

Brussels  
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## CEFS POSITION

### 2040 CLIMATE TARGET

CEFS, the European Association of Sugar Manufacturers, represents at once an agricultural and an industrial sector. Beet sugar manufacturing is characterised by high energy- and trade-intensity, making it a carbon leakage sector under the EU Emissions Trading System (ETS). Sugar is the second largest energy user and the second largest CO<sub>2</sub> emitter within the agri-food sector (after animal feed).<sup>1</sup> Our high energy consumption and emissions mean decarbonisation is both an environmental and an economic imperative.

We note the European Commission's initiative to provide early clarity on the EU's climate ambition for 2040. Sugar manufacturing is capital-intensive and operators will need to make billions of euros worth of investments to reach an intermediate decarbonisation target in 2040. A stable and predictable regulatory framework, flexibility and openness to different decarbonisation options, and substantial public financial support is needed.

In this context, CEFS:

- Supports for the flexibilities presented by the Commission to reach the 2040 climate target, notably of the use of international credits to meet climate targets.
  - o In view of the ambitious climate targets and the reductions that can often be achieved with lower energy and transformation costs in other regions of the world, international emission credits should be authorised as early as possible and on a larger scale (Art. 6 of the proposal).

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<sup>1</sup> Ricardo Confidential. 7 July 2021. Decarbonisation road map for the European food and drink manufacturing sector A report for FoodDrinkEurope. P. 6, table 1.

- Clarity is needed on how these credits interact with EU ETS obligations and other regulatory mechanisms.
- **Highlights the need for a realistic and cost-effective policy framework.**
  - Achieving a -90% reduction in net GHG emissions by 2040 will require unprecedented investments and transformation across all sectors. It is therefore essential that the upcoming reviews of EU legislation:
    - reflects a proportionate burden-sharing approach, particularly for sectors with limited decarbonisation options or exposure to carbon leakage, such as the sugar industry; and
    - includes science-based impact assessments, ensuring the feasibility and competitiveness of European bio-based industries are preserved in the post-2030 framework.
- **Stresses the importance of policy coherence and just transition.**
  - CEFS calls for coherence between climate, industrial, agricultural and trade policies. This means adjusting where necessary existing legislation to deliver simplification and facilitate the uptake of all decarbonisation options, in close consultation with affected stakeholders (e.g. in the context of the 2026 revisions).