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Report Highlights:

EU27 beet sugar production for MY 2024/25 is projected to remain unchanged at 14.8 million metric tons (MMT), with increased cultivation across member states offsetting a slight decline in France. The upcoming season presents opportunities for increased sugar prices, but also challenges like the ban on neonicotinoids threatening pest control and unpredictable weather patterns driven by climate change. EU27 sugar consumption is anticipated to remain stable at 16.8 MMT, but the influx of refugees from Ukraine may skew per capita estimations. While high EU sugar prices could drive a shift to other sweeteners like isoglucose, production is expected to remain stable. EU27 sugar imports in MY 2024/25 are forecasted to hold steady at 3.0 MMT, compared to 3.1 MMT in MY 2022/23. Similarly, the EU27 sugar export forecast for MY 2024/25 remains consistent compared to MY 2023/24 and 27 percent higher than in MY 2022/23.

Executive Summary

EU27 beet sugar production for MY 2024/25 is expected to hold steady at 14.8 million metric tons (MMT) with increased cultivation in some member states (MS) balancing out slight declines elsewhere. The upcoming season poses challenges, including concerns over the ban on neonicotinoid seed treatments and unpredictable weather patterns due to climate change, which may impede production growth. Despite uncertainties, high sugar prices are driving increased planting in certain countries like Austria, Spain, Slovakia, Czechia, and Hungary, supported by favorable policies.

In MY 2023/24, EU beet sugar production ended up 4 percent below the previous forecast but was 7 percent higher than in 2022/23, facing challenges such as adverse weather and disease outbreaks. While the sector faces ongoing challenges like unpredictable weather and limited plant protection options, potential advancements in disease-resistant varieties through genome editing or new genomic techniques (NGTs) offer hope for sustainability and competitiveness. Total EU27 beet sugar production for MY 2024/25, including thick juice for industrial use, is forecast at 16.8 MMT, although it is not reflected in the PS&D table.

EU sugar consumption in MY 2024/25 is forecast to remain stable at 16.8 MMT, with slight downward revisions year over year. The war in Ukraine and its refugee crisis introduce uncertainty, potentially affecting consumption patterns. Growing health consciousness may also moderate consumption, with simultaneous pressure on food processors to reduce sugar content and considerations for sugar taxes.

EU sugar imports for MY 2024/25 are forecast at a stable 3.0 MMT. However, the war in Ukraine has introduced short-term uncertainties. Measures implemented to support Ukraine, such as the Solidarity Lanes and temporary trade liberalization, have resulted in a significant influx of Ukrainian sugar. These supportive measures are expected to continue, with safeguards included to protect EU farmers. Sugar imports from the UK remain significantly lower post-Brexit due to the agreed-upon rules of origin.

EU sugar exports are forecast to remain stable at around 1.1 MMT in MY 2024/25, mirroring MY 2023/24 levels. This represents a significant increase of 27 percent compared to MY 2022/23. Key exporting countries include France, Germany, Poland, Netherlands, and Belgium. Notably, EU sugar exports to the UK recovered fully after a temporary halt following Brexit, demonstrating successful adaptation to the new trade rules. EU sugar stocks are expected to rise slightly in MY 2024/25, reaching 1.1 MMT, while isoglucose production is forecast to remain flat despite recent price movements in sugar and its raw materials.

On the policy front, the new Common Agricultural Policy (CAP) for 2023-2027, supported by the approved strategic plans from member states in December 2022, has been in effect since January 1, 2023. Responding to farmer protests demanding reduced administrative burden and better prices, the European Commission proposed amendments to certain CAP provisions in March 2024.

Since December 2013, the EU has banned neonicotinoids on bee-attractive crops including sugar, with further restrictions in May 2018. In 2022, temporary emergency authorizations for these substances were

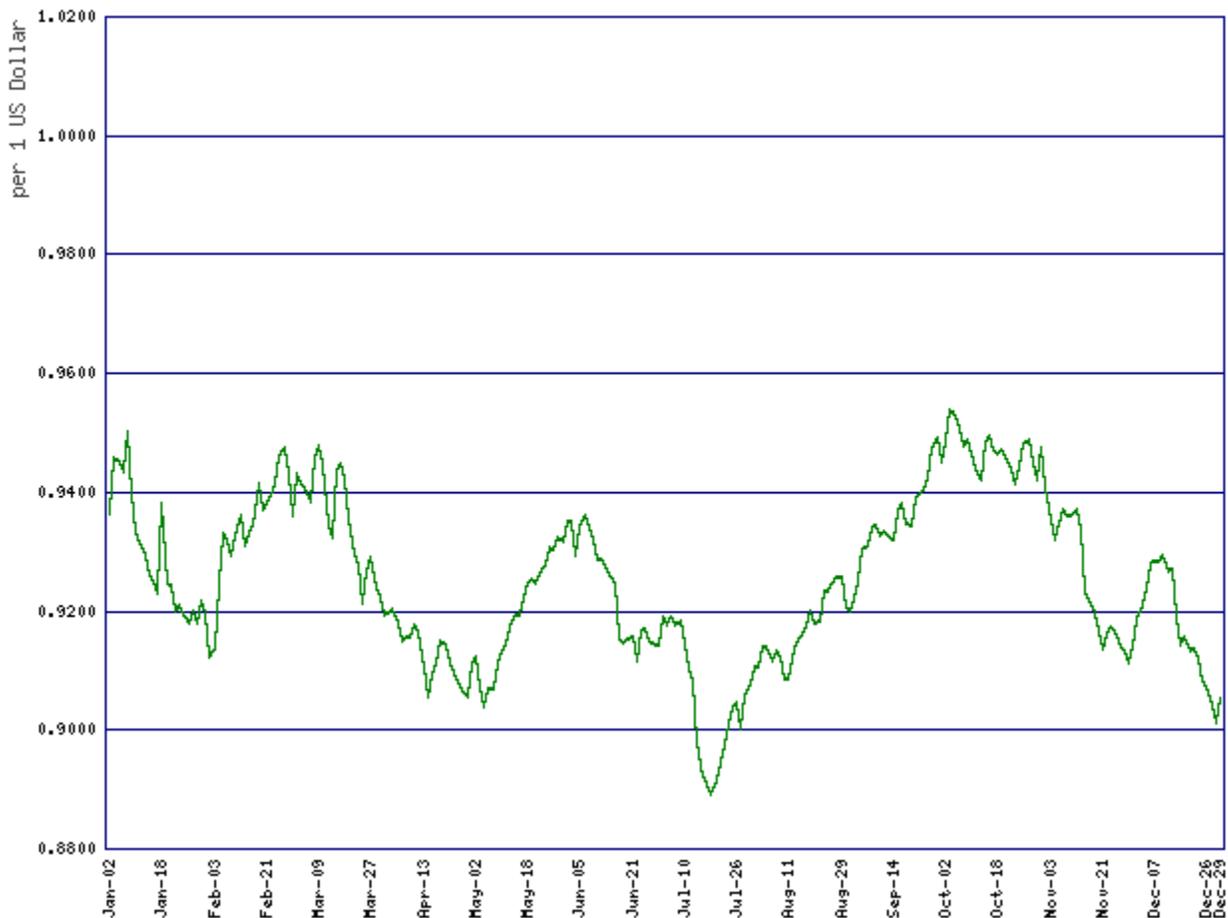
ruled out by the European Court of Justice. In September 2022, EU MS voted to reduce maximum residue levels (MRLs) for certain neonicotinoids. This decision, adopted in February 2023, will come into effect on March 7, 2026.

On July 5, 2023, the European Commission adopted a proposal to regulate plants produced by genome editing, introducing two categories. Despite the Parliament's vote in favor of the proposal on February 7, 2024, consensus in the Council of the EU remains difficult to reach. As Parliamentarians depart for recess in April, the proposal will shift to the new Parliament, Commission, and Council presidencies.

On trade, the EU is finalizing the ratification process for a modernized free trade agreement (FTA) with Mexico and negotiations on the FTA with Mercosur. Discussions might resume in the future, but the outcome is uncertain. Meanwhile, talks on the EU-Australia FTA are on hold, with a possible resumption in 2025 when new leadership will be in place for both the EU and the Australian governments. The FTAs with New Zealand and Chile were concluded in 2022.

Explanatory Notes to the Reader

- All sugar numbers are in raw sugar equivalent (RSE) unless otherwise noted.
- The Production, Supply, & Distribution tables (PS&D) in this report only pertain to sugar as defined by Harmonized System (HS) code 1701; therefore, it excludes raw beet sugar production destined for fermentation or other industrial purposes like bioethanol production.
- The conversion factors and marketing years used in this report:
 - MY = marketing year; for sugar October/September.
 - Raw cane sugar = 1.07 X Refined cane sugar
 - Raw beet sugar = 1.087 X White (refined) beet sugar
- Sugar imports for EU inward processing (IP) purposes are included in this report's PSD tables. While raw sugar imported under IP is being re-exported as white sugar, it should be clear that processed products made using IP sugar and re-exported are included in the EU consumption line. Inward processing is the EU customs program under which the import duties for dairy, sugar, and starch containing commodities for processing and subsequent re-export are waived.
- EUR/USD exchange rate is listed for 2022.



Source: ExchangeRate.com

Acknowledgements

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Andreja Misir, FAS/Zagreb covering Croatia.

Antonia Rudolf, FAS/Berlin covering Germany.

Luigi Castaldi, FAS/USEU/Brussels covering Belgium and EU policy.

Table 1 – EU27 Sugar Production, Supply, and Distribution (PS&D)

EU-27 Sugar, Centrifugal (1,000 MT RSE)						
	2022/2023		2023/2024		2024/2025	
Market Year begin	October 2022		October 2023		October 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	1,464	1464	1,269	911		991
Beet Sugar Production	14,545	13,824	15,367	14,798		14,786
Cane Sugar Production	165	185	165	187		185
Total Sugar Production	14,710	14,009	15,532	14,985		14,971
Raw Imports	1,800	1,802	1,500	1,500		1,500
Refined Imports (Raw Val)	1,200	1,305	1,000	1,500		1,500
Total Imports	3,000	3,107	2,500	3,000		3,000
Total Supply	19,174	18,580	19,301	18,896		18,962
Raw Exports	5	6	5	5		5
Refined Exports (Raw Val)	900	863	900	1,100		1,100
Total Exports	905	869	905	1,105		1,105
Human Dom. Consumption	17,000	16,800	17,000	16,800		16,800
Total Use	17,000	16,800	17,000	16,800		16,800
Ending Stocks	1,269	911	1,396	991		1,057
Total Distribution	19,174	18,580	19,301	18,896		18,962

EU27 beet sugar production for MY 2024/25 is forecast to remain stable at an estimated 14.8 million metric tons (MMT), with a slight increase in cultivated area to approximately 1,499 thousand hectares. While major producers like Germany and Poland are expected to see minimal change in cultivated area, smaller producing countries like Spain, Slovakia, Romania, and Croatia are anticipated to see an increase in plantings, counterbalancing an estimated decrease in area dedicated to sugar beet in France.

The 2024/25 season presents both challenges and opportunities for European producers. Concerns persist over the ban on neonicotinoid seed treatments, which could reduce pest control effectiveness and lead to subsequent disease outbreaks. Unpredictable weather patterns driven by climate change pose additional threats, potentially impeding anticipated production increases.

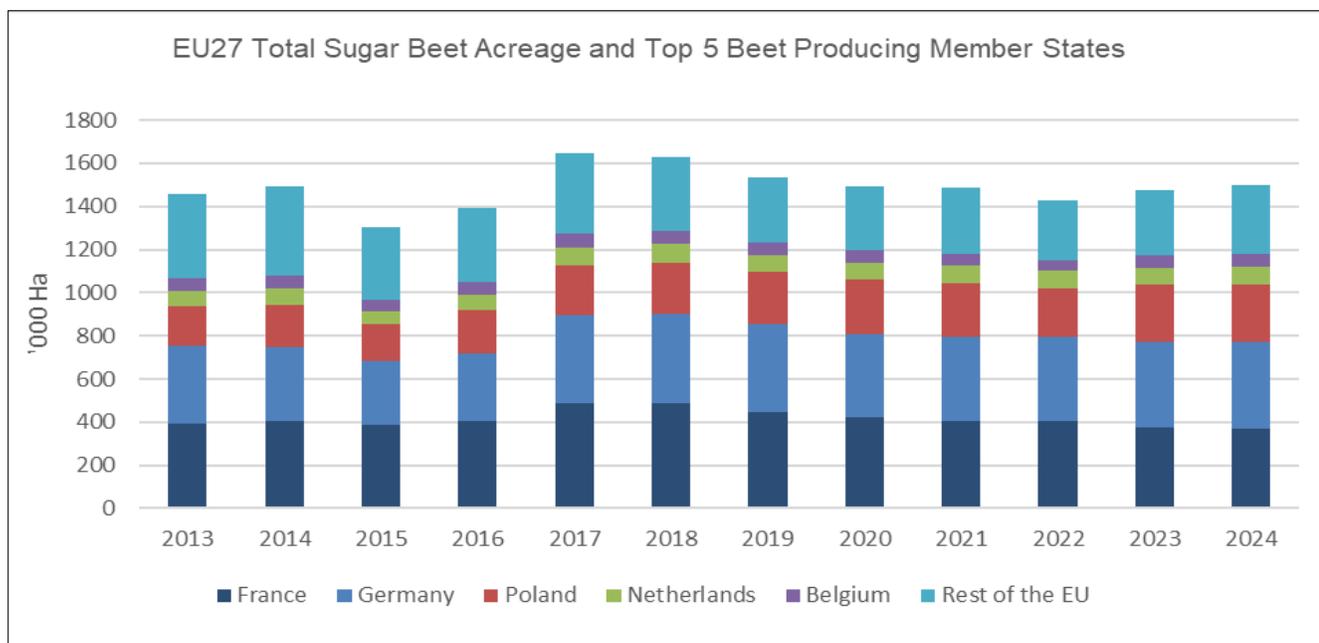
Rising production costs and the necessity for sustainable practices further intensify pressure on farmers. The influence of high sugar prices on planting decisions remains uncertain, compounded by uncertainties surrounding duty-free sugar imports from Ukraine. Despite these concerns, the elevated prices continue to incentivize increased planting in Austria, Spain, Slovakia, Czechia, and Hungary, bolstered by supportive policies for the upcoming season.

Regarding MY 2023/24, EU beet sugar production ended up 4 percent below the previous forecast, primarily due to increased non-food use for beet sugar, as indicated by official data revisions provided by the EU. However, production was 7 percent higher than in the previous year (2022/23).

Unfavorable weather across Europe, including cold spring in the Netherlands, unpredictable patterns in Czechia, and harsh conditions in Belgium, hampered the beet planting season, causing delays in sowing and disrupting schedules. Diseases like cercospora, SBR (syndrome 'basses richesses'), and stolbur exacerbated the situation, posing threats throughout the growing season, particularly in Netherlands, Czechia, and Germany. Harvesting was equally arduous, with heavy rain and waterlogged soil impeding operations in Slovakia, Belgium, and the Netherlands, which experienced its wettest year on record. However, Poland saw record harvests through increased acreage, and favorable weather conditions benefited countries like Hungary. Overall, the 2023/24 season underscored the resilience of the European sugar beet industry as stakeholders adeptly navigated diverse challenges to ensure a predominantly successful season.

Cane sugar production in French Overseas regions of Martinique, Guadeloupe, French Guyana, and Reunion Island is reviewed higher compared to previous estimations.

Graph 1 – EU Sugar Beet Acreage



Source: FAS EU Posts and Eurostat data.

Despite the recent rise in plantings driven by high sugar prices, the European sugar sector faces ongoing challenges. As evidenced by the declining sugar beet area in Graph 1, the sector struggles with the long-term effects of the 2017 quota system abolition. Adverse and unpredictable weather, limited plant protection options, and potential negative impacts from free trade agreements pose further challenges to the sector. However, the June 2023 proposal by the European Commission to regulate plants obtained by genome editing holds promise for disease-resistant varieties and reduced chemical use, aligning with the industry's goals for sustainability and competitiveness. Increased farmer profitability, effective

weather, disease mitigation strategies, and a potential review of the EU's trade policy remain crucial for ensuring a long-term, sustainable future for the sector.

Table 2 – Production Forecasts for MY 2024/25 and Updates for MY 2022/23 and MY 2023/24

EU sugar beet production						
	Area harvested, thousands of Hectares			Sugar beet yield in MT per Hectare		
	22/23	23/24e	24/25f	22/23	23/24e	24/25f
Austria	34.0	35.7	40.0	79.7	74.1	75.0
Belgium	52.7	56.3	57.4	90.1	89.6	85.0
Croatia	8.9	8.0	9.0	64.4	75.0	70.0
Czechia	61.4	61.6	62.7	72.0	71.0	69.0
Denmark	31.7	31.7	31.7	72.3	74.8	76.5
Finland	8.8	10.9	11.0	43.1	39.6	40.9
France	402.0	378.0	370.0	78.4	83.4	81.0
Germany	393.3	392.0	400.0	70.3	77.0	75.0
Hungary	9.7	14.8	15.0	48.4	57.4	59.7
Italy	25.8	24.1	24.2	43.1	61.0	57.2
Lithuania	11.8	16.0	16.0	50.0	60.0	58.0
Netherlands	81.8	80.9	81.0	88.8	90.0	85.4
Poland	223.0	265.6	270.0	63.5	63.9	62.0
Romania	8.9	15.9	18.0	31.2	37.5	37.5
Slovakia	19.5	22.4	24.2	56.3	60.6	59.0
Spain	25.6	35.3	40.0	74.9	85.0	86.0
Sweden	28.9	28.8	28.9	64.7	60.6	61.0
Total EU27	1,427.7	1,477.9	1,499.2			

Source: FAS/USEU based on data from FAS analysts in EU MS (e=estimated, f=forecast).

Table 3 – Total Sugar Beet Production and Additional Production for Non-food Industrial Use

EU Beet Sugar Production (raw value)				
	in 1,000 MT	2022/2023	2023/24	2024/25
EU Sugar Production		13,824	14,798	14,789
Industrial Use		1,965	2,044	2,044
Total EU Beet Sugar Production		15,789	16,841	16,829

Source: FAS/USEU calculation based on contributions from FAS analysts in EU MS.

Total EU27 beet sugar production for MY 2024/25, including thick juice for industrial use that falls beyond the scope of our reporting, is forecast at 16.8 MMT in line with MY 2023/24 and 7 percent above MY 2022/23.

Table 4 hereafter breaks down the sugar beet produced and used for sugar production and industrial fermentation uses for bioethanol and other biochemical production. For more information about the bioethanol market see the FAS GAIN Report – [EU Biofuels Annual 2023](#).

Table 4 – EU Sugar Beet PS&D

Sugar Beets	2022/2023	2023/2024	2024/2025
<i>Market Year Begins</i>	Oct-22	Oct-23	Oct-24
Area Harvested (1000 HA)	1,427.8	1,477.9	1,499.2
Production (in MMT)	103.1	111.8	109.9
Utilization for Sugar (in MMT)	90.3	98.2	96.6
Utilization for Industrial Fermentation (in MMT)	12.8	13.6	13.4
(1000 HA), (1 million MT)			

Source: FAS/USEU calculation based on MS data; not official USDA data.

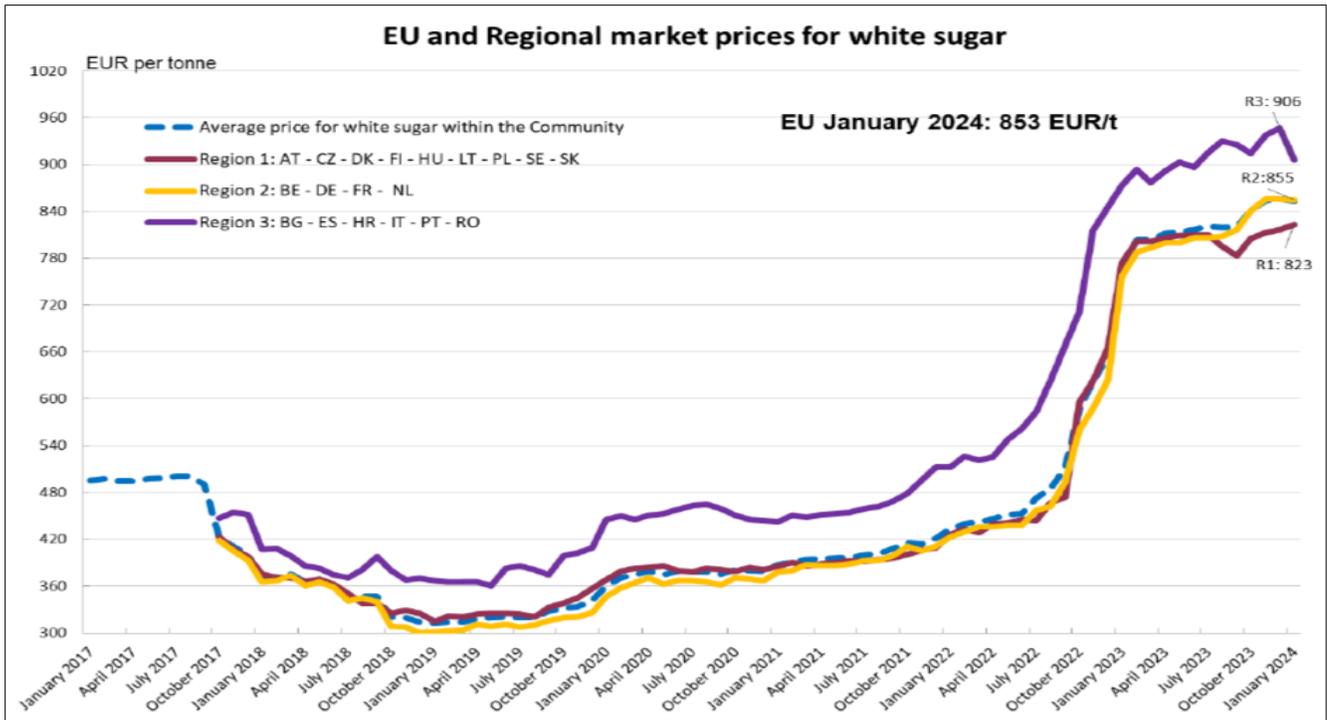
EU27 Sugar Consumption

EU sugar consumption in MY 2024/25 is forecast to remain stable compared to the previous two marketing years reviewed in this report, reflecting a slight downward revision from previous assessments. However, the war in Ukraine and its refugee crisis introduce uncertainty, potentially influencing overall consumption patterns and estimates. While the total sugar consumed may not increase, the influx of 5 million displaced Ukrainians could lead to a decrease in per capita sugar consumption due to the larger population. Additionally, growing health consciousness is shaping long-term sugar intake patterns, potentially moderating consumption. This trend coincides with ongoing pressure on [food processors](#) to reduce sugar content and considerations for sugar taxes, amid concerns raised by a recent [WHO report](#) about the motivations behind these measures.

Following the end of sugar quotas in late 2017, EU prices closely tracked global prices until autumn 2022, reflecting sufficient European production levels and low net import demand (Graph 3). However, the energy crisis and raw material shortages caused a surge in net import demand, leading to an increased price gap. This difference peaked at €283 (\$302) per ton in February 2023 but declined to €156 (\$166) per ton by September 2023 as world prices rose faster than EU prices.

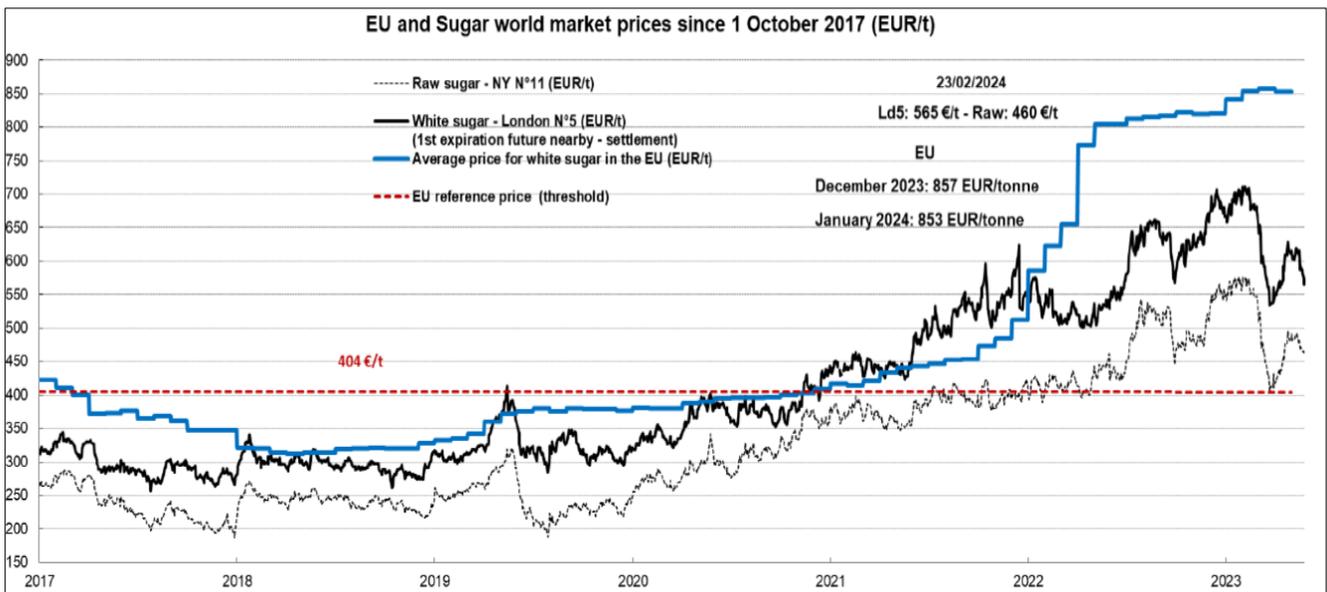
The price differentiation in the EU sugar market, illustrated in Graph 2 below, has widened between the core producing member states (MS) (Region 2: Belgium, France, Germany, the Netherlands, and formerly the UK) and EU MS in the periphery (Region 3: Bulgaria, Romania, Greece, Croatia, Italy, Spain, and Portugal) since the summer of 2022. This trend reflects exceptionally high prices until the end of the year, stabilizing around the end of 2023. The availability of a significant amount of sugar imported from Ukraine at zero tariffs in Region 3 further reduced the gap between the regions at the beginning of 2024.

Graph 2 – EU Regional Prices for White Sugar



Source: European Commission

Graph 3 – EU Market Price and World Market Prices After the End of the EU Quota Regime



Source: European Commission

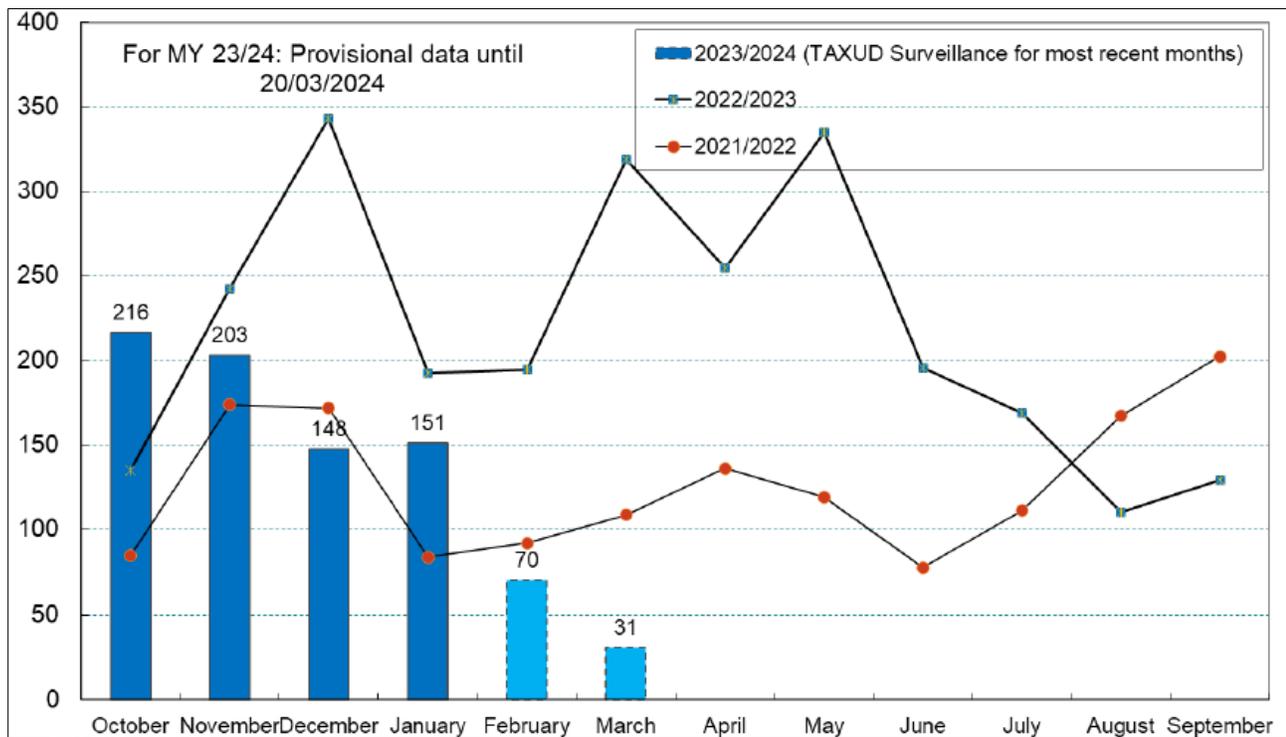
EU27 Sugar Trade

Imports

EU27 sugar imports in MY 2024/25 are forecast to remain stable at 3.0 MMT compared to MY 2023/24, representing a 3 percent decrease from MY 2022/23 levels.

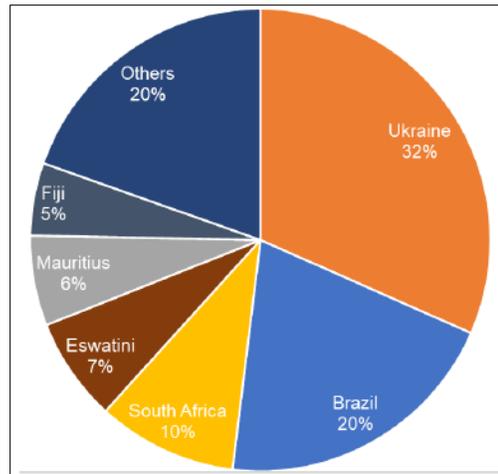
Imports in MY 2023/24 initially surged during the EU beet processing campaign, nearly aligning with the previous marketing year's trend towards the end of 2023 and the beginning of 2024, as depicted in Graph 4 below.

Graph 4 – EU Monthly Sugar Imports in MY 2023/24 and Origins



Quantity: thousand tons / Source: European Commission

(Graph 4 continued)



Source: European Commission

Despite the stable forecast, the EU's response to the war in Ukraine, while aiming to support Ukraine's economy, has introduced short-term uncertainties and challenges in the EU's sugar market. Initiatives like the Solidarity Lanes and the temporary trade liberalization measures eliminating duties and quotas on Ukrainian agri-food products, including sugar, have resulted in a significant influx of Ukrainian sugar into the EU (as shown in Graph 8).

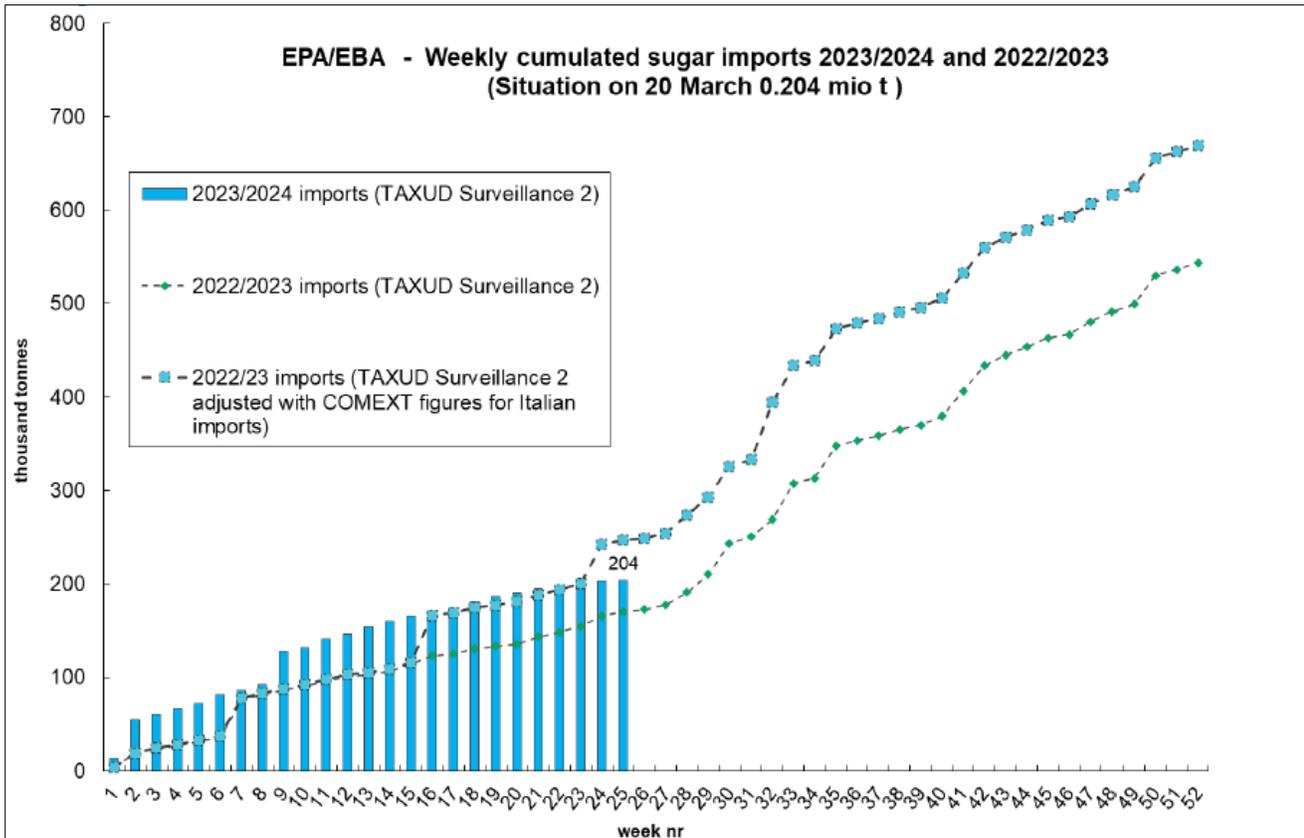
To keep supporting Ukraine, the European Parliament and Council provisionally agreed on April 8, 2024, to extend the trade liberalization measures until June 5, 2025, aiding Ukraine's economic recovery and integration with the EU market. To safeguard EU farmers, the agreement includes measures like an emergency brake based on average import volumes from 2021 to 2023, allowing for a more accurate assessment of recent trends. Specifically, in the case of sugar, the agreement would allow for a duty-free quota of around 265,000 tons for 2024 and an additional 110,000 tons until June 2025. Final approval by the Parliament and Council is pending, with a vote expected in April. New regulations will take effect immediately, thereafter, ensuring continuity in EU-Ukraine trade relations.

EU sugar imports from the UK almost entirely stopped after Brexit in January 2021. This decline occurred despite the duty-free sugar trade provisions outlined in the finalized [EU-UK Trade and Cooperation Agreement \(TCA\)](#) on December 24, 2020. The reason lies in the agreed-upon [rules of origin](#) within the TCA. These rules prevent the UK from exporting refined sugar made from imported raw sugar to the EU duty-free (and vice versa). Consequently, while some import flows have resumed, they remain significantly lower than pre-Brexit levels.

Also, as the UK is maintaining duty-free access for sugar from African, Caribbean, and Pacific (ACP) countries and Least Developed Countries (LDCs), the EU competes with the UK for preferential sugar at zero duty under the [Everything-But-Arms](#) (EBA) agreement and from FTA quotas available related to other Economic Partnership Agreements (EPA) for both the EU and UK market. As a result, EU27 sugar

imports under EBA have decreased after January 1, 2021, being substituted by higher exports from other sources like Ukraine, Brazil, South-Africa, and Mauritius. Graph 5 below illustrates the evolution of EU sugar imports from EBA/EPA countries for the current marketing year (MY) and the previous one, providing a comparison between the two periods.

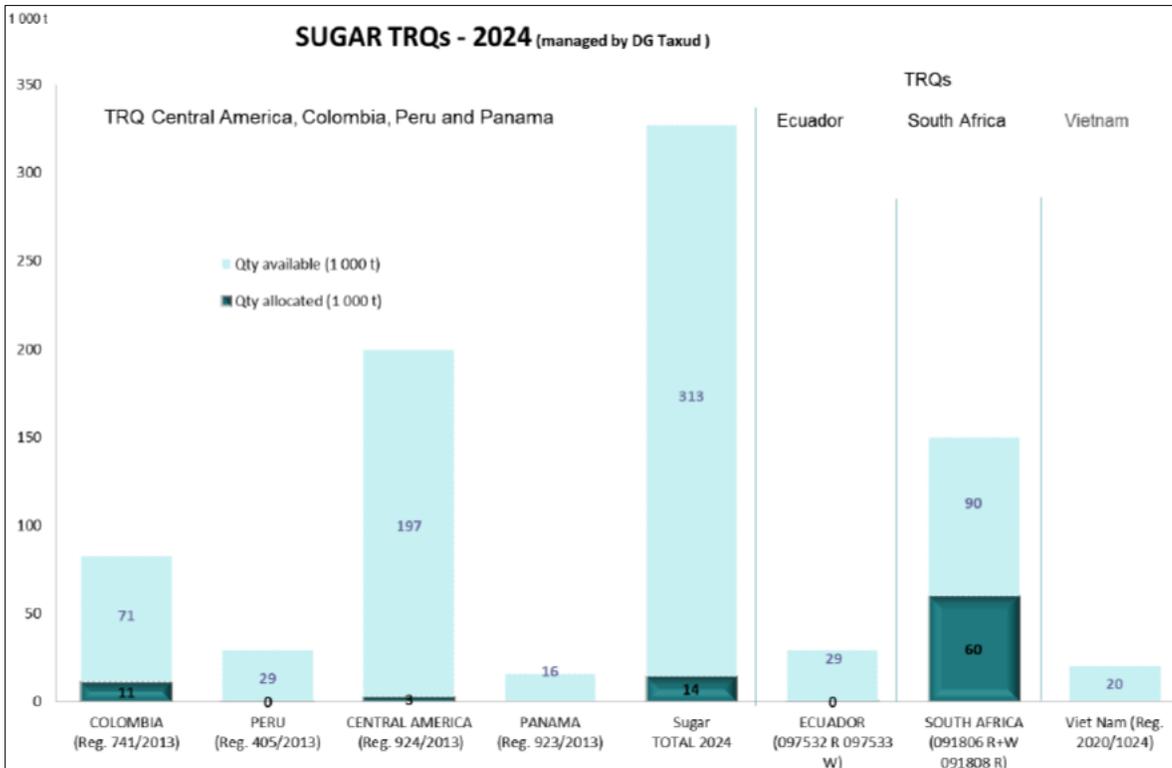
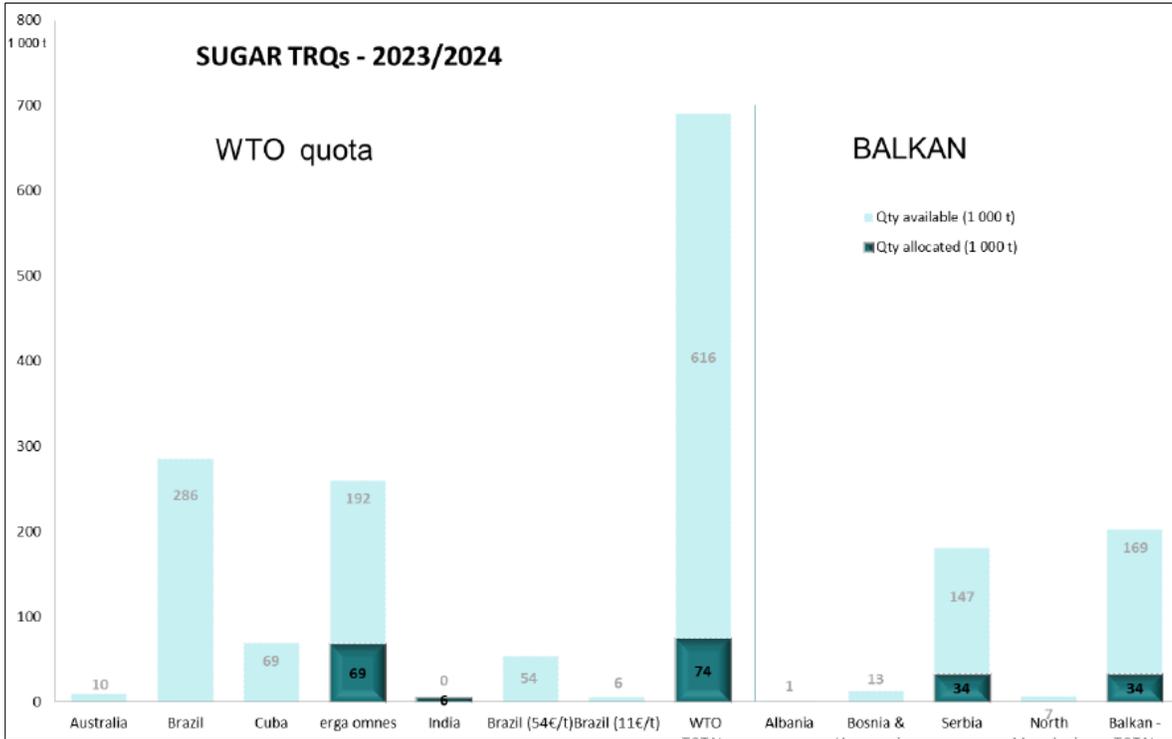
Graph 5 – EU Imports from EBA/EPA Countries



Source: European Commission

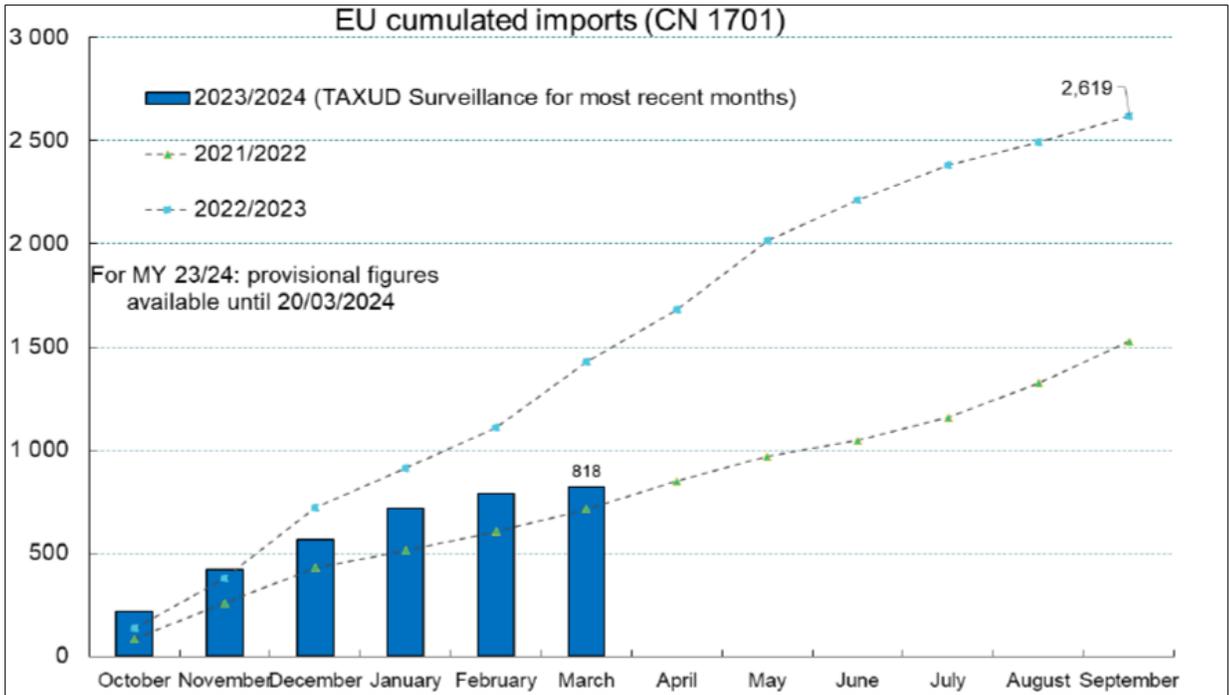
Imports into tariff rate quotas (TRQs) under FTAs are expected to remain stable. The [EU-Vietnam FTA](#) entered into force on August 1, 2020 and provides for a sugar TRQ of 20,000 MT RSE. See the MY 2023/24 quota fill in Graph 6. Despite a recent spike in the refining premium, it remains unlikely that significantly higher sugar imports into the EU WTO CXL quota will occur in MY 2022/24 or MY 2024/25 because of a prohibitive €98/MT (\$105/MT) duty.

Graph 6 – EU Sugar TRQs (2023-2024; 2024) and Use



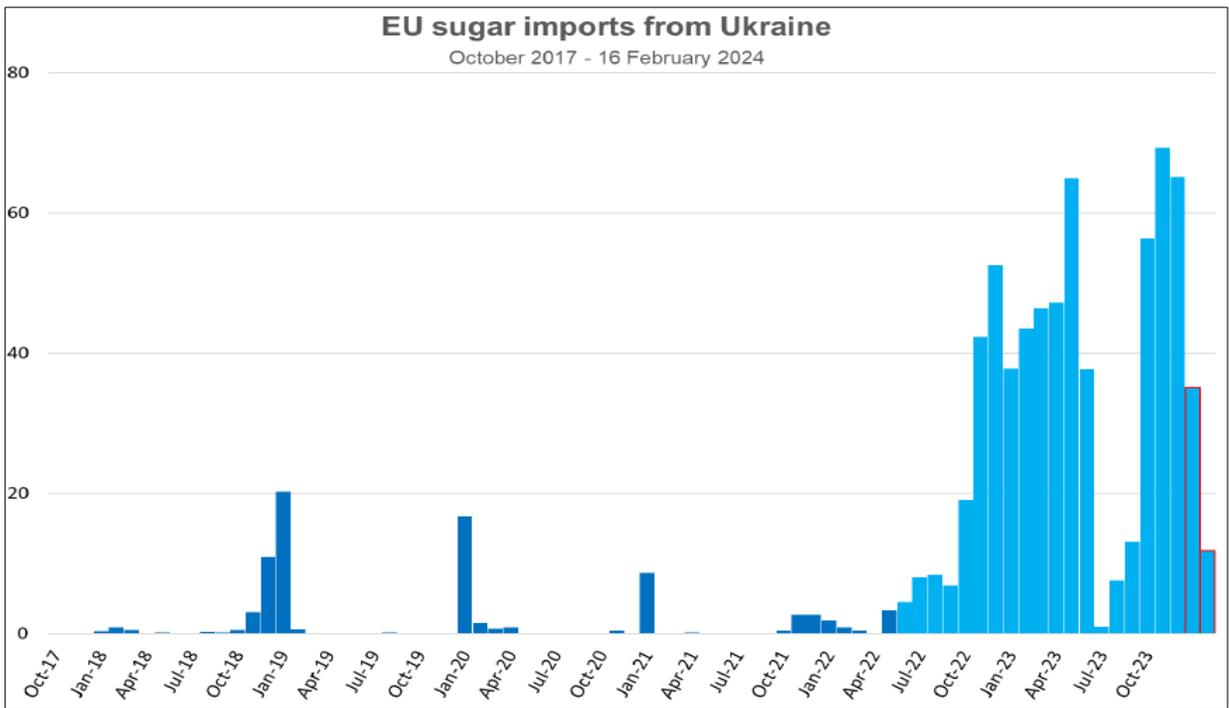
Source: European Commission

Graph 7 – Total EU Cumulated Imports for CN 1701



Source: European Commission

Graph 8 – EU 27 Sugar Imports from Ukraine



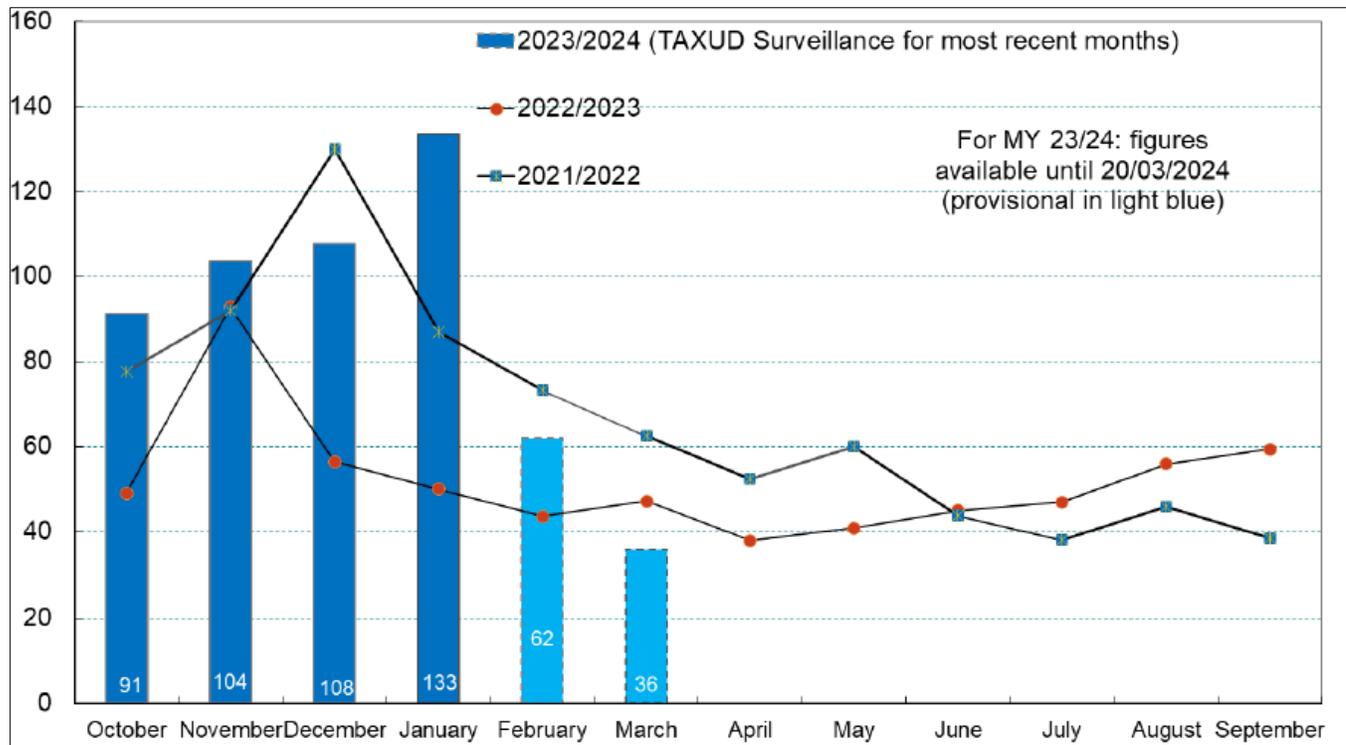
Source: European Commission

Exports

The forecasted EU27 sugar exports for MY 2024/25 are anticipated to remain stable at around 1.1 MMT, consistent with MY 2023/24 levels. This projection reflects a 27 percent increase compared to MY 2022/23. This trend is apparent in Graphs 9 and 10 below, illustrating higher monthly export volumes based on the available data points from MY 2023/24.

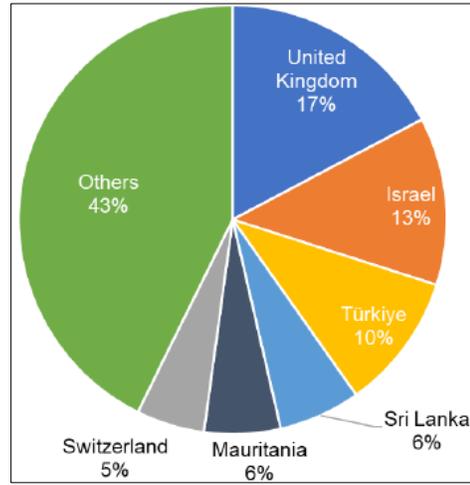
The main EU sugar exporting MS are France, Germany, Poland, the Netherlands, and Belgium, with the primary destinations being the United Kingdom, Israel, Turkiye, Sri Lanka, Mauritania, and Switzerland. EU sugar exports to the UK ceased in January 2021 following Brexit, but exporters quickly adjusted to the new rules, leading to a full recovery of EU sugar exports to the UK. While EU sugar exports to the UK face the same rules of origin post-January 1, 2021, it is not expected to have the same impact as on imports from the UK, as they only affect refiners processing imported raw sugar, which is relatively small compared to EU domestic production. Note that the EU sugar export numbers in Graph 9 below are almost exclusively white sugar exports, which explains the gap with this report's PS&D.

Graph 9 – EU Monthly Sugar Export in MY 2023/2024 and Destinations



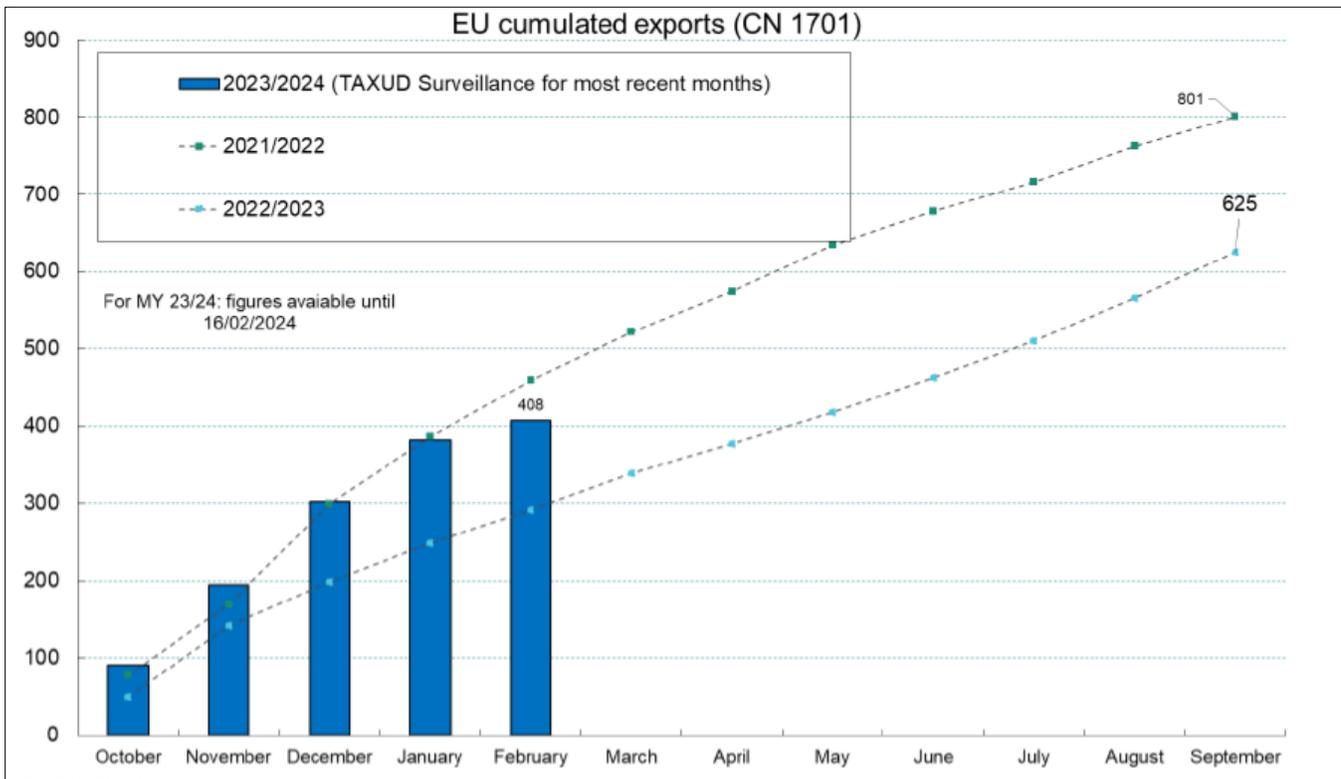
Quantity: thousand tons / Source: European Commission

(Graph 9 continued)



Source: European Commission

Graph 10 – EU Cumulated Exports for CN 1701



Quantity: thousand tons / Source: European Commission

EU27 Sugar Stocks

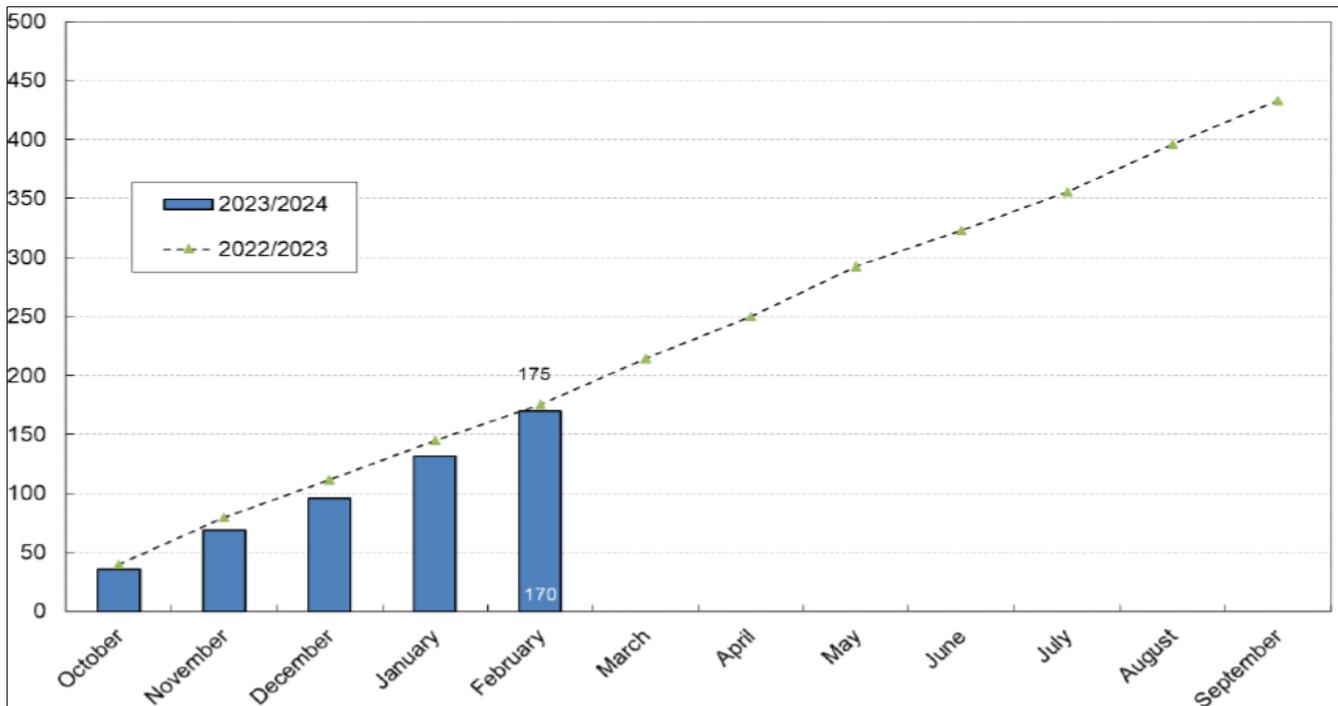
EU27 sugar stocks, estimated at 0.99 MMT at the end of MY 2023/24, represent a slight increase compared to 2022/2023. The forecast for the end of 2024/25 suggests an additional 7 percent year-on-year increase, reaching 1.1 MMT.

EU27 Isoglucose Production

Isoglucose production in the EU27 is forecast to remain flat in MY 2023/24, according to European Commission data (Graph 11), which depicts production hovering around 175,000 tons since the beginning of the marketing year. While the output initially rose after the abolition of the EU sugar quota system, low EU sugar prices hindered competitiveness in subsequent years. However, the recent increase in EU sugar prices, coupled with a decrease in wheat and corn prices (primary raw materials), has provided a window of opportunity for producers.

Despite the current more favorable conditions, overall production of isoglucose is not expected to grow. A comparison of monthly figures from the previous year seems to confirm this trend. Solid demand for starch, dextrose, and other byproducts helps sustain processing activity but is unlikely to fully offset the anticipated decline in output.

Graph 11 – Isoglucose – EU Monthly Cumulated Production for 2023/2024



Quantity: thousand tons / Source: European Commission

EU27 Sugar Policy

In 2022, the European Union finalized the reform of the Common Agricultural Policy (CAP) while continuing to propose new legislation connected to the [Farm to Fork Strategy](#) (F2F). Sustainability is at the heart of debates surrounding agriculture and food policies in the European Union. In February 2022, Russia launched an invasion in Ukraine. The war is putting pressure on global food security mainly due to the high level of exports of feed and grains products from the two countries. The European Union adopted several measures to enhance global food security and to mitigate the impact of the war for EU farmers given rising commodity and inputs prices.

Common Agricultural Policy (CAP)

The new CAP for 2023-2027 was [adopted](#) on December 2, 2021, and published in the Official Journal on December 6, 2021. EU MS were requested to submit so-called [Strategic Plans](#), incorporating MS specific goals and initiatives, by the end of 2021. By December 2022, all national strategic plans were approved by the European Commission. The 'new' CAP was officially implemented on January 1, 2023.

In March 2024, following weeks of farmer protests across the European Union demanding less administrative burden and better prices, the European Commission published a legislative proposal to amend certain provisions of the CAP. The Commission recognized that the initial year of implementing the current CAP revealed the need for adjustments to ensure the effective execution of the National Strategic Plans and streamline administrative processes. For more information, please see [GAIN Report: EU Commission Proposes Common Agricultural Policy Revisions Following Farmer Protests](#).

In July 2023, the EU allocated exceptional support of €330 million (\$370 million) from the CAP reserve fund for crises to 22 member states: Belgium, Czechia, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Austria, Portugal, Slovenia, Finland, and Sweden. These countries may complement this EU support up to 200 percent with national funds. This support aims to help farmers who have suffered damage and productivity losses caused by climate events, especially in Spain, Portugal and Italy.

Private Storage Aid

[EU delegated regulation 2016/1238](#) lays down common eligibility rules for private storage aid for certain agricultural products including sugar. Only white sugar in crystal form in bulk or in big bags of 800 kg or more showing the net weight and with a moisture content not exceeding 0,06 percent is eligible.

Marketing Standards for Sugar

[Directive 2001/111/EC](#) defines common rules for certain sugars intended for human consumption, in compliance with the general legislation applicable to foodstuffs. These rules concern the composition, sales name, labelling, and presentation of foodstuffs.

Trade Policy

In 2022, the EU concluded Free Trade Agreements (FTAs) with New Zealand and Chile, while a modernized FTA with Mexico is currently undergoing the ratification process. The talks on the EU-Australia FTA are on hold, with a possible resumption in 2025 when new leadership will be in place for both the EU and the Australian governments. In the meantime, the Mercosur deal remains complex. On June 28, 2019, the EU reached a trade “Agreement in Principle” with the four member countries of Mercosur (Argentina, Brazil, Paraguay, and Uruguay). The details of this agreement still need to be elaborated and its implementation, on a provisional basis, is still under discussion. Nevertheless, as the EU puts forward its Green Deal and F2F proposals, there are intensifying discussions on climate change mitigations and further environmental restrictions, as well as criticism from EU farmers, MS, and the Parliament, that are questioning the future of this FTA.

EU Policy Response to the War in Ukraine

In February 2022, Russia launched an unjustified invasion of [Ukraine](#), which continues to put pressure on global food security as both countries are major exporters of food and feed. The sugar sector has been impacted by increased input prices, such as energy, fertilizers, and pesticides.

On January 31, 2024, the Commission published [a proposal](#) to renew the suspension of import duties and quotas on Ukrainian exports to the EU for another year. On April 8, 2024, the European Parliament and Council provisionally agreed to extend the trade liberalization measures until June 5, 2025, aiding Ukraine's economic recovery and integration with the EU market.

To safeguard EU farmers, the agreement incorporates measures such as an emergency brake mechanism based on average import volumes from 2021 to 2023, enabling a more precise assessment of recent trends. Specifically, concerning sugar, the agreement would permit a duty-free quota of approximately 265,000 tons for 2024, with an additional 110,000 tons until June 2025. Final approval from both the Parliament and Council is pending, with a vote anticipated by the end of April 2024.

EU Fertilizers Plan

On November 9, 2022, the European Commission published a [Communication](#) on the availability and affordability of fertilizers in the EU. The aim of this long-awaited document is to propose solutions to address the significant price increases EU farmers are facing, which grew by 149 percent from September 2021 to September 2022 for nitrogen fertilizers. The Communication proposes using emergency funds from the CAP 2023 agricultural reserve to stabilize agricultural markets and to create a market observatory system for fertilizer prices.

Brexit Update

The UK formally left the European Union on January 31, 2020, and the one-year transition period ended on December 31, 2020, in which it continued to fully comply with EU rules and legislation. During this

transition period, both parties negotiated a [Trade and Cooperation Agreement](#) (TCA) on their future relationship, which was only concluded on December 24, avoiding a no deal outcome (hard Brexit). The EU and the UK agreed on duty-free trade for sugar originating from each other. Early trade problems occurred because of the Brexit impact of the [rules of origin](#), for which the EU also provides specific [guidance](#). The EC also published a specific [guide](#) on the use of EU Tariff Rate Quotas (TRQ).

The UK government published its post-Brexit [tariff schedule](#) that applies as of January 1, 2021. The Most Favoured Nation (MFN) tariff for refined sugar is £350/MT (€419/MT, \$449/MT), while the MFN tariff for raw sugar for refining carries a £280/MT (€339/MT, \$364/MT) duty. To manage overall sugar volume and support its domestic industry, the UK introduced an Autonomous Tariff Quota (ATQ) specifically for raw cane sugar. This quota allows 260,000 tons of raw cane sugar to enter the UK market at a 0 percent duty rate each year. This quota system is currently under review by the UK government, considering factors like global sugar prices and domestic production. Information on the TRQs that the UK operates is available [online](#).

While the EU immediately applied full customs checks on January 1, 2021, the UK extended the grace period for the implementation of full customs inspections on imports from the EU to January 1, 2022. However, the implementation at UK border posts was further delayed. The UK government plans to gradually roll out full customs inspections on imports from the EU in 2024. The first phase is scheduled for April 2024, followed by health certificates for medium-risk animal products in January 2024 and safety and security declarations in October 2024.

Pesticides Policy

As part of the Farm to Fork Strategy, the Commission announced a reduction of the overall use and risk of chemical pesticides by 50 percent and the use of high-risk pesticides by 50 percent by 2030. The suggested actions to achieve these targets included putting forward proposals to revise the Sustainable Use of Pesticides Directive (SUD), enhancing provisions on integrated pest management (IPM), and promoting the use of alternative ways to protect harvests from pests and diseases. These developments would change the availability of crop protection products permitted for EU farmers, and by extension, agricultural exporters to the EU.

The European Commission released its proposal for the Sustainable Use of Pesticides Regulation (SUR) on June 22, 2022, which introduced rules encouraging the reduction of pesticides through IPM and alternatives to chemical pesticides. The negotiations within the Parliament and Council were challenging as Members of Parliament (MEPs) and MS did not agree on the proposed legally binding pesticide reduction targets and the ban on all chemical pesticides in sensitive areas. In November 2023, the European Parliament convened to vote on the proposed regulation. Despite the efforts of the rapporteur, the plenary unexpectedly rejected the proposal with a vote of 207 in favor, 299 against, and 121 abstentions. Given the absence of a majority to refer the proposal back to the ENVI Committee, the Parliament concluded its first reading on this issue. On February 6, 2024, Commission President von der Leyen announced her intention to withdraw the SUR.

EU Restrictions on the Use of Neonicotinoids

As of December 2013, the EU has prohibited the use of three neonicotinoids (clothianidin, imidacloprid, and thiamethoxam) on crops attractive to honeybees. In May 2018, the Commission further restricted the use of neonicotinoids except for their application in permanent greenhouses in the EU and banned a fourth one (thiacloprid) in January 2020.¹

Due to the EU's restrictions on outdoor uses, the chemical companies (registrants) withdrew their applications for the renewal of approval of clothianidin and thiamethoxam and the EU approval expired in 2019. These neonic pesticides are important for sugar beet production because they are used to prevent aphid infestations in sugar beets. Aphids spread many diseases including viruses such as the BYV which leads to beet dwarf jaundice, a disease that can cut yields by half.

At the end of September 2022, EU member states voted in favor of the Commission's proposal to reduce EU maximum residue levels (MRLs) for clothianidin and thiamethoxam to the limit of determination (LOD), which is based on EU concerns with global pollinator declines. The regulation was adopted in February 2023 and will go into effect in March 2026 to give food operators and third countries time to adapt to the new rules. Once the rules will be in place, imported products will no longer be able to contain residues of these two neonicotinoids.² On January 19, 2023, the [European Court of Justice](#) ruled against the possibility by MS to grant temporary emergency authorizations for the use of banned neonicotinoids.

Agricultural Biotechnology – Innovative Technologies

Regulating genetically engineered (GE) organisms in the EU falls under Regulation (EC) No 1829/2003 and Directive 2001/18/EC in the EU. The rise of genome editing, and other scientific advances has prompted discussions about adapting regulations. The European Court of Justice ruled in July 2018 that newer genome-edited plants should be considered GMOs. On November 8, 2019, the Council of the EU requested the Commission to submit a study examining the status of new genomic techniques in the EU and a possible policy proposal in light of this ruling, the continued debate, and overall scientific advances since 2001. The study from the European Commission emphasized the inadequacy of the current GMO Directive for these emerging technologies. A legislative initiative was started on September 24, 2021 and after consultations and evaluations, the Commission unveiled its proposal on July 5, 2023.

The proposal introduces two categories for NGT plants based on what is considered achievable naturally or using traditional breeding techniques (Category 1) and what is not (Category 2). Category 1 plants would be treated like conventional plants and exempt from the "GMO" legislation while Category 2 would be treated as "GMOs," undergoing the authorization procedure outlined in the "GMO" framework and requiring "GMO" labeling.

¹ For additional information see [GAIN Report on the Implications of Restricted Use of Neonics in the EU](#).

² For additional information, see [GAIN Report on Regulation Published Lowering MRLs Due to Environmental Concerns](#).

Subsequently, the proposal was transferred to the European Parliament and the Council of the EU for the standard legislative process. These institutions, representing EU citizens and MS respectively, must review and adopt the proposal before engaging in triologue discussions with the European Commission.

[In a joint letter](#) to the European Commission, the European Association of Sugar Manufacturers (CEFS) and the International Confederation of European Beet Growers (CIBE), among other stakeholders of the food and feed chain, requested an ambitious NGTs policy proposal that could empower EU farmers, the whole food chain and the consumers, ensuring food security in the EU.

On February 7, 2024, the European Parliament, following assessments by the ENVI and AGRI committees, voted in favor of the proposal with amendments, including NGT product labeling and potential patentability bans. However, the Council of the EU, representing MS, has still not yet achieved a position and is struggling to reach a consensus on the proposal. Despite concerted efforts to find common ground during both the Spanish presidency in the second half of 2023 and the current Belgian presidency, an agreement has remained elusive. Poland, in particular, objects to restrictions on patenting NGTs. This lack of agreement by April, when current Parliamentarians recess, creates a tight deadline for the three institutions to enter triologue negotiations with established individual positions. A delay past April will push the proposal to the new Parliament and Commission and therefore to the next presidencies of the Council potentially less enthusiastic about the proposal. If Hungary opposes, and Poland presides in 2025, genome-edited products in the EU will continue to be regulated under GMO Directive regulations, regardless of their risk level.

For more information on agricultural biotechnology in the EU, see the [2023 annual report](#).

Related reports from FAS Post in the European Union:

Country	Title
European Union	EU Common Agricultural Policy Reform
European Union	Sugar Semi-annual 2023
European Union	Sugar Annual 2023

Attachments:

No Attachments