CEFS' SEVEN PRIORITIES FOR AN EU TRADE POLICY THAT WORKS FOR THE EU SUGAR SECTOR



The EU sugar market is increasingly open, while global markets remain distorted by state support, trade barriers and differing production standards.

As trade agreements expand EU market access despite declining consumption, CEFS sets out seven priorities for a fairer, more sustainable competitive environment that protects the EU market and its high standards.

Since the abolition of production quotas in 2017, the European sugar market has become one of the most open and liberalised sugar markets in the world. Combined with an ambitious EU trade agenda, this shift has significantly increased the sector's exposure to the volatile and heavily distorted global market. Meanwhile, major sugar-producing countries continue to maintain state support schemes, market interventions and trade barriers that distort the world sugar market.

Despite this increasingly uneven playing field, European sugar manufacturers have continuously invested in achieving the highest environmental, food safety and labour standards. Meanwhile, in a number of third countries, sugar production continues to face environmental and social challenges, bringing down costs of production at the expense of workers and the planet.

Government support and unsustainable practices have a double impact on EU sugar production: they depress the world market, which strongly correlates with the EU, and they artificially lower the cost of zero and reduced-duty imports, which compete directly with European sugar.

Successive trade agreements have expanded preferential access to the EU market even as sugar consumption continues to decline. For the 2027/28 marketing year, duty-free and low-duty sugar availability is projected to reach 1.69 million tonnes, a volume corresponding to over 12% of internal consumption within the EU. Furthermore, the use of the Inward Processing Regime beyond its intended scope increasingly weakens the few remaining protections by facilitating additional duty-free imports.

CEFS have identified seven priorities for the EU's trade policy to ensure that the EU sugar sector no longer has to the price for unfair and unsustainable practices in third countries.



OUR SEVEN PRIORITIES

1

PRIORITY 1: A MORATORIUM ON NEW MARKET ACCESS CONCESSIONS

The unprecedented level of market availability currently afforded to third countries leaves the EU sector highly exposed to the distorted world market. In this context, the EU must not offer any more market access concessions.

2

PRIORITY 2: STRUCTURAL REFORM OF THE INWARD PROCESSING PROCEDURE

The IPP must be reformed to ensure it operates as originally intended. Equivalence between sugar beet and raw cane sugar should be ended, and the transfer of licences prohibited, thereby preventing the circumvention of EU tariff protection while continuing to support export competitiveness.

3

PRIORITY 3: STRENGTHENING IMPORT CONTROLS

Member State authorities must intensify import controls to ensure that third-country sugar complies with EU standards.

4

PRIORITY 4: MAINTAIN EU IMPORT TARIFFS ON RAW AND WHITE SUGAR

The current Common External Tariffs must be maintained to protect the EU sector from unfair competition and the volatility of an artificially depressed world market.

5

PRIORITY 5: SUPPORTING ADDED VALUE THROUGH STRICT RULES OF ORIGIN

The EU should maintain strict rules of origin in order to maximise the local added value for the contracting parties.

6

PRIORITY 6: COMBATING GLOBAL TRADE DISTORTIONS AND UNFAIR BARRIERS

Third country trade-distorting support measures and trade import barriers must be addressed and litigated using all available tools

7

PRIORITY 7: REVISITING LEGACY CONCESSIONS

Modernising the EU's trade architecture must include a re-evaluation of legacy sugar quotas with annual TRQ increases and disproportionate concessions.

PRIORITY 1: A MORATORIUM ON NEW MARKET ACCESS CONCESSIONS

In recent years the EU has granted unprecedented market access for third-country sugar via Free Trade Agreements. For the 2027/28 marketing year, total duty-free availability is projected to reach 1,145,400 tonnes, supplemented by duty-free, quota-free access from ACP and LDC countries. Additionally, total market availability of low-duty raw sugar will amount to more than 543,000 tonnes.

Faced with the reality of shrinking consumption (down almost 2.5 million tonnes since 2017/18) and record-high duty-free availability of sugar, a cumulative impact assessment can yield only one result: the EU has reached its limit. Any further preferential access would undermine the market balance and jeopardise the domestic sector. Consequently, we call for a definitive moratorium on new market access concessions for sugar in all upcoming trade negotiations.

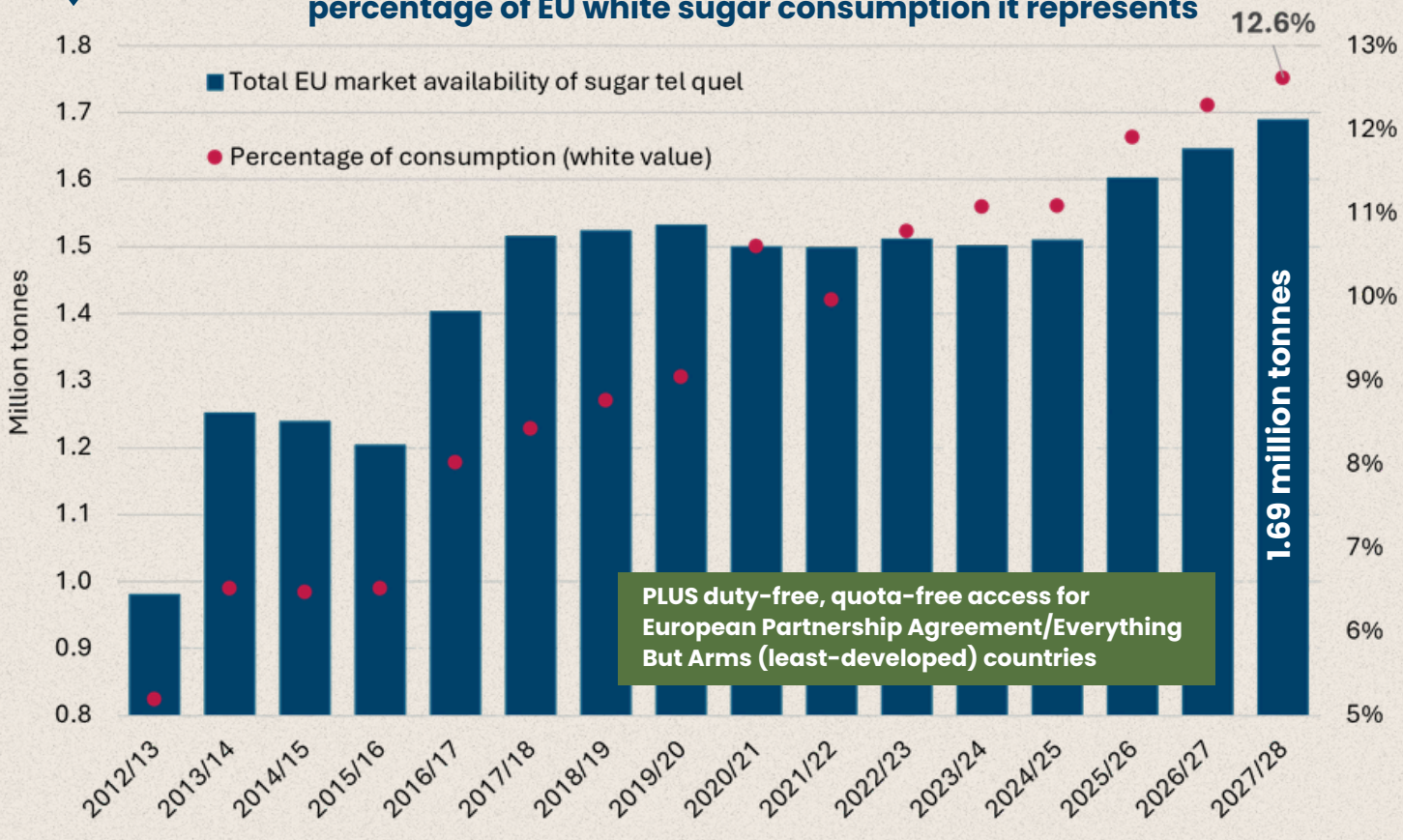
PRIORITY 2: REFORM THE INWARD PROCESSING PROCEDURE

The current Inward Processing Regime has become a mechanism to circumvent the EU's Common External Tariff and the vast network of arrangements giving EU importers access to duty-free and low-duty sugar.

Through the use of 'EXIM' IPP and transferable licences, exports of EU white sugar generate rights to duty-free imports, lowering the EU import parity price and amplifying supply pressure. This mechanism weakens tariff protection, undermines exports as a market-balancing tool, and exposes the EU market directly to distorted world prices. This specific form of IPP does not serve the basic purpose of the procedure, which is to support the competitiveness of processed product exports.

We call for a structural reform of IPP that ends the artificial equivalence between sugar beet and raw cane sugar, limits EX/IM and enhances transparency to prevent further use of this procedure beyond its intended scope, while continuing to support the competitiveness of processed product exports, as originally intended.

Absolute EU market availability of zero- and reduced-duty sugar and the percentage of EU white sugar consumption it represents





PRIORITY 3: STRENGTHEN IMPORT CONTROLS

EU sugar beet growers and sugar manufacturers adhere to the most stringent environmental and food safety standards in the world. This commitment to is not matched by our global competitors. For instance, in Brazil, of the 110 active substances approved for use in sugar cane, 49 are no longer permitted in the EU, 13 were never notified and authorised in the EU, and 8 others are Candidates for Substitution (CfS).

In addition, the rise of genetically modified (GM) cane in Brazil creates a significant compliance risk. While Brazil cultivates GM sugar cane, there is no segregation between GM and non-GM varieties during processing. Consequently, raw sugar exported to the Union may originate from mixed production streams. Given that no GM cane sugar varieties are currently authorised for the EU market, these imports may be in direct violation of EU law.

Import controls based on residue levels are insufficient to protect the EU sugar market from imports produced under unsustainable conditions. The EU must seriously look into a certification-based system whereby sugar produced using plant protection products not authorised in the EU may not be imported.
We cannot allow imported sugar produced under lower standards or from unauthorised genetically-modified varieties to displace sustainably produced European beet sugar.

PRIORITY 4: MAINTAINTHE EU'S IMPORT TARIFFS ON RAW AND WHITE SUGAR TO REFLECT INFLATION

The EU remains one of the world's most accessible markets, yet its primary safeguard is slowly evaporating. While the Common External Tariffs of €339 for raw sugar and €419 for white sugar have remained static since 2000, over a quarter of a century of inflation has hollowed out their defensive value by nearly half. In today's terms, these duties would need to stand at €597 and €737 respectively just to provide the level of protection originally granted.

Although inflation has gradually eroded the tariff's defensive value, the current level of the EU's Common External Tariff continues to provide an adequate degree of protection from world market distortion. Given the significant legal constraints on increasing bound tariff levels at WTO level, the priority should be to preserve the existing regime. The erga omnes tariff should therefore be maintained at €339 per tonne for raw sugar and €419 per tonne for white sugar.



PRIORITY 5: SUPPORT THE CREATION OF ADDED VALUE IN THE EU THROUGH STRICT RULES OF ORIGIN

The added value of a Free Trade Agreement must benefit the contracting parties.

Rules of Origin are an essential tool for reaching this goal and should not be misused to increase market access to third party competitors. They are necessary to rule out illegal or unfair triangular trading schemes. This is why refining of raw sugar must never confer origin. Additionally, weight-based (not value-based) thresholds should be applied.

Strict product-specific rules of origin ensure that such processed products exports contain as much European sugar as possible, and therefore help keep added value and jobs within the EU.

PRIORITY 6: COMBAT GLOBAL TRADE DISTORTIONS AND UNFAIR BARRIERS

The global sugar market is widely recognised as one of the most distorted agricultural sectors. Major producers continue to employ subsidies, price supports, and export incentives that artificially depress world trade prices. With the WTO Appellate Body currently unable to settle disputes, the EU must deploy its Trade Defence Instruments where appropriate to counter these distortions.

Additionally, the EU must challenge unfair import restrictions in markets such as Canada and Egypt, which prevent access of EU white sugar to their markets. Trade policy must be used to dismantle these barriers and ensure that sustainably manufactured EU sugar is not subject to international discrimination.



PRIORITY 7: REVISIT LEGACY TRADE CONCESSIONS

The annual TRQ increases in agreements with Central American and Andean countries are not justifiable in a market where domestic consumption is steadily declining. On top of it, the EU-Serbia Stabilisation & Association Agreement gives Serbia 181,000 tonnes of access to the EU market. This large concession was granted after Serbia was found to be committing origin fraud relating to its exports of sugar to the EU. It is a highly disproportionate concession for such a small sugar producer.

We call on the Commission to eliminate these specific provisions in any future modernisation of these agreements.



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CEFS stands for le Comité Européen des Fabricants de Sucre, or in English: the European Association of Sugar Manufacturers. CEFS is an international non-profit organisation and a recognised interlocutor for the EU Institutions since 1953, sharing knowledge and technical expertise on sugar. CEFS' membership is composed of sugar-producing companies in the EU and Switzerland.