PRESS RELEASE

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CEFS AND CIBE WELCOME MEMBER STATES' APPROVAL OF SUGAR IPP SUSPENSION

Today Member States in the Expert Group for Agricultural Markets voted in favour of the European Commission's proposal to suspend the Inward Processing Procedure (IPP) for sugar, as requested by Commissioner Hansen and supported by the European beet sugar sector.

This is a clear signal and an important step forward for the sector.

In recent years, the use of IPP for sugar has been increasingly misused to channel growing volumes of world market sugar into the EU duty-free, effectively bypassing the safeguards of the EU market. Imports of raw sugar under IPP have surged and now account for more than 70% of total raw sugar imports. These volumes enter at world market prices, which are heavily distorted by government support in major exporting countries such as Brazil, India, and Thailand. As a result, IPP transmits these distortions directly into the EU market, intensifying downward price pressure and contributing to significant financial losses for EU producers.

This severe market deterioration has already contributed to six factory closures and poses a serious threat to the economic viability of European beet growers and sugar manufacturers, as well as to rural economies more broadly.

Moreover, IPP undermines the market-balancing function of EU sugar exports by creating a self-reinforcing cycle of duty-free imports that increases supply pressure. These imports are not necessary to ensure supply, given the already substantial level of access third countries already enjoy to the EU sugar market. Instead, they displace EU production and erode value across the entire supply chain.

The current scale and impact of IPP clearly meet the criteria set out in Article 195 of the CMO Regulation: these imports are already disturbing the EU market and risk further disruption if left unaddressed.

Against this background, the Commission's proposal for a temporary 12-month suspension is both necessary and proportionate. It also reflects a broader recognition that inward processing has been overused in several industrial sectors, leading to unintended distortions in the EU internal market. However, this measure should be seen as a first step towards a more structural revision of the framework, to prevent such distortions from recurring in the longer term.

CEFS and CIBE thank the European Commission and Member States for taking this first step to address the EU sugar market situation. We are also grateful to the support of MEPs. We remain at the disposal of the European institutions to contribute to solutions that enable the sector to break out of reoccurring crisis cycles, which destroy value for both growers and manufacturers, and to ensure the long-term resilience and competitiveness of the European beet sugar sector.

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