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Prepared By: Yvan Polet

Approved By: Lisa Allen

Report Highlights:

EU sugar production for MY 2020/21 is forecast at 16 million MT, one million MT below MY 2019/20 and two million MT below MY 2018/19. The poor yields in MY 2020/21 stem from the third vast drought in a row combined with severe damages from beet yellows virus (BYV) disease, especially in France. The MY 2019/20 EU sugar production suffered from late harvesting losses from wet weather in the UK, Germany, and Poland. EU sugar consumption for MY 2019/20 and MY 2020/21 is suffering from the COVID-19 outbreak as increased in-house sugar consumption is not fully compensating lost eating-out sugar consumption. Sugar consumption in the EU food processing industry is reported to be stable. The projected shortfall in MY 2020/21 EU sugar production suggests an EU sugar deficit of 2.25 million MT to be covered by 3 million MT of imports, with EU sugar exports forecast not to exceed 1 million MT. In MY 2019/20, the EU sugar trade balance is expected to end with a deficit of almost 1 million MT.

Executive Summary

Note: Unless otherwise noted, 'EU' in this report refers to EU-27+UK, the current EU Customs Union.

European Union (EU) sugar production for marketing year (MY) 2020/21 is forecast at 16.0 million metric tons (MT) in Raw Sugar Equivalents (RSE), one million MT below the MY 2019/20 production and two million MT below the MY 2018/19 production. This is a reduction in the forecast by 1.6 million MT RSE because below average yields in mainly France, Germany, Poland, and the United Kingdom (UK) from a slightly lower beet acreage. The poor yields stem from the third vast drought in a row combined with severe damages from beet yellows virus (BYV) disease in France and to a lower extent in Austria, Germany and the UK, as aphid control through neonicotinoid seed dressing became prohibited by European authorities. The MY 2019/20 EU sugar production was revised down by a quarter million MT from previous expectations because of harvesting losses from wet weather in the UK, Germany and Poland drawing out beet harvesting.

Total EU beet sugar production for MY 2020/21, including for industrial use, is forecast at 17.8 million MT RSE, 1.2 million MT down from MY 2019/20. As a result, industrial use, especially for bioethanol is forecast to decrease, driven by lower demand for blending in gasoline because of COVID-19.

EU sugar consumption is suffering from the COVID-19 outbreak as the fall in sugar consumption away from home is not fully compensated by increased sugar consumption in home cooking. Sugar consumption in the EU food processing industry is reported to be stable and early reports about increased snacking as people work from home seem to have faded rapidly. As a result, EU sugar consumption for MY 2019/20 is reduced to 18.3 million MT RSE, down 0.3 million MT from the pre-COVID-19 number. The consumption forecast for MY 2020/21 is kept stable as the impact from COVID-19 is expected to remain.

The forecast for EU sugar imports in MY 2020/21 is increased to 3 million MT to supplement the forecast 2020 production shortfall, with the EU-27 and the UK likely competing for preferential sugar after Brexit. The MY 2019/20 import is revised down to 2.1 million because of the fall in consumption as a result of the COVID-19 outbreak but remains above the MY 2018/19 import level. The increase in imports compared to last year is fully for refined sugar. The EU sugar export forecast for MY 2020/21 is lowered to 1.0 million MT RSE, further down from 1.2 million MT in MY 2019/20. This low MY 2020/21 export level reflects the production deficit and will only allow supply to traditional buyers in the region. If Brexit ends without a deal with the EU-27, sugar trade numbers for MY 2020/21 could be significantly affected as trade between the EU-27 and the UK would be subject to import tariffs on both sides.

EU sugar stocks at the end of MY 2020/21 are forecast to fall further, below the 1 million MT RSE at the end of MY 2019/20 and depending on the outcome of Brexit.

The EU isoglucose market continues to suffer from the low sugar prices prohibiting any increase in production.

On the policy side, the EU is facing many issues simultaneously. Beyond the COVID-19 crisis and the Brexit negotiations with the UK, the newly installed European institutions are trying to finalize the new Common Agricultural Policy (CAP) and are engaging in rolling out an ambitious stated agenda of becoming the first

continent to be climate neutral by 2050 through the Green Deal, Farm To Fork and Biodiversity strategies. On trade, the EU continues negotiation efforts on free trade agreements (FTA) with Mercosur, Australia, New Zealand, and other countries.

Explanatory Notes to the reader:

- All sugar numbers are in raw sugar equivalent (RSE) unless otherwise noted.
- The Production, Supply & Demand 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 purposes are excluded from this report PS&D tables as these sugar imports are entirely re-exported as processed products. 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 in 2020.



Source: ExchangeRate.com

Acknowledgements

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Gellert Golya, FAS/Budapest covering Hungary and Slovenia

Marta Guerrero, FAS/Madrid covering Spain and Portugal

Mira Kobuszynska, FAS/Warsaw covering Poland, Lithuania, Latvia, and Estonia

Steve Knight, FAS/London covering the United Kingdom and Ireland, and Brexit policy

Roswitha Krautgartner, FAS/Vienna covering Austria

Andreja Misir, FAS/Zagreb covering Croatia

Leif Rehder and Sabine Lieberz, FAS/Berlin covering Germany

Yvan Polet, FAS/USEU/Brussels covering Belgium and EU policy

EU Sugar Production

EU-27+UK Sugar, Centrifugal						
	2018/2019		2019/2020		2020/2021	
Market Year begin	October 2018		October 2019		October 2020	
In ,000 MT	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	1,997	1,997	1,417	1,417	1,170	1,020
Beet Sugar Production	17,763	17,763	16,980	16,730	17,430	15,800
Cane Sugar Production	219	219	273	273	250	250
Total Sugar Production	17,982	17,982	17,253	17,003	17,680	16,050
Raw Imports	1,369	1,365	1,500	1,300	1,500	2,000
Refined Imp.(Raw Val)	619	622	800	800	600	1,000
Total Imports	1,988	1,987	2,300	2,100	2,100	3,000
Total Supply	21,967	21,966	20,970	20,520	20,950	20,070
Raw Exports	6	6	5	5	5	5
Refined Exp.(Raw Val)	1,944	1,943	1,195	1,195	1,495	995
Total Exports	1,950	1,949	1,200	1,200	1,500	1,000
Human Dom. Consumption	18,600	18,600	18,600	18,300	18,600	18,300
Total Use	18,600	18,600	18,600	18,300	18,600	18,300
Ending Stocks	1,417	1,417	1,170	1,020	850	770
Total Distribution	21,967	21,966	20,970	20,520	20,950	20,070

The EU beet sugar production forecast for MY 2020/21 is 15.8 million MT RSE from 1.6 million ha. This forecast is a 1.6 million MT decrease from last April's annual report because of drought in the major beet growing areas leading to below average yields in mainly France, Germany, Poland and the United Kingdom (UK) and severe beet yellows virus (BYV) attacks in [France](#)¹ and, somewhat less, in Austria, Germany and the UK. Beet acreage is also revised down by another 10,000 ha. Farmers blame the yellow virus attack on the ban on neonicotinoids and the French government has already announced that it will install a derogation from the neonicotinoid ban for the coming years.

Difficult beet harvesting conditions because of wet weather in northern European member states (MS) resulted in a further decrease in the expected 2019 beet sugar production in 2019 to 16.7 million MT, following a dry growing season in much of the European beet growing area. That is another 250,000 MT decrease from the previous forecast.

1

https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=France%27s%20Sugar%20Beet%20Crop%20Devastated%20by%20Disease%20-%20Sugar%20Industry%27s%20Viability%20Threatened_Paris_France_08-11-2020

United Kingdom Sugar Production After Brexit

Regardless of a UK-EU agreement on their trade relationship after the end of the transition period, which ends on December 31, the UK 2020 beet harvest belongs to the UK's post-Brexit PSD for MY 2020/21. Despite a 5 percent increase in beet acreage, the UK MY 2020/21 sugar production is forecast to decrease 10-15 percent compared to MY 2019/20, lowering the UK's self-sufficiency for sugar. This will have consequences for both the EU internal trade as well as imports from the world.

Updated production expectation for MY 2019/20 and forecast for MY 2020/21

EU Sugar Beet Production									
	Area, thousands of Hectares			Sugar beet yield in MT per Hectare			Sugar content in percentage		
	18/19	19/20	20/21	18/19	19/20	20/21	18/19	19/20	2021
Austria	32,0	27,5	26,4	68,7	71,0	80,0	16,00	16,60	17,50
Belgium	62,7	57,6	54,7	82,8	88,5	88,0	18,50	17,60	18,00
Denmark	34,3	29,0	33,3	61,5	80,7	75,0	16,70	16,50	16,50
Finland	10,3	10,5	11,4	36,3	41,3	38,0	14,00	16,50	16,50
France	485,9	447,0	423,0	82,2	85,2	65,0	19,00	18,00	16,00
Germany	413,9	409,0	386,0	63,0	73,0	73,0	19,10	17,60	18,10
Greece	5,0	1,4	1,2	59,0	59,7	58,0	13,50	13,50	13,50
Italy	34,3	30,2	27,0	56,4	64,8	62,2	13,50	12,40	14,60
Netherlands	85,2	79,2	81,9	76,4	83,9	82,0	17,40	16,30	17,00
Spain	33,2	30,8	30,0	79,4	96,1	96,0	18,17	17,80	18,00
Sweden	30,6	27,2	29,8	55,3	74,0	70,0	17,79	16,50	16,50
Czech Republic	66,2	60,1	56,2	56,9	63,0	72,0	18,24	16,90	17,50
Hungary	15,8	14,1	12,8	60,6	58,2	61,7	16,00	15,60	16,00
Lithuania	16,2	14,8	15,0	59,0	67,8	65,0	16,60	17,20	17,00
Poland	239,4	241,0	252,0	59,7	57,5	60,0	17,75	16,90	16,50
Slovakia	22,4	22,3	19,0	59,7	56,5	70,0	15,43	15,30	16,20
Romania	25,7	22,7	23,7	38,1	40,4	39,0	16,50	16,50	16,50
Croatia	14,1	14,5	14,0	55,0	60,0	60,0	16,00	16,00	16,00
Total EU-27	1627,1	1538,9	1497,4						
United Kingdom	109,8	99,9	105,0	66,5	71,1	66,0	17,93	16,90	17,50
Total EU-27+UK	1736,9	1638,8	1602,4						

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

Total Sugar Beet Production Including Additional Production for Non-food Industrial Use

EU Beet Sugar Production (raw value)				
	in ,000 MT	2018/19	2019/20	2020/2021
EU Sugar Production		17,763	16,730	15,800
Industrial Use		2,320	2,290	2,000
Total EU Beet Sugar Production		20,083	19,020	17,800

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

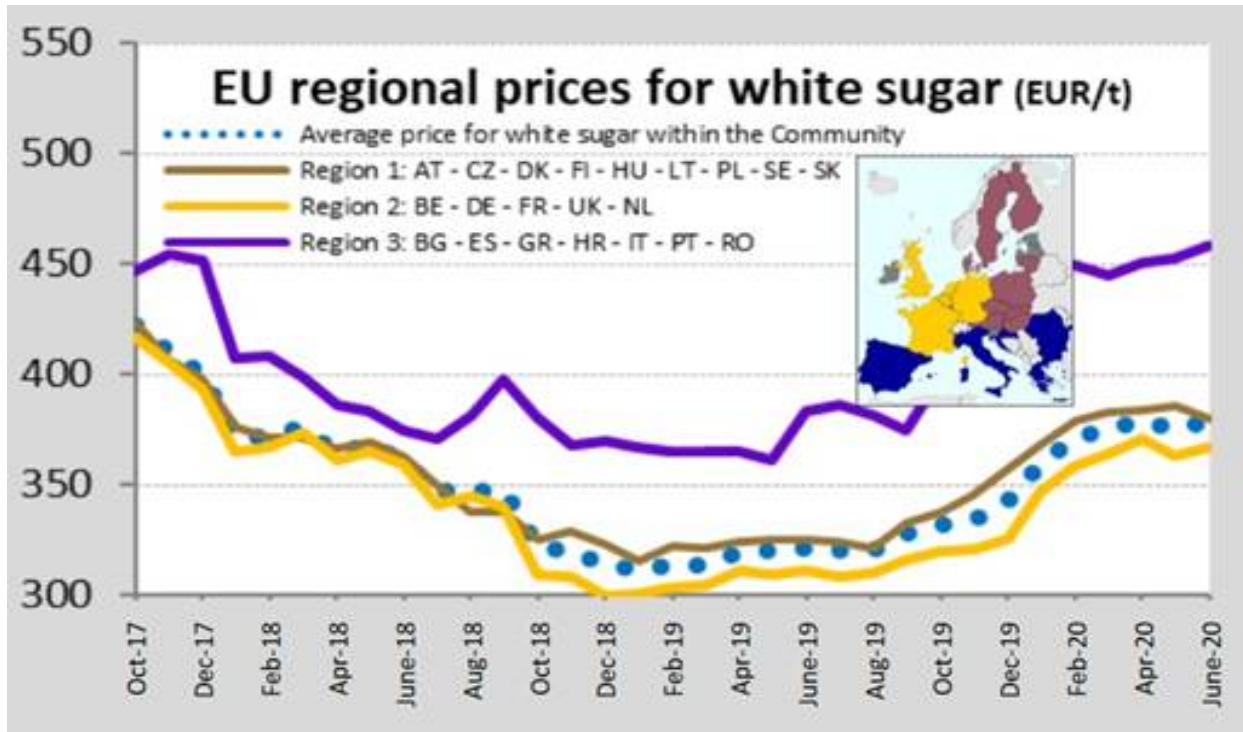
Total EU beet sugar production for MY 2020/21, including for industrial use, is forecast at 17.8 million MT RSE. This decrease compared to MY 2019/20 is because of the lower acreage, reinforced by lower sugar yields per hectare. The industrial use of raw sugar juice for fermentation and bio-ethanol production is forecast to decrease in MY 2020/21 as processors favor sugar production over bioethanol production given the lower consumption because of COVID-19.

Consumption

EU sugar consumption is suffering from the SARS CoV-2 outbreak as COVID-19 measures have decreased away-from-home eating and this loss in sugar consumption is not fully compensated by increased sugar consumption in home cooking. Apart from early logistical issues provoked by the COVID-19 lockdown, the food industry has reportedly not been significantly affected by the COVID-related measures. Early reports about increased snacking as people work from home in response to the COVID-19 related lockdowns proved to be temporary. Consequently, EU sugar consumption for MY 2019/20 is expected to decrease by 0.3 million MT to 18.3 million MT, with a stable forecast for MY2020/21 as the COVID-19 situation is expected to continue. EU sugar consumption has been stable in recent years, with the strengthening trend for lower sugar consumption being offset by the increase in population. Food processors across the EU are responding to consumer and health authorities' pressure to reduce sugar content in food through reformulating products.

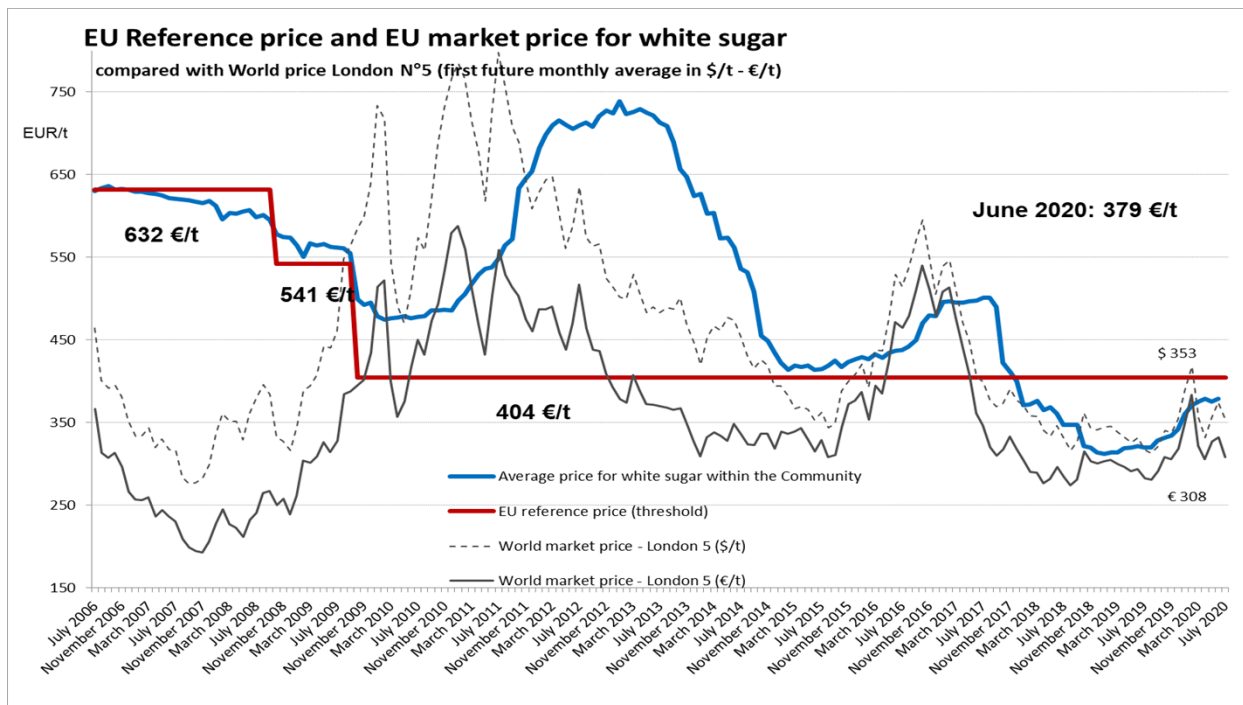
The difference in sugar availability in the EU market between the core producing MS (Region 2: Belgium, France, Germany, the Netherlands and the UK) and EU MS in the periphery (Region 3: Bulgaria, Romania, Greece, Croatia, Italy, Spain and Portugal) leads to price differentiation as shown in graph 1 below. While this price reporting is dominated by contractual sales, including from long-term contracts, and therefore does not reflect spot prices, it still indicates market dynamics. The impact of the market disruption by COVID-19 is reflected in graph 2 below, with temporary price decreases in the sugar producing MS, while prices have continued to increase in the net importing MS. As a result, the price spread has increased. The price difference allows EU sugar refiners, as well as less efficient beet sugar processors in region 3 to generate a larger margin.

Graph 1: EU Regional Prices for White Sugar



Source: European Commission

Graph 2: EU market price and world market prices



Source: European Commission

Trade

Imports

The forecast for EU sugar imports in MY 2020/21 is increased to 3 million MT to supplement the forecast 2020 production shortfall. As the EU-27 and the UK will compete for preferential sugar, it seems unlikely that enough imports at zero duty under the [Everything-But-Arms](#)² (EBA) agreement and from FTA quota will be available and importers may need to use the CXL³ quota that carry a €98/MT duty.

The MY 2019/20 import is revised down to 2.1 million because of the fall in consumption but remains above the MY 2018/19 import level (See graph 3). The increase in imports compared to last year is fully for refined sugar, while imports of raw sugar are likely to end below the MY 2018/19 level. Imports into tariff rate quotas (TRQs) under FTA's are expected to remain stable, as the only new FTAs in 2020 is the [EU-Vietnam FTA](#)⁴, which entered into force on August 1, 2020 and provides for a sugar TRQ of 20,000 MT in RSE. See the latest quota fill in graphs 4 and 5.

Brexit Actual in MY 2020/21

While this report covers EU-27+UK, MY2020/21 falls beyond the Brexit transition period and the forecast numbers in this report's PSD assume business as usual if the UK and EU reach a free trade deal with zero duties for sugar. Under a no-deal Brexit scenario, EU sugar exports to the UK will be subject to duty of £350/MT for white sugar, while the UK Most Favored Nation (MFN) tariff for raw sugar is set at £280/MT. Under this scenario, EU white sugar will be uncompetitive with white sugar imports from duty-free origins, leaving this sugar available for the EU-27 markets or for exports to the world. This could lead to an increased sugar price difference across the North Sea Channel, which could likely enhance the post-Brexit UK sugar market attractiveness over the EU-27 market. If implemented, the UK's new 260,000 MT TRQ for raw sugar for refining, for which a [consultation](#)⁵ with the sector runs until October 5, would allow the replacement of roughly half of the EU-origin imports. For the remaining import gap, UK importers will have to compete on the world market alongside the EU-27 and other importers. In MY2019/20, sugar trade between the EU-27 and the UK was halved, but that was probably more the result of a high sugar production in the UK, while EU-27 production was 1 million MT down compared to MY 2018/19.

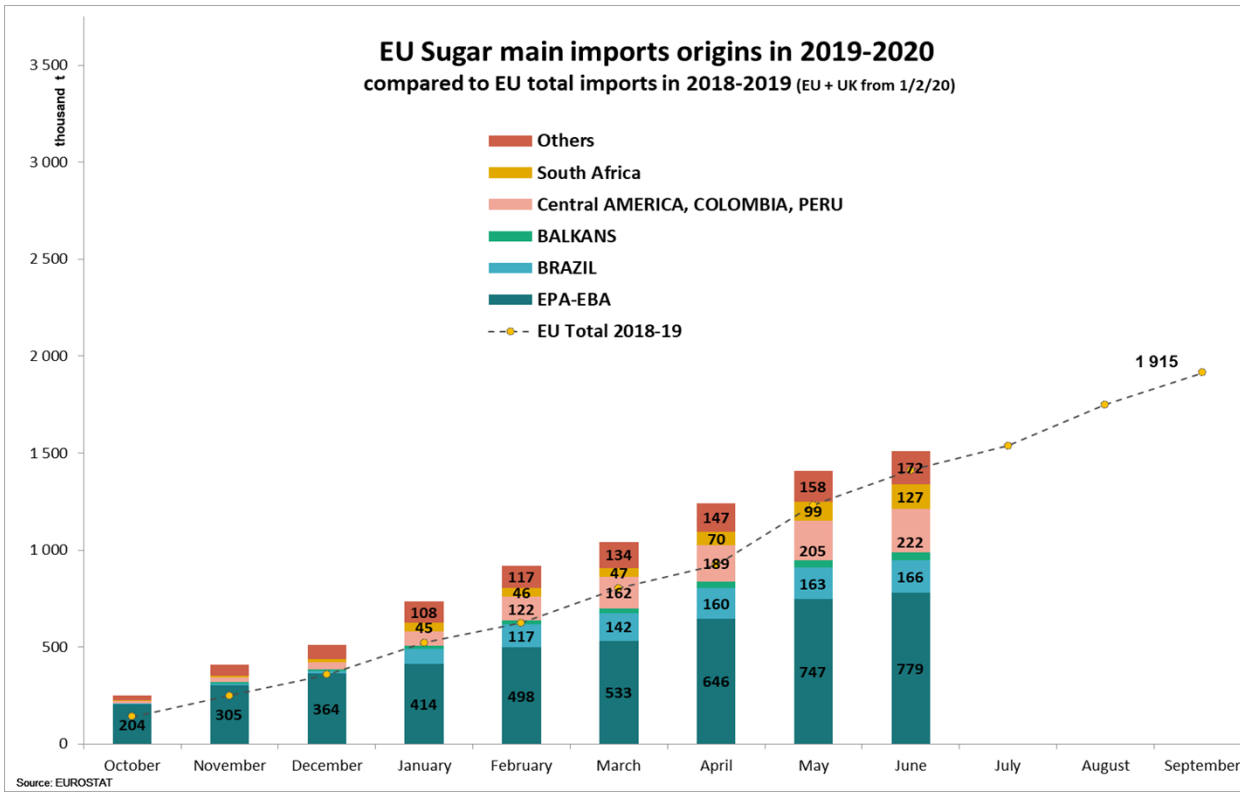
² <https://trade.ec.europa.eu/tradehelp/everything-arms>

³ EU CXL import quota were agreed as part of the EU's market access concessions in the GATT trade negotiations.

⁴ <https://trade.ec.europa.eu/doclib/press/index.cfm?id=1437>

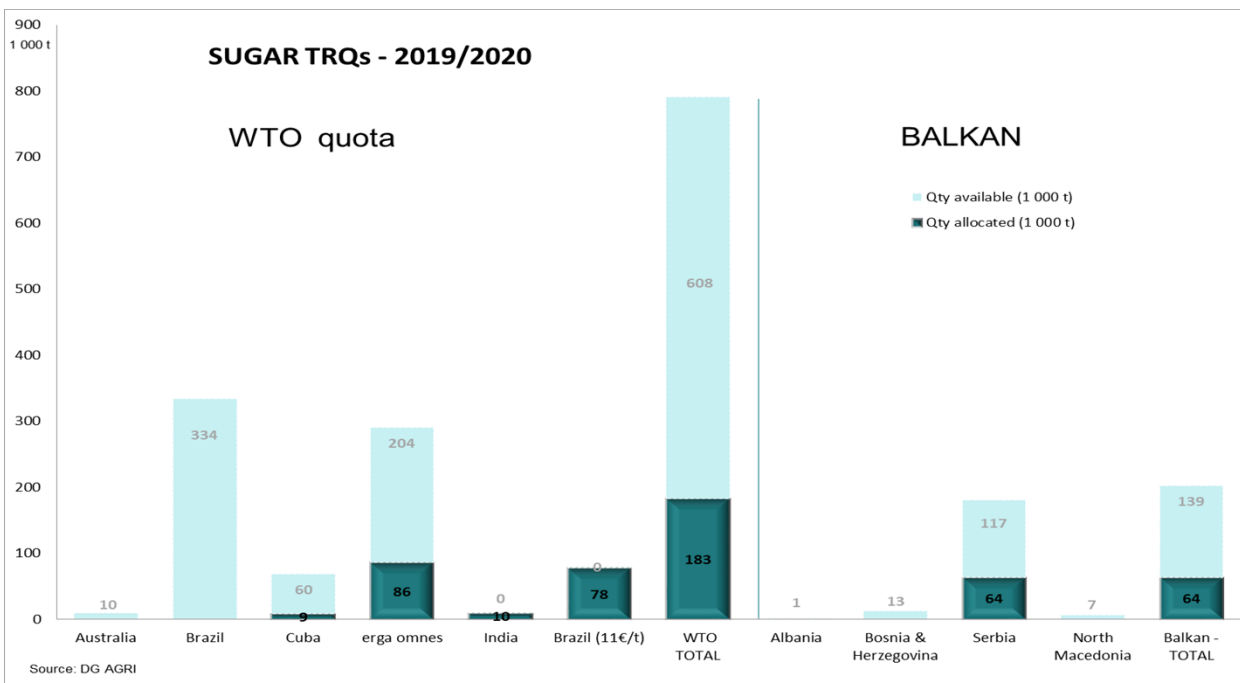
⁵ <https://www.gov.uk/government/consultations/autonomous-tariff-rate-quota-atq-raw-cane-sugar-consultation-2020/information-pack>

Graph 3- EU Sugar Imports



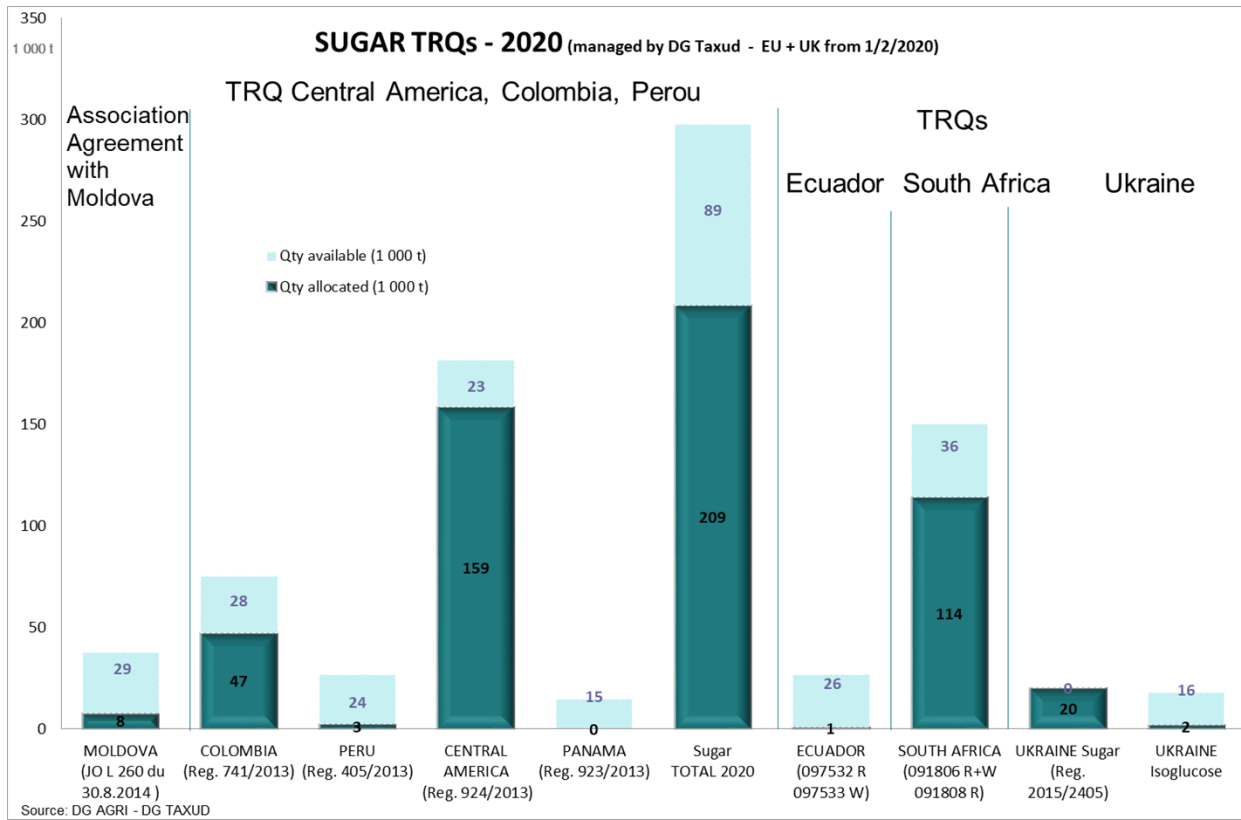
Source: European Commission

Graph 4 - WTO and Balkan Sugar TRQs 2019/2020



Source: European Commission

Graph 5 – Sugar TRQs 2020

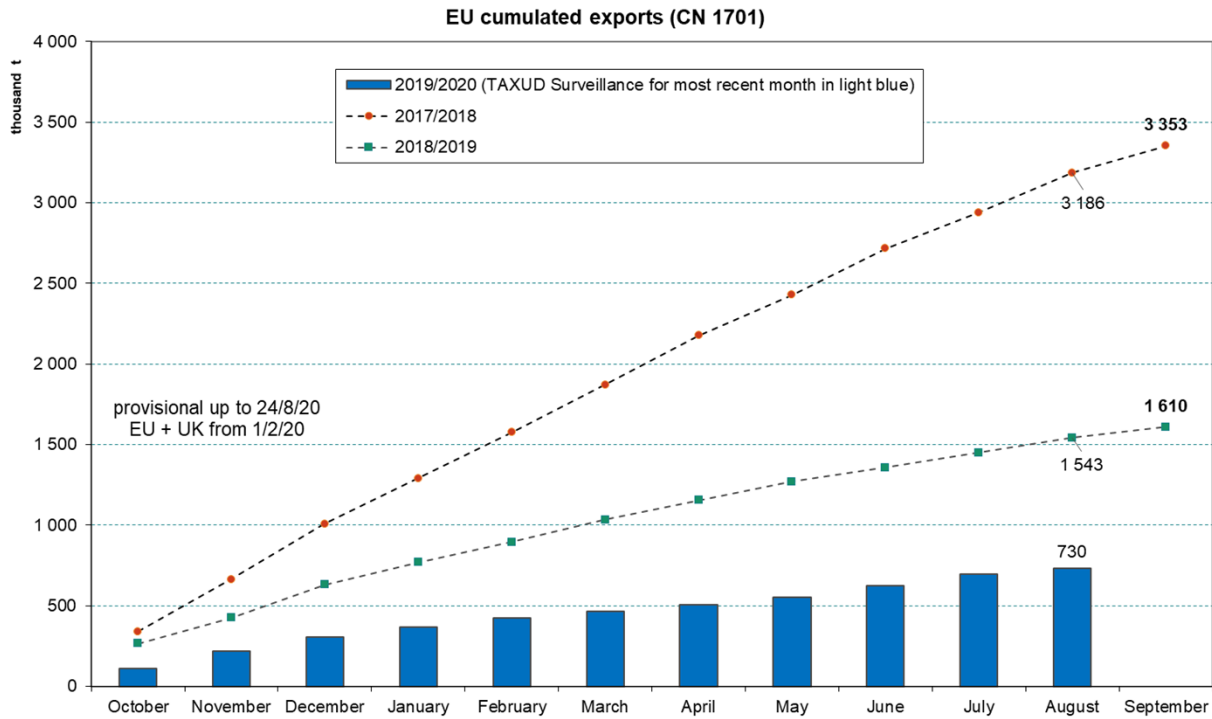


Source: European Commission

Exports

The EU sugar export forecast for MY 2020/21 is revised to 1.0 million MT RSE, further down from 1.2 million MT in MY 2019/20. This low MY 2020/21 export level reflects the production deficit and will only allow supply to traditional buyers. It is likely to be the lowest EU sugar export number and the second largest EU deficit in a decade. Note that the numbers in below graph 6 are almost exclusively white sugar exports, hence the gap with this report’s PSD.

Graph 6 – EU cumulated exports for CN 1701



Source: European Commission

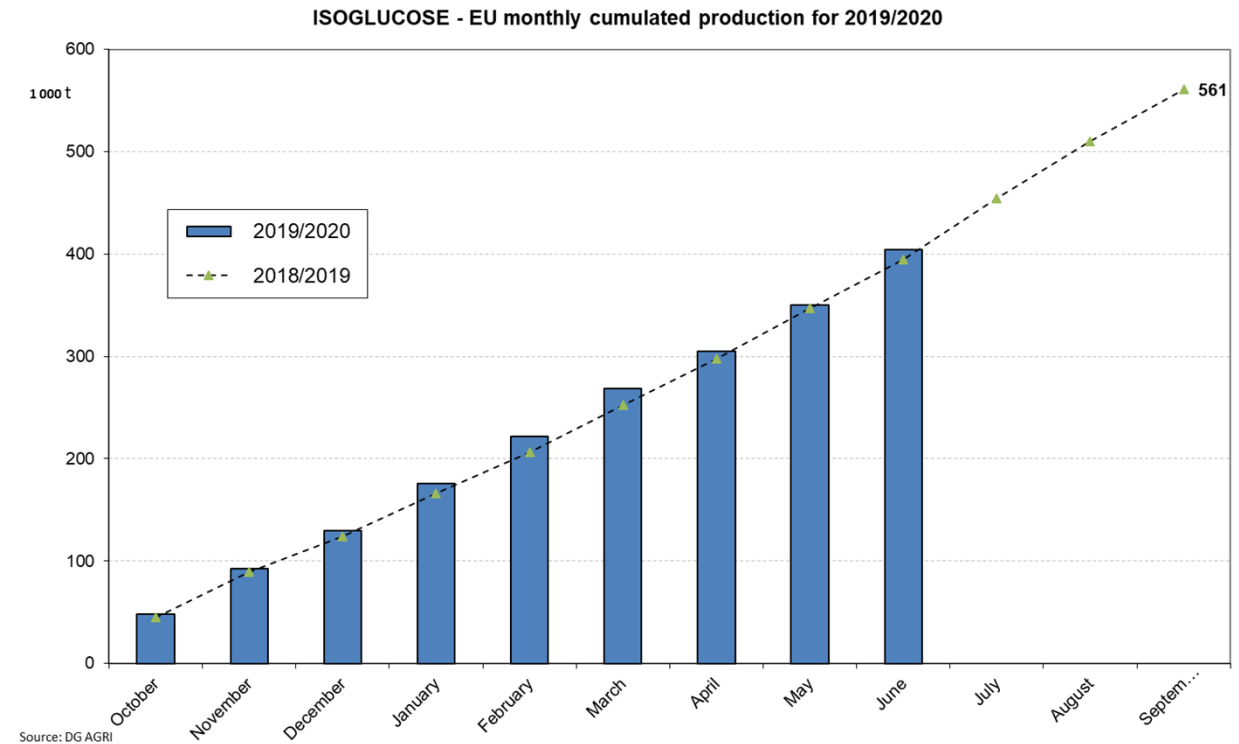
Stocks

EU sugar stocks at the end of MY 2020/21 are forecast to fall further, below the 1 million MT RSE at the end of MY 2019/20. In the case of a no-deal Brexit outcome, this MY 2020/21 ending stock number will likely have to be reviewed.

Isoglucose

Isoglucose production in the EU is stagnating in 2020 compared to 2019 as can be seen in below graph 7. There was a short-lived increase in production after the end of the EU sugar quota regime, but isoglucose has a hard time competing with low EU sugar prices. As a result, a new Hungarian plant from 2017 has difficulties coming online. It remains to be seen if isoglucose production will be able to benefit from the EU sugar shortfall in MY 2020/21.

Graph 7 – Isoglucose – EU monthly production



Source: European Commission

Policy

COVID-19 Mitigation Measures

As the COVID-19 outbreak in Europe largely arrived in between beet processing seasons, the EU sugar sector was barely affected by it, except some enhanced labor protection measures slightly delaying the interseasonal refining of thick juice stocks. Therefore, no special market measures were made available for sugar, while the sector could access MS-provided state aid for mitigating the economic fall-out from COVID-19. Most MS provide generic aid measures, such as flexible loans or delayed taxation to their whole economy. The full list of state aid can be found here: https://ec.europa.eu/competition/elojade/isef/index.cfm?fuseaction=dsp_sa_by_date.

New CAP, Green Deal, Farm to Fork (F2F) and Biodiversity Strategy

Uncertainty about [Brexit](#)⁶ and the EU's future budgetary situation prevented the outgoing Juncker Commission from properly preparing the next Common Agricultural Policy (CAP), which should have started from 2021 as the current CAP expires at the end of 2020. The European Commission (EC) published its new [CAP proposals](#)⁷ on

⁶ https://ec.europa.eu/commission/brexit-negotiations_en

⁷ https://ec.europa.eu/info/news/european-commission-communicates-new-cap-proposals-ground-2018-jul-16_en

June 1, 2018, but it was evident from the start that, given the European elections in May 2019, it would be up to the incoming institutions to finalize the agreement and that an extension of the current CAP would be needed to bridge the gap. As Brexit became a fact at the end of January 2020, the new Von der Leyen Commission prepared a new Multi-annual Financial Framework 2021-2027 (MFF) proposal (€1074.3 billion), in combination with an extraordinary recovery effort known as the Next Generation EU (€750 billion). The [€1.8 billion package](#)⁸, which gained European Council approval on July 21, 2020, aims at helping the EU to rebuild after the COVID-19 pandemic and support investment in the green and digital transitions. The new MFF proposal includes €356.4 billion for the new CAP and Fisheries policy, of which €239.9 billion for direct payments, €19.7 billion for market measures (together Pillar I) and €77.9 billion for rural development (Pillar II) for the 2021-2027 period. However, this MFF and COVID-19 mitigation package must be approved by the European Parliament (EP) that already has vented its disagreement with several cuts from the EC's original proposal.

On May 20, 2020, the EC announced both the [Farm to Fork](#)⁹ (F2F) Strategy and the EU [Biodiversity Strategy](#)¹⁰ as roadmaps for enhancing food and agricultural sustainability by 2030 under the European [Green Deal](#)¹¹. The Strategies mark the beginning of a multi-step legislative development process that aims to fundamentally change the way EU agriculture operates and food is produced for, and provided to, EU consumers. The goal is that MS tailor their new CAP programs towards achieving and enforcing the different strategy targets through [enhanced conditionality measures](#)¹². The stated goal is that 40 percent of CAP funding goes towards climate change mitigation measures. Specific goals are a 50 percent reduction in pesticide use, a 50 percent reduction of nutrient leakage in groundwater through a 20 percent reduction in fertilizer use, an increase in nature conservation areas to 30 percent, 10 percent of environmental set-aside and 25 percent of land for organic farming.

The EU sees its Green Deal and accompanying strategies as its way of achieving its [Paris Climate Agreement](#)¹³ and other [UN Sustainable Development Goal](#)¹⁴ commitments. No legislative proposals to convert the above strategies have been made yet to the Council and the EP, which will need to approve them through joint compromises. Both legislative bodies have already requested that impact assessments must be available before legislative initiatives are proposed. Given the level of ambition in the strategies, the EU legislative process can be expected to be arduous and lengthy, especially as the number of implementing acts specifying the details of the different policies will likely run into the tens, if not hundreds of specific acts. Therefore, the EC has proposed a one-year extension to the current CAP, but both Council and EP requested a two-year transition as

⁸ <https://www.consilium.europa.eu/media/45109/210720-euco-final-conclusions-en.pdf>

⁹ https://ec.europa.eu/food/farm2fork_en

¹⁰ https://ec.europa.eu/environment/nature/biodiversity/strategy/index_en.htm

¹¹ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

¹² https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/key_policies/documents/cap-post-2020-environment-benefits-simplification_en.pdf

¹³ https://ec.europa.eu/clima/policies/eccp_en

¹⁴ https://ec.europa.eu/info/strategy/international-strategies/sustainable-development-goals/eu-approach-sustainable-development-0_en

they don't think that such a massive legislative undertaking can be finalized within one year, especially as finalizing and approving the COVID-19 Next Generation EU mitigation package takes precedence.

Brexit Update

The United Kingdom (UK) formally left the European Union on January 31, 2020 and is in a transition period until December 31, in which it continues to fully comply with EU rules and legislation. During this transition period, it is negotiating an [agreement](#)¹⁵ with the remaining EU-27 on its future relationship and particularly on trade. Because the UK government notified the EU that it will not extend the transition period, it remains uncertain whether an agreement will be concluded or whether the UK will sail off with no deal (hard Brexit), meaning that its trade relationship with the EU would fall back to WTO rules, with full border controls, including on the Irish island and on the border between Spain and Gibraltar. For an EU-UK agreement to be able to be implemented, the final version of the agreement must reportedly reach the EP for the November 2020 plenary session. UK Prime Minister (PM) Boris Johnson suggested that mid-October is the deadline for reaching an agreement

The UK government published its post-Brexit [tariff schedule](#)¹⁶ that will apply from January 1, 2021. The MFN tariff for refined sugar is £350/MT (€419/MT), while the MFN tariff for raw sugar for refining will carry a £280/MT (€339/MT) duty. The UK mulls providing a duty-free TRQ of 260,000MT annually for raw cane sugar for refining. The UK further published the full [list](#)¹⁷ and details of the TRQs that it intends to operate as agreed with the EU on splitting EU quotas.

Attacks on EU-Mercosur Trade "Agreement in Principle" Intensify

On June 28, 2019, the EU reached a trade "[Agreement](#)¹⁸ in Principle" with the four member countries of Mercosur (Argentina, Brazil, Paraguay and Uruguay). The details of this agreement, that provides for a new 10,000 MT duty-free import quota for Paraguay, while Brazil would see the in-quota duty eliminated on 180,000 MT of its WTO quota, still need to be elaborated and its implementation, on a provisional basis, is years away. Nevertheless, intensifying discussions on climate change mitigations and further environmental restrictions as the EU is discussing its Green Deal and F2F proposals, EU farmers, MS and EP are all extremely critical of a Mercosur agreement, in light of last summer's fires in the Amazon forest. Several MS have already clearly stated that they will not ratify the EU-Mercosur agreement if it ever gets finalized.

Other EU FTA Updates

Additional EU market access for sugar as part of new FTAs is continuing. The [EU-Vietnam FTA](#)¹⁹, in which Vietnam receives a duty-free sugar quota of 20,000 MT RSE, plus 400 MT for specialty sugars²⁰, was

¹⁵ https://ec.europa.eu/commission/brexit-negotiations_en

¹⁶ <https://www.gov.uk/check-tariffs-1-january-2021>

¹⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/785571/TRQ_-_Ref_Doc.pdf

¹⁸ <https://ec.europa.eu/trade/policy/in-focus/eu-mercrosur-association-agreement/>

¹⁹ <https://trade.ec.europa.eu/doclib/press/index.cfm?id=1437>

implemented on August 1, 2020 as agreed. In the spring of 2018, the EU and Mexico agreed to grant a 30,000 MT quota for Mexican sugar imports at a €49/MT duty to be phased in over three years. The provisional implementation of the EU-Mexico agreement is awaiting EP approval. Ongoing negotiations for an FTA between the EU and Australia are also widely expected to include an agreement for sugar. Further info can be found on the DG Trade [webpage](#)²¹.

EU Preferential Sugar Market Access

Despite the removal of all limitations to EU sugar production in 2017, EU farmers remain protected against competition from non-preferential raw cane sugar by high tariffs and import quotas. Preferential duty-free market access for sugar has been available for former European colonies under [Economic Partnership Agreements](#)²² (EPA) and for least developed countries (LDCs) under the [Everything-But-Arms](#)²³ (EBA) agreement. A safeguard on preferential duty-free imports from EPA and EBA countries continues to limit potential imports to 3.5 million MT white sugar equivalents. After the Balkan war, EU duty-free sugar quotas were also part of the [Western Balkan Stabilization and Association Agreement](#).²⁴ In recent years, additional country-specific quotas have been agreed as part of an EU FTA with either Peru, Colombia, Panama and Central America, totaling some 260,000 MT. Ukraine was also allocated a 20,000 MT quota, while the Southern African Development Community²⁵ (SADC) EPA from October 2016 is granting South Africa duty-free quotas for 150,000 MT of sugar.

Pesticide Policy - Neonicotinoids

In 2018, the European Commission banned the use of three neonicotinoids (clothianidin, imidacloprid, thiamethoxam), except for use in greenhouses, because of their harmful effect on wild bees and honeybees. These neonic pesticides are important for sugar beet production, since they used to be applied to seed to prevent aphid infestations in sugar beets. Aphids spread many diseases including viruses such as the beet yellows virus (BYV) which leads to beet dwarf jaundice, a disease that can cut yields by half. Since the ban in 2018, about 15 MS have requested 74 emergency derogations for their use, for which over 50 percent was for the use on sugarbeets. This procedure allows individual MS to apply for a three month emergency authorization for the use of a banned substance, in case they can prove whether its use is safe for their particular case and if there is alternative available.

In 2020, Austria, Belgium, Croatia, Denmark, Finland, Lithuania, Poland, Romania and Spain had exemptions on the neonicotinoid ban in place for use in sugar beet seed coating for one or more on the banned active substances. After the severe yellows virus attacks in 2020, France is also planning for an exemption for 2021.

²⁰ https://trade.ec.europa.eu/doclib/docs/2018/september/tradoc_157340.pdf

²¹ <https://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/>

²² <https://ec.europa.eu/trade/policy/countries-and-regions/development/economic-partnerships/>

²³ <https://trade.ec.europa.eu/tradehelp/everything-arms>

²⁴ <https://ec.europa.eu/trade/policy/countries-and-regions/regions/western-balkans/>

²⁵ <http://ec.europa.eu/trade/policy/countries-and-regions/regions/sadc/>

Related reports from FAS Post in the European Union:

Country	Title	Date
France	France's Sugar Beet Crop Devastated by Disease - Sugar Industry's Viability Threatened	08/13/2020
European Union	European Union: Sugar Annual	05/04/2020

The GAIN Reports can be downloaded from the following FAS website:

<http://gain.fas.usda.gov/Pages/Default.aspx>

Attachment: Sugar – Centrifugal_European Union

Sugar, Centrifugal	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Market Year Begins						
European Union						
Beginning Stocks (1000 MT)	1997	1997	1417	1417	1170	1020
Beet Sugar Production (1000 MT)	17763	17763	16980	16730	17430	15800
Cane Sugar Production (1000 MT)	219	219	273	273	250	250
Total Sugar Production (1000 MT)	17982	17982	17253	17003	17680	16050
Raw Imports (1000 MT)	1369	1365	1500	1300	1500	2000
Refined Imp.(Raw Val) (1000 MT)	619	622	800	800	600	1000
Total Imports (1000 MT)	1988	1987	2300	2100	2100	3000
Total Supply (1000 MT)	21967	21966	20970	20520	20950	20070
Raw Exports (1000 MT)	6	6	5	5	5	5
Refined Exp.(Raw Val) (1000 MT)	1944	1943	1195	1195	1495	995
Total Exports (1000 MT)	1950	1949	1200	1200	1500	1000
Human Dom. Consumption (1000 MT)	18600	18600	18600	18300	18600	18300
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	18600	18600	18600	18300	18600	18300
Ending Stocks (1000 MT)	1417	1417	1170	1020	850	770
Total Distribution (1000 MT)	21967	21966	20970	20520	20950	20070
(1000 MT)						

Attachments:

[Sugar- Centrifugal_European Union.doc](#)