, the UK's agreement with Australia will have a negative impact on exports from the EU to the UK market while raising concerns about providing indirect access to Australian sugar to the EU market through triangular trade.

- Sustainability is at the heart of the EU beet sugar sector and a key factor in 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 standards opens the door widely to unfair competition with beet sugar produced in the EU. The Australian sugar cane sector outnumbers the EU in terms of approved active substances as part of the protection of sugar cane. EU trade policy should be consistent with the EU's environmental and climate ambitions.

  We seek a level playing field for European sugar producers and beet growers, as we strive to implement ever more environmentally and socially sustainable production practices to meet the political objectives of the European Green Deal and the Farm to Fork Strategy.

Considering the above, the EU beet sugar industry stands firm that no additional EU market access should be granted to Australian sugar in the ongoing negotiations and calls on EU Member States to support the sector in these challenging times.