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## **Report Name:** Sugar Semi-annual

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### **Report Highlights:**

EU27 beet sugar production for marketing year (MY) 2024/25 is projected to increase slightly by 4 percent to approximately 15.4 million metric tons (MMT), driven by favorable market conditions and expanded planting areas. However, varying weather conditions and phytosanitary issues have created uncertainties around yields. Consumption remains stable at 16.5 MMT. Imports are forecast up to 2.4 MMT due to rising imports from Ukraine, while exports are expected to drop to 1.1 MMT, down from 1.7 MMT in MY 2023/24. Isoglucose production is forecast to increase, benefiting favorable sugar and input prices.

## Executive Summary

EU27 beet sugar production for MY 2024/25 is forecast at 15.4 MMT. This represents a 4 percent increase from last year, driven by an expansion in planted area due to expected high sugar prices. However, persistent rain in countries like Belgium, France and Czechia has delayed sowing, while localized drought in others, such as Hungary, has impacted the growing season. This has generated uncertainty regarding beet development and yield potential across major producing countries. The ongoing harvest presents a mixed outlook, with final outcomes depending on the remaining weeks. Some areas, particularly in the Netherlands, are experiencing excessive rainfall that is delaying operations and may continue to do so, while regions like Austria and Bulgaria are expected to achieve high yields.

In MY 2023/24, EU beet sugar production ended at 14.8 MMT, 7 percent higher than the previous MY. Unfavorable weather and diseases hampered the planting season and harvest, causing delays and disruptions. Despite these challenges, some regions, like Poland, saw record harvests due to increased acreage and favorable weather.

The European sugar sector continues to face significant challenges, including market instability and the need for effective risk management tools. The International Confederation of European Beet Growers (CIBE) has called for increased support from EU institutions to address these issues and promote innovative agricultural technologies. Potential advancements in disease-resistant varieties through genome editing or new genomic techniques (NGTs) offer hope for sustainability and competitiveness.

EU sugar consumption in MY 2024/25 is forecast to remain stable at 16.5 MMT. The war in Ukraine and its refugee crisis introduced uncertainty in consumption patterns. Growing health consciousness may also moderate consumption, with simultaneous pressure on food processors to reduce sugar content along with growing political considerations for sugar taxes.

EU sugar imports for MY 2024/25 are forecast at 2.4 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 to protect EU farmers. Sugar imports from the United Kingdom (UK) have significantly declined post-Brexit due to rules of origin that require products to be entirely produced or sufficiently processed in the UK for preferential tariff treatment. This has increased compliance costs for UK exporters, reducing their competitiveness in the EU market.

EU27 sugar exports for MY 2024/25 are forecast at 1.1 MMT, marking a significant decrease compared to 1.7 MMT for MY 2023/24. 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 new trade rules. EU sugar stocks are expected to rise

slightly in MY 2024/25, reaching 0.54 MMT, while isoglucose production is forecast to surpass the level of MY 2022/23.

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. In response to farmer protests earlier this year, European Commission introduced various measures to reduce administrative burden related to CAP benefits in March 2024.

Since December 2013, the EU has banned neonicotinoids on crops attractive to bees, including sugar beets, 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 Member States (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. While the Parliament voted in favor of the proposal on February 7, 2024, consensus in the Council of the EU has not been reached.

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 final outcome is uncertain. Meanwhile, talks on the EU-Australia FTA are on hold, with a possible resumption in 2025. 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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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	1,464	911	1,014	991	197
Beet Sugar Production	13,824	13,626	14,798	14,731	14,786	15,421
Cane Sugar Production	185	185	187	158	185	158
Total Sugar Production	14,009	13,811	14,985	14,889	14,971	15,579
Raw Imports	1,802	1,802	1,500	1,200	1,500	1,100
Refined Imports (Raw Val)	1,305	1,305	1,500	1,300	1,500	1,300
Total Imports	3,107	3,107	3,000	2,500	3,000	2,400
<b>Total Supply</b>	<b>18,580</b>	<b>18,382</b>	<b>18,896</b>	<b>18,403</b>	<b>18,962</b>	<b>18,176</b>
Raw Exports	6	6	5	6	5	6
Refined Exports (Raw Val)	863	862	1,100	1,700	1,100	1,100
Total Exports	869	868	1,105	1,706	1,105	1,106
Human Dom. Consumption	16,800	16,500	16,800	16,500	16,800	16,500
Total Use	16,800	16,500	16,800	16,500	16,800	16,500
Ending Stocks	911	1,014	991	197	1,057	570
<b>Total Distribution</b>	<b>18,580</b>	<b>18,580</b>	<b>18,896</b>	<b>18,403</b>	<b>18,962</b>	<b>18,176</b>

EU27 beet sugar production for MY 2024/25 is forecast at approximately 15.4 MMT, a projected increase of 4 percent from the 14.7 MMT produced in the previous MY. This rise is driven by an increase in planted area to an estimated 1,482 thousand hectares, up 6 percent from last year. While major producing regions maintained stable planting areas, other parts of the EU expanded significantly in response to expected high sugar prices.

However, the season's progress has been impacted by adverse weather conditions, including persistent rain in Belgium, France and Czechia that delayed sowing. In some areas, planting extended into June, introducing uncertainty for beet development and overall yield potential.

The ongoing sugar beet harvest has revealed a mixed outlook, with weather conditions and disease pressures continuing to shape the season. Phytosanitary concerns such as Syndrome Basses Richesses (SBR) and Root Tuber Disease (RTD) remain prevalent, especially in regions experiencing excessive rainfall, which has created favorable conditions for foliar diseases like mildew and cercospora. Conversely, some areas, including Hungary, have faced drought and heatwaves, adding further complexity to the growing environment. Despite these challenges, favorable weather conditions in other regions have supported crop development, and high yields are still expected in certain Member States.

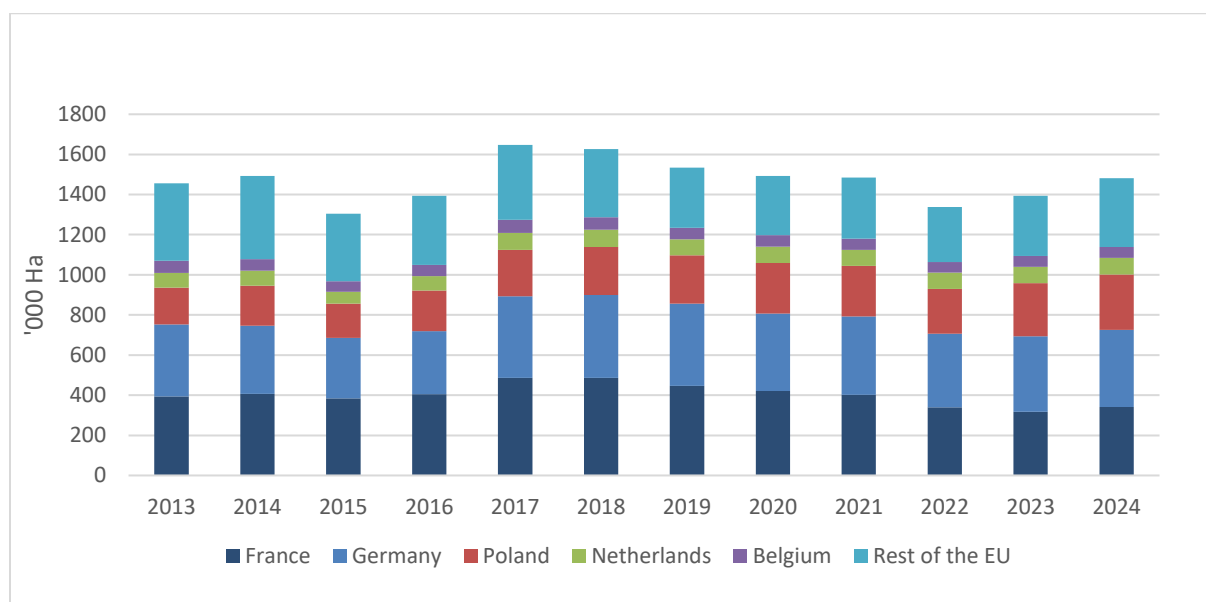
The sugar content of the beets, a critical factor for overall production, is being monitored closely, as ongoing climatic variability could affect final outcomes. At this stage, the overall sugar beet campaign remains in progress, with final figures dependent on the remaining harvest weeks.

For MY 2023/24, EU beet sugar production ended up at 14.7MMT, 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 the previous year (2022/23).

Unfavorable weather across Europe, including a 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 such as cercospora, SBR, and stolbur exacerbated the situation, posing threats throughout the growing season, particularly in the 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 navigated diverse challenges to ensure a predominantly successful season.

Cane sugar production in the French Overseas regions of Martinique, Guadeloupe, French Guiana, and Reunion Island has been reviewed higher compared to previous estimations.

**Graph 1 – EU27 Total Sugar Beet Acreage and Top 5 Beet Producing Member States**



*Source: FAS EU Posts and Eurostat data*

Despite an increase in sugar beet plantings driven by high prices, the European sugar sector continues to confront significant challenges. The long-term impacts of the 2017 quota system abolition have led to a decline in sugar beet area, as illustrated in Graph 1. This decline is compounded by limited crop protection options, adverse weather conditions, and increased global competition.

The meeting of the Economic and General Affairs Committee (EGAC) of the European Beet Growers Association (CIBE) on September 24 brought these issues to the forefront, reporting varied beet quality

and yields across the EU27. Pest outbreaks and disease pressures, intensified by the loss of effective crop protection tools and extreme weather events, have adversely affected yield consistency.

Market dynamics further exacerbate the sector's vulnerability, particularly concerning duty-free sugar imports from Ukraine. Fluctuations in global sugar prices and rising production costs associated with sustainable practices add additional pressure to farmers' profitability. In response to these challenges, CIBE has called for increased support from EU institutions. They emphasize the urgent need for effective risk management tools to address the impacts of weather and disease, the promotion of innovative agricultural technologies, and stricter controls on sugar imports to safeguard the competitiveness of EU-grown sugar. The European Commission's June 2023 proposal to regulate plants obtained through genome editing presents a crucial opportunity for developing disease-resistant varieties and reducing chemical use, aligning with sustainability goals. As the harvest progresses, the industry will closely monitor weather conditions and market dynamics for clearer insights into final production figures.

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

<b>EU sugar beet production</b>						
	<b>Area harvested, thousands of Hectares</b>			<b>Sugar beet yield in MT per Hectare</b>		
	<b>22/23</b>	<b>23/24</b>	<b>24/25f</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25f</b>
Austria	34.0	35.7	42.0	79.7	75.0	77.0
Belgium	52.7	55.0	54.0	90.1	89.1	72.0
Croatia	9.0	8.0	11.0	63.5	62.5	59.0
Czechia	60.6	61.6	67.0	72.0	69.1	69.0
Denmark	31.7	30.5	31.0	72.3	74.8	74.0
Finland	8.8	10.9	11.0	43.1	38.5	40.8
France	339.0	318.0	341.0	78.4	83.4	81.0
Germany	367.0	375.0	385.0	70.3	81.8	80.0
Hungary	9.7	14.4	16.4	48.4	58.0	56.8
Italy	25.8	23.5	29.9	43.1	59.6	56.9
Lithuania	11.8	16.0	16.0	50.0	60.0	58.0
Netherlands	81.8	80.4	84.0	88.8	85.3	79.0
Poland	223.0	265.7	275.0	63.5	63.9	65.0
Romania	8.9	12.9	23.9	31.2	31.1	30.0
Slovakia	19.5	22.4	24.0	55.8	67.3	59.0
Spain	25.6	35.7	42.0	74.8	85.0	86.0
Sweden	28.9	28.8	28.9	64.7	60.4	69.2
<b>Total EU27</b>	<b>1337.8</b>	<b>1394.5</b>	<b>1482.0</b>			

*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**

<b>EU Beet Sugar Production (raw value)</b>			
<b>in 1,000 MT</b>	<b>2022/2023</b>	<b>2023/24</b>	<b>2024/25</b>
EU Sugar Production	13,626	14,731	15,336
Industrial Use	1,965	2,044	2,044
<b>Total EU Beet Sugar Production</b>	<b>15,591</b>	<b>16,775</b>	<b>17,380</b>

*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 17.4 million metric tons (MMT), reflecting a 4 percent increase from the 16.8 MMT produced in MY 2023/24 and a 7 percent increase compared to 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 2024](#).

**Table 4 – EU Sugar Beet PS&D**

<b>Sugar Beets</b>	<b>2022/2023</b>	<b>2023/2024</b>	<b>2024/2025</b>
<i>Market Year Begins</i>	<b>Oct-22</b>	<b>Oct-23</b>	<b>Oct-24</b>
Area Harvested (1000 HA)	1,337.8	1,394.5	1,482.0
Production (in MMT)	96	105	110
Utilization for Sugar (in MMT)	82.8	90.4	94.9
Utilization for Industrial Fermentation (in MMT)	13.5	14.7	15.4

(1000 HA), (1 million MT)

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

### **EU27 Sugar Consumption**

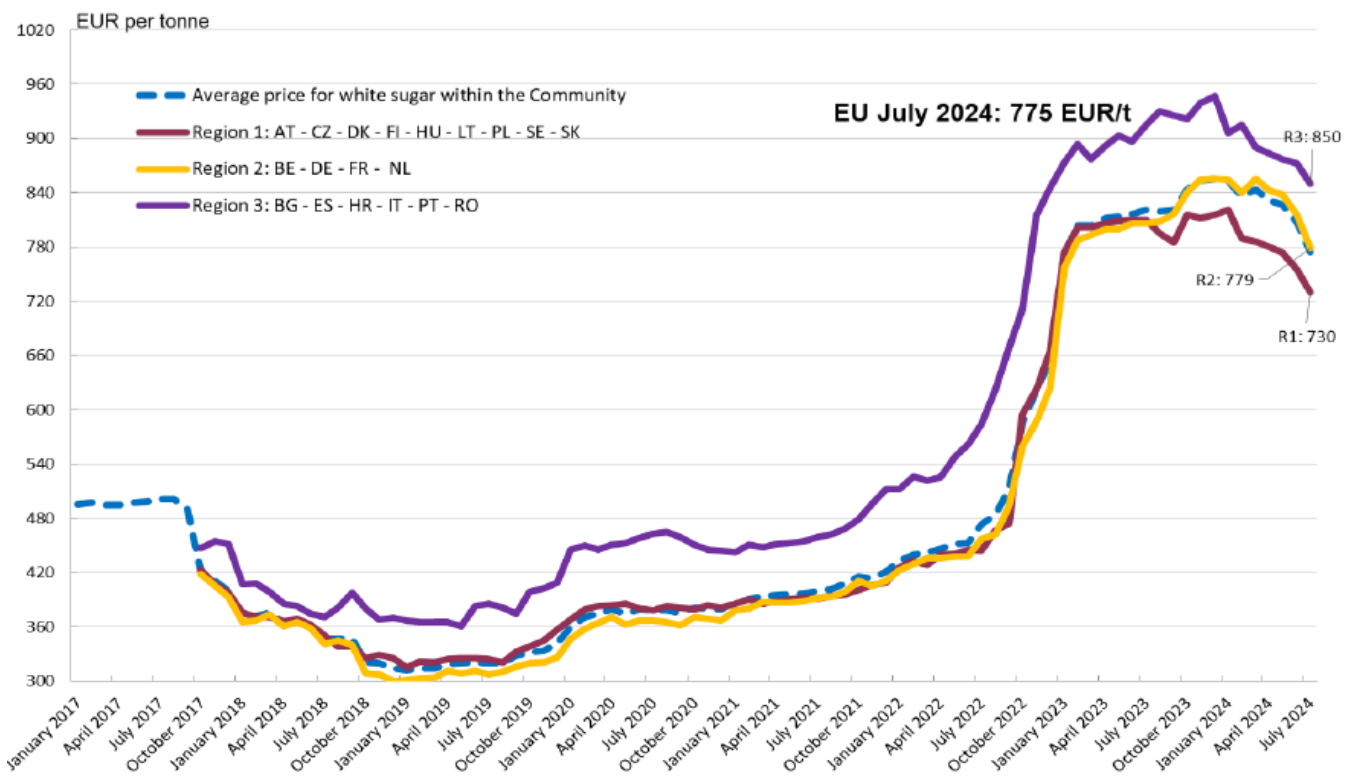
EU sugar consumption in MY 2024/25 is forecast to remain stable compared to the previous two marketing years reviewed in this report, reflecting a slight downward revision from previous assessments. However, the ongoing war in Ukraine and its associated refugee crisis introduce uncertainty, potentially influencing overall consumption patterns and estimates. While the total sugar consumed may not increase, the influx of approximately 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](#).

The EU sugar market has been significantly influenced by fluctuations in global prices, particularly following the end of sugar quotas in late 2017. Until autumn 2022, EU sugar prices closely tracked

global market trends, reflecting ample European production levels and low net import demand. However, the energy crisis and raw material shortages triggered a surge in net import demand, widening the price gap. This difference peaked at €283 (\$302) per ton in February 2023 but subsequently decreased to €156 (\$166) per ton by September 2023. The divergence highlights how rising global prices have outpaced those in the EU, further complicating the landscape for European sugar producers.

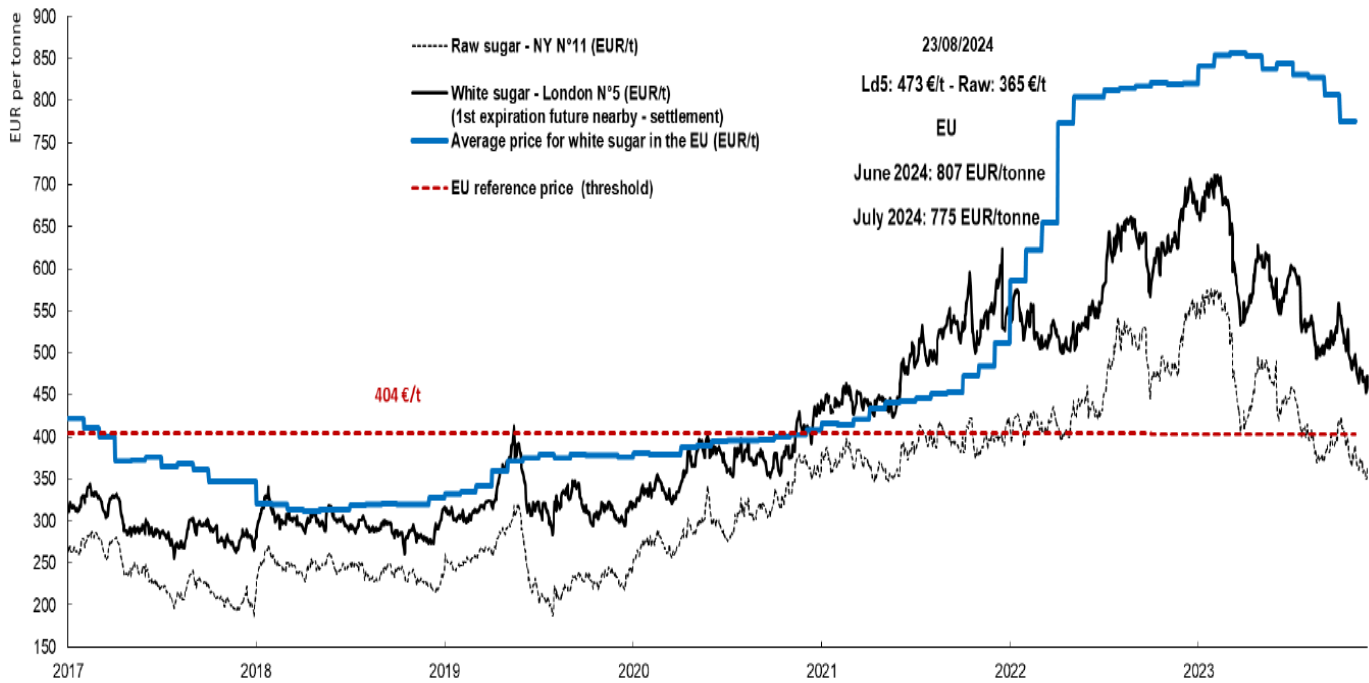
In addition to global price dynamics, regional differentiation within the EU has become increasingly pronounced. A widening price gap exists between core producing Member States (Region 2), such as Belgium, France, Germany, and the peripheral Member States (Region 3), including Bulgaria, Romania, and Greece. The availability of Ukrainian sugar at zero tariffs has further narrowed this price gap, particularly in Region 3, where sugar prices have been more affected by imports. As a result, the competitive landscape for sugar producers in different EU regions varies significantly, influencing trade flows and regional market competitiveness. These regional disparities highlight the complexities of the EU sugar market as it adapts to changing global and domestic factors.

**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*

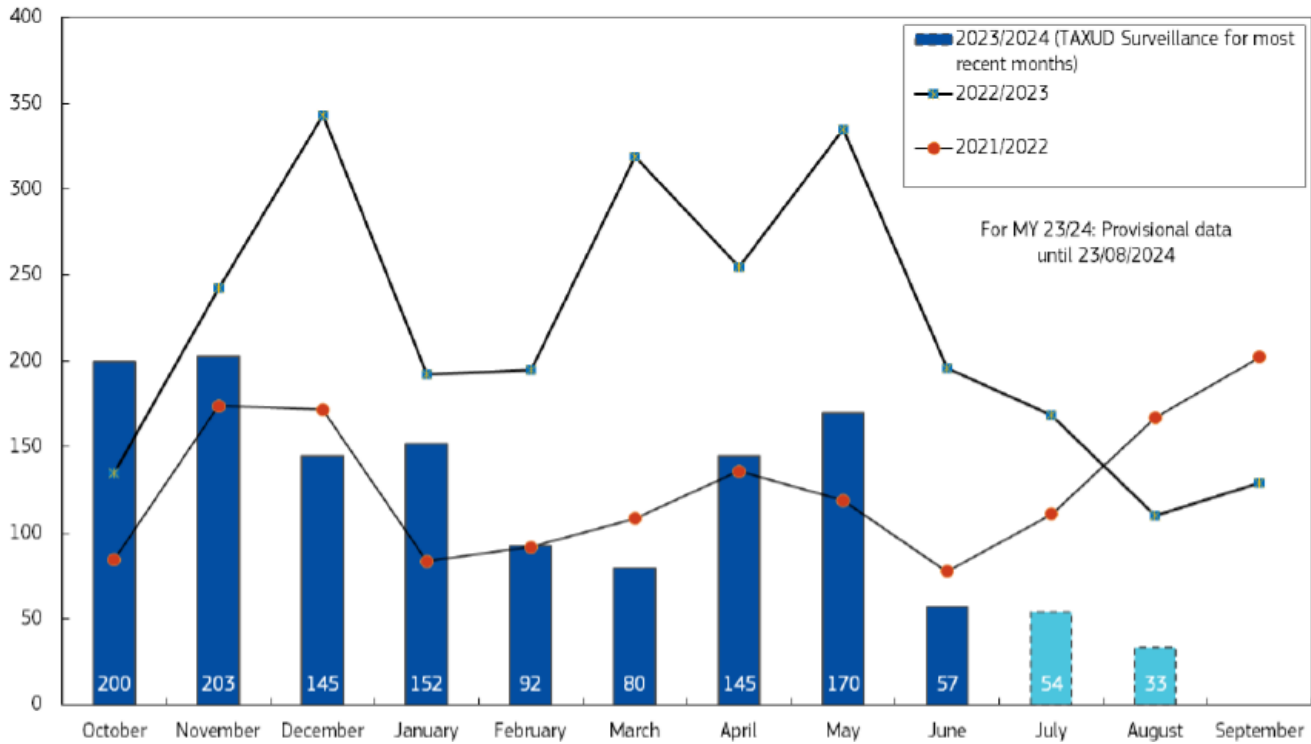
## EU27 Sugar Trade

### *Imports*

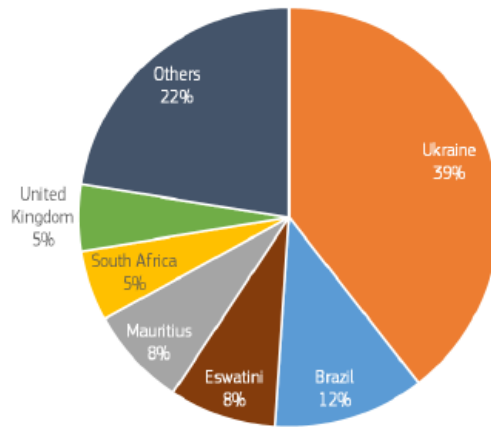
EU27 sugar imports in MY 2024/25 are forecast to slightly decrease to 2.4 MMT compared to 2.5 MMT in MY 2023/24, representing more than a 20 percent decrease from MY 2022/23 levels.

Imports in MY 2023/24 initially surged during the EU beet processing campaign, nearly aligning with the previous marketing year's trend towards October and November of 2023. However, they remained well below the previous marketing year for the remainder of 2024, while they followed the same trend as marketing year 2021/22, based on available data, as depicted in Graph 4.

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



*Quantity: thousand tons / Source: European Commission*



*(Graph 4 continued)*

*Source: European Commission*

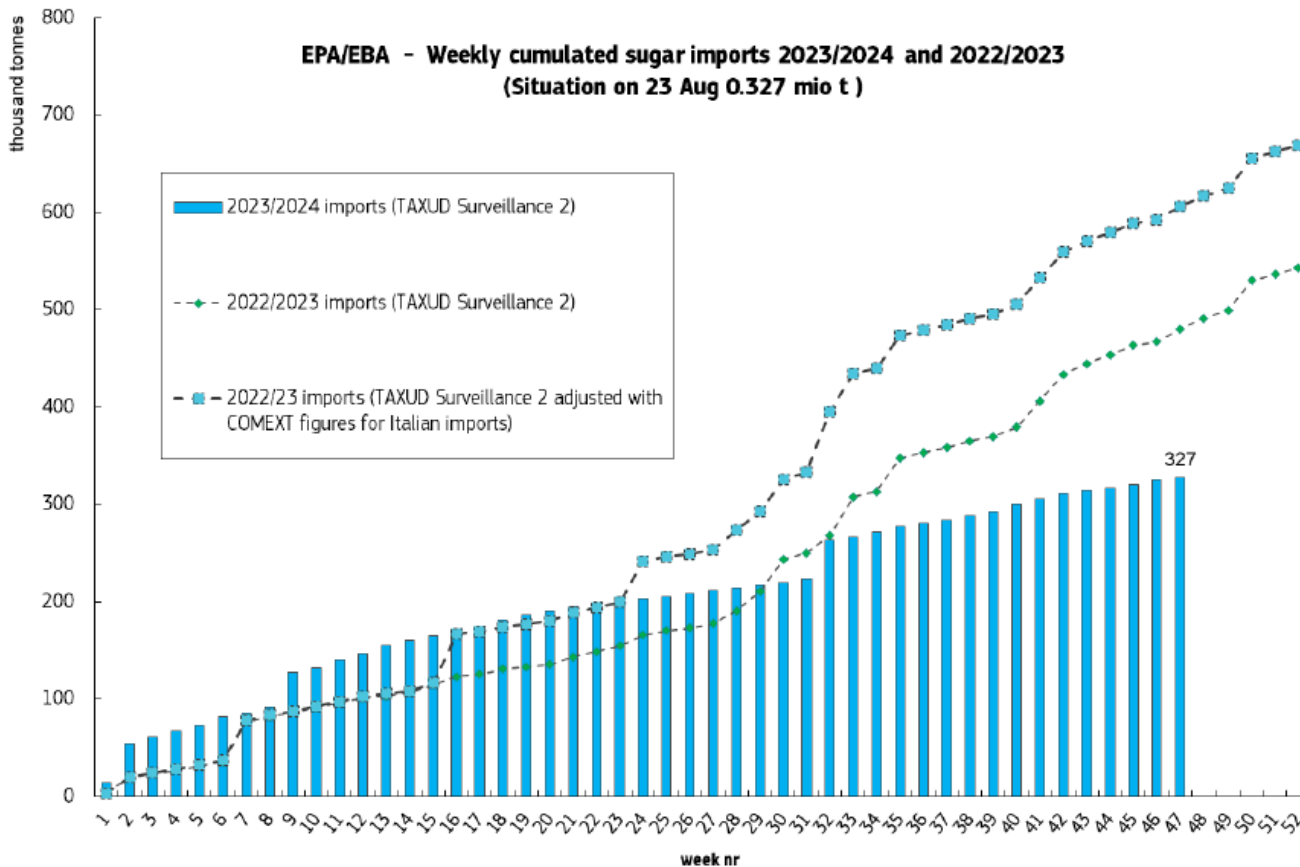
The EU's efforts to support Ukraine's economy have resulted in short-term uncertainties and challenges in the EU sugar market. Initiatives like the Solidarity Lanes and the temporary trade liberalization measures eliminating duties and quotas on Ukrainian agri-food products, including sugar, have resulted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

To continue supporting Ukraine, the EU has agreed to extend its trade liberalization measures until June 5, 2025, facilitating Ukraine's economic recovery and its integration into the EU market. To protect EU farmers and safeguard sugar producers from excessive competition and potential market disruptions, the agreement incorporates provisions such as an emergency brake based on average import volumes from 2021 to 2023, enabling a more precise evaluation of recent trends. Specifically for sugar, it establishes a duty-free quota of approximately 265,000 tons for 2024, along with an additional 110,000 tons available until June 2025. The emergency brake on sugar imports was activated on July 2, 2024. As a result, any additional sugar imports from Ukraine exceeding the established tariff-rate quota will incur most-favored nation (MFN) duties.

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. This was due to 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 MY and the previous one, providing a comparison between the two periods.

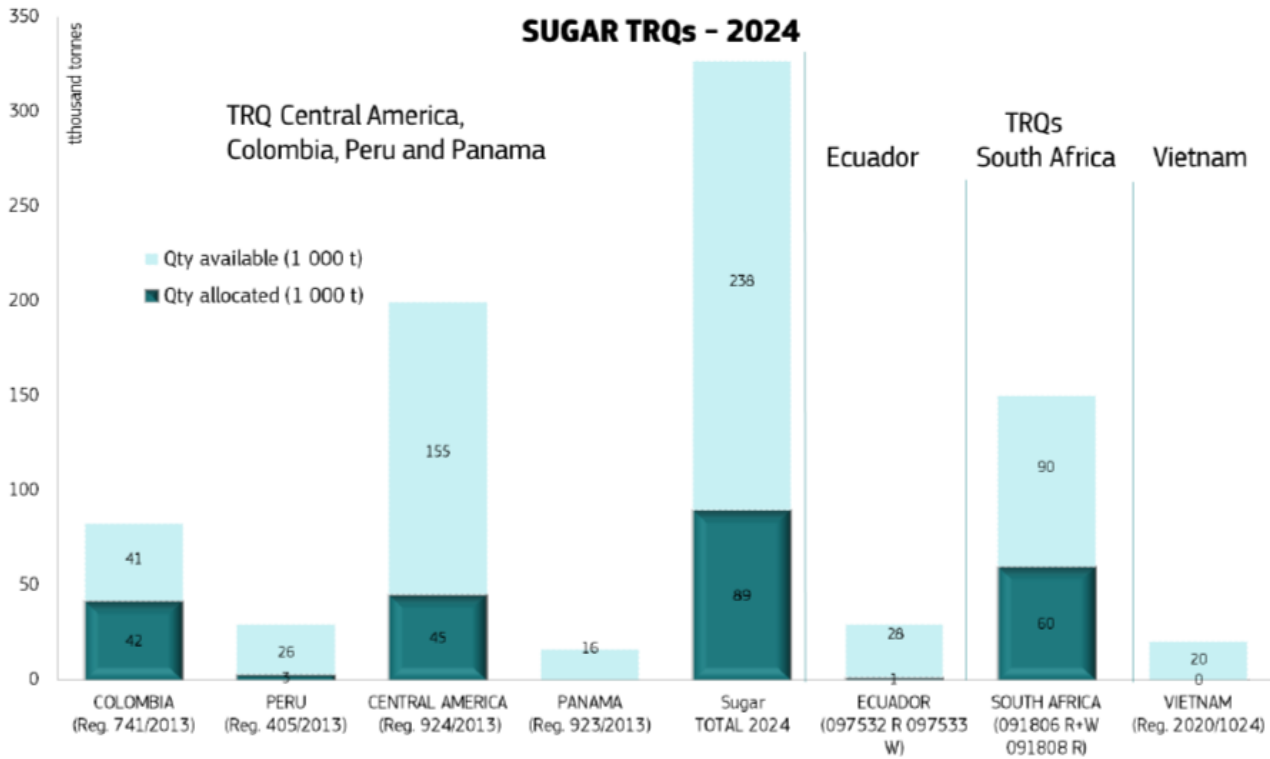
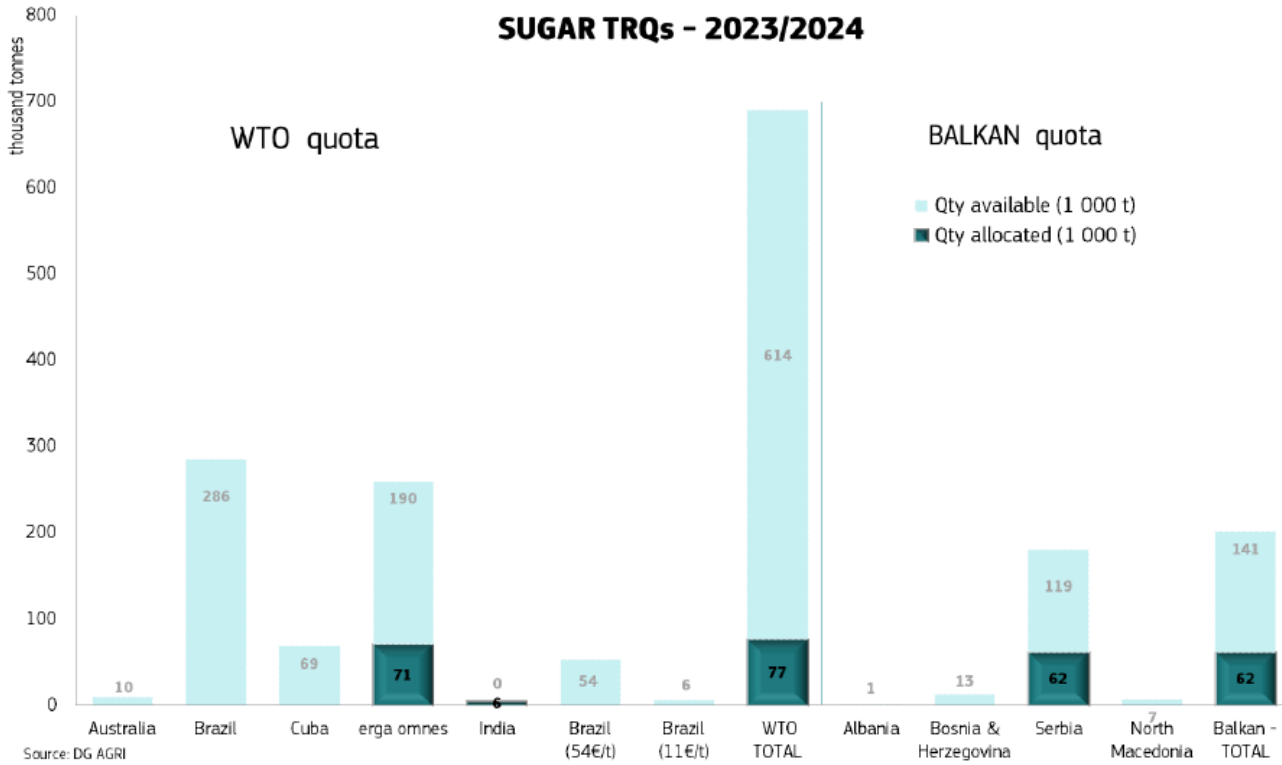
**Graph 5 – EU Imports from EBA/EPA Countries**



Source: European Commission

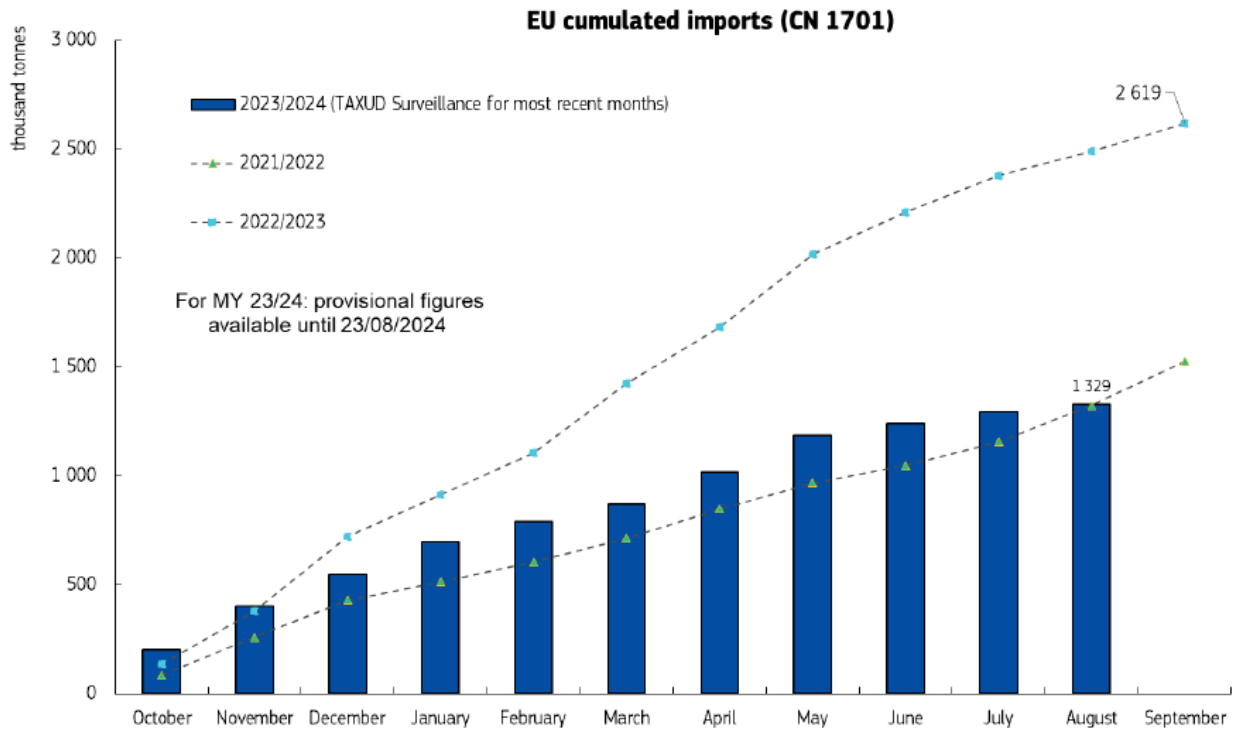
Imports into tariff rate quotas (TRQs) under FTAs are expected to remain stable. The EU-Vietnam FTA entered into force on August 1, 2020, and provides for a sugar TRQ of 20,000 metric tons (MT) RSE. See the MY 2023/24 quota fill in Graph 6. Despite a recent spike in the refining premium, it remains unlikely 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**



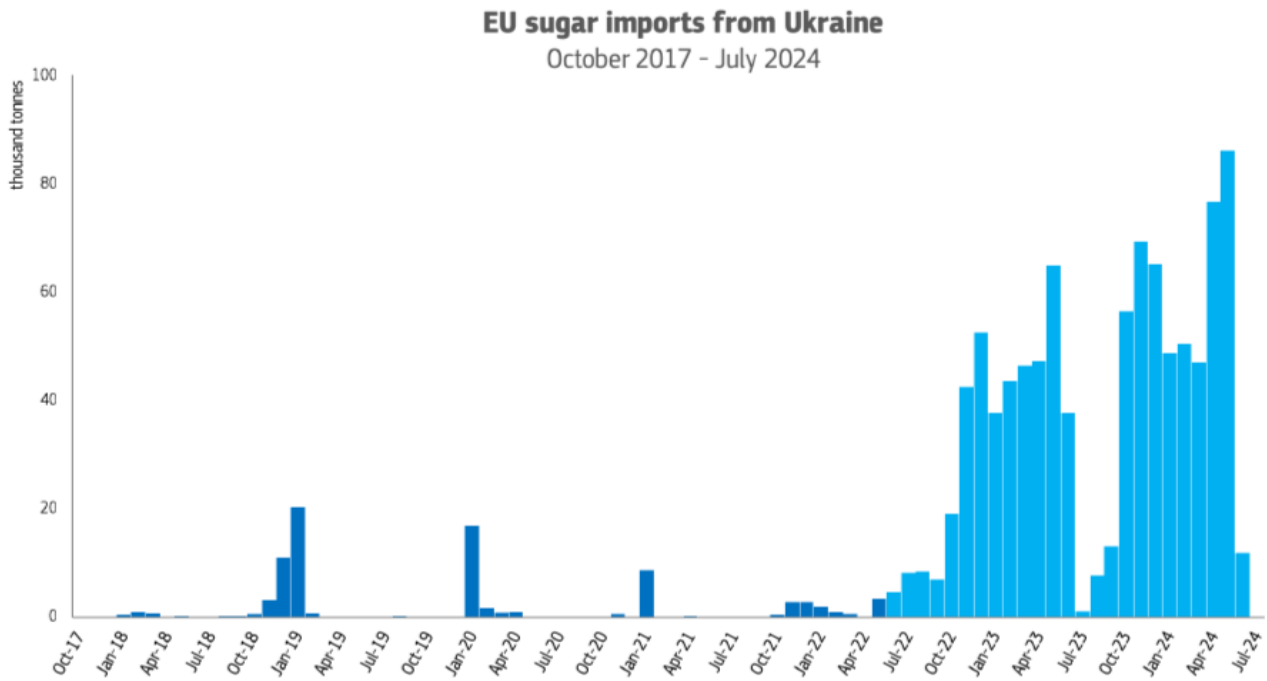
Source: European Commission

**Graph 7 – Total EU Cumulated Imports for CN 1701**



Source: European Commission

**Graph 8 – EU 27 Sugar Imports from Ukraine**



Source: European Commission

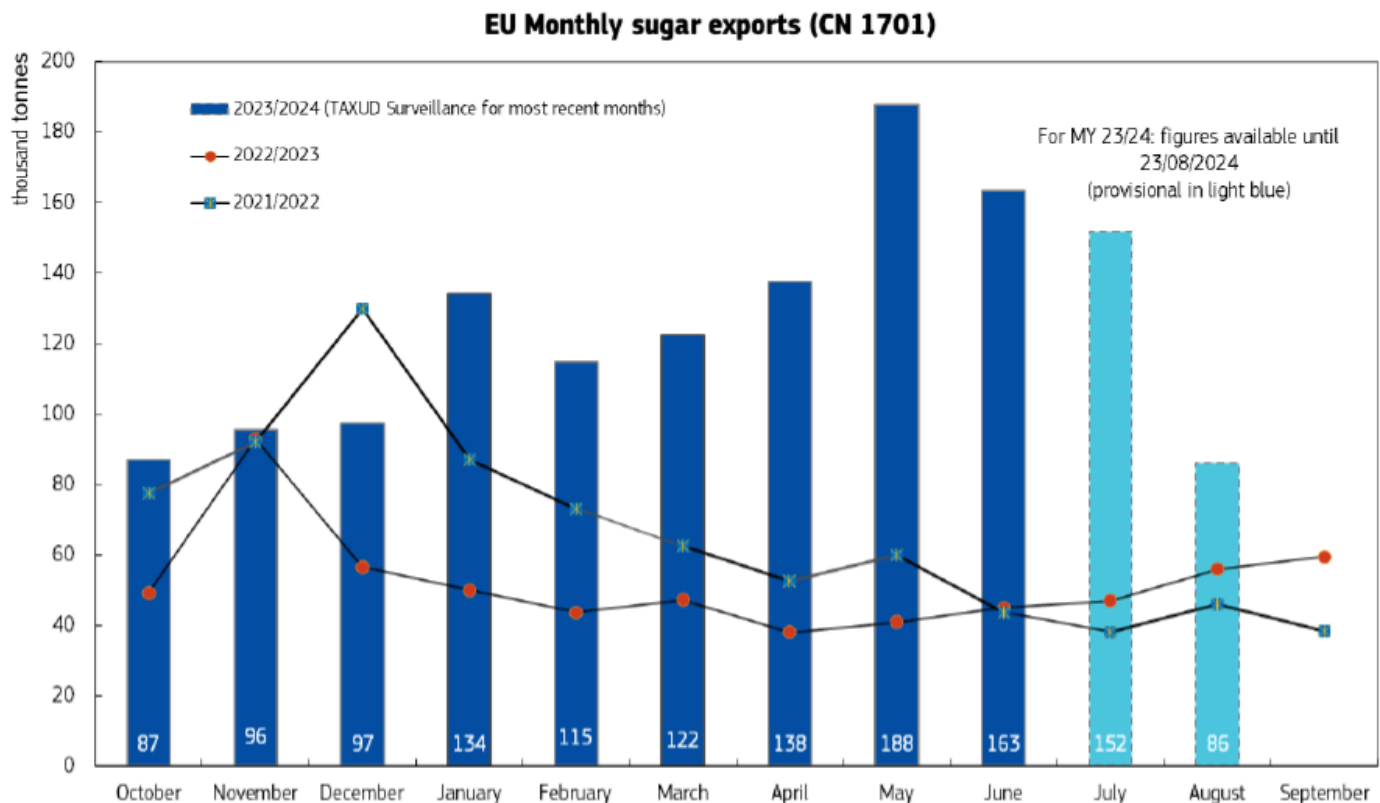


## Exports

EU27 sugar exports for MY 2024/25 are forecast at 1.1 MMT, marking a significant decrease compared to the estimated 1.7 MMT for MY 2023/24. Export volumes for MY 2023/24 have been notably higher than in previous marketing years since January 2024, as illustrated in Graphs 9 and 10, which show increased monthly export volumes based on available data points.

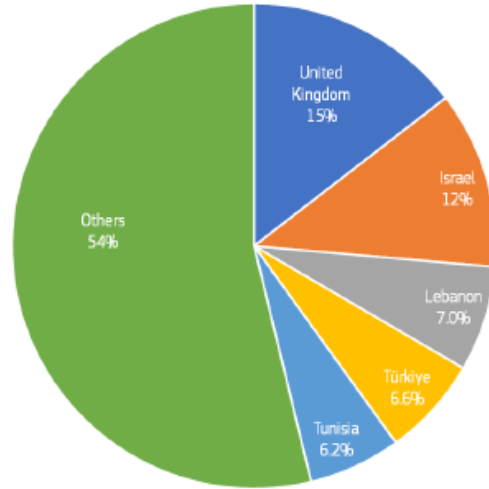
The primary EU sugar-exporting Member States (MS) are France, Germany, Poland, the Netherlands, and Belgium, with key export destinations including the United Kingdom, Israel, Türkiye, Lebanon, and Tunisia. After Brexit, EU sugar exports to the UK briefly halted in January 2021, but exporters quickly adapted to the new rules of origin, leading to a full recovery of exports. These rules require that sugar products exported from the EU to the UK must be either entirely grown and refined within the EU or undergo sufficient processing there to qualify for tariff-free access. However, these requirements are not likely to disrupt EU sugar exports to the UK, as the volume of raw sugar imported from the UK is small compared to the overall production and refining capabilities within the EU. This allows EU exporters to continue their trade with the UK without significant issues.

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



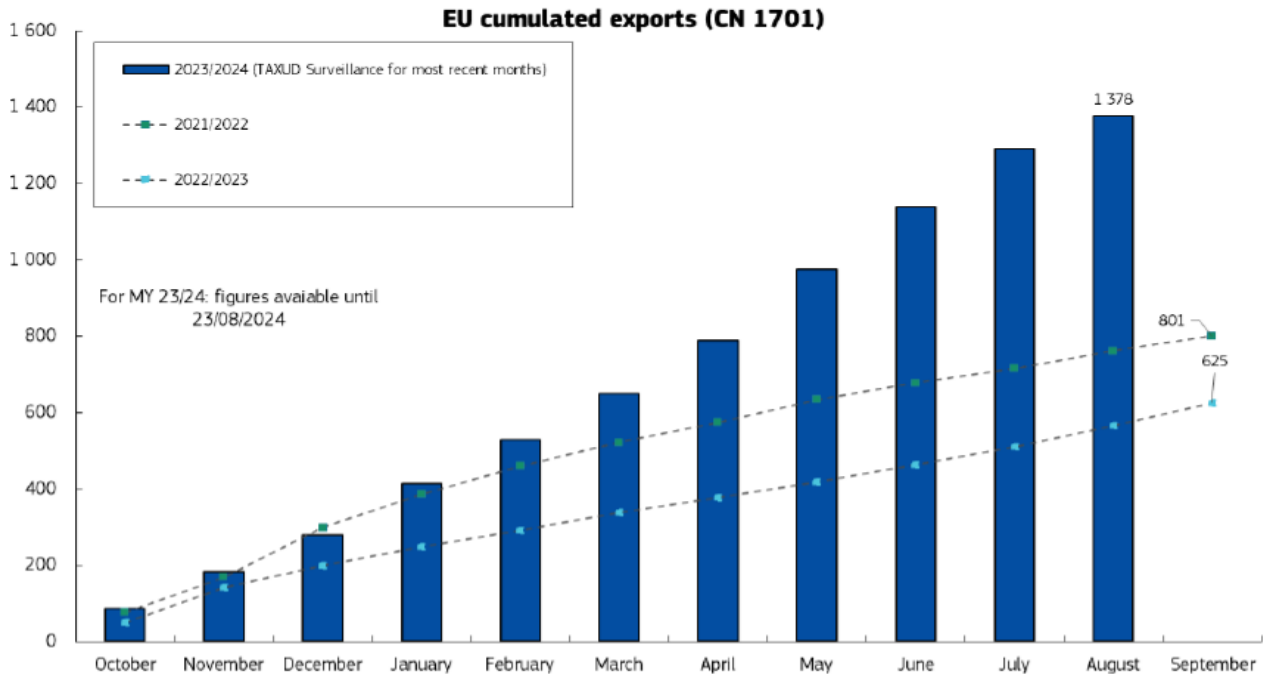
*Quantity: thousand tons / Source: European Commission*

(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 are forecast at 0.18 MMT by the end of MY 2023/24, a decrease from MY 2022/23 levels. However, the forecast for the end of MY 2024/25 indicates a potential increase, with stocks expected to reach 0.57 MMT.

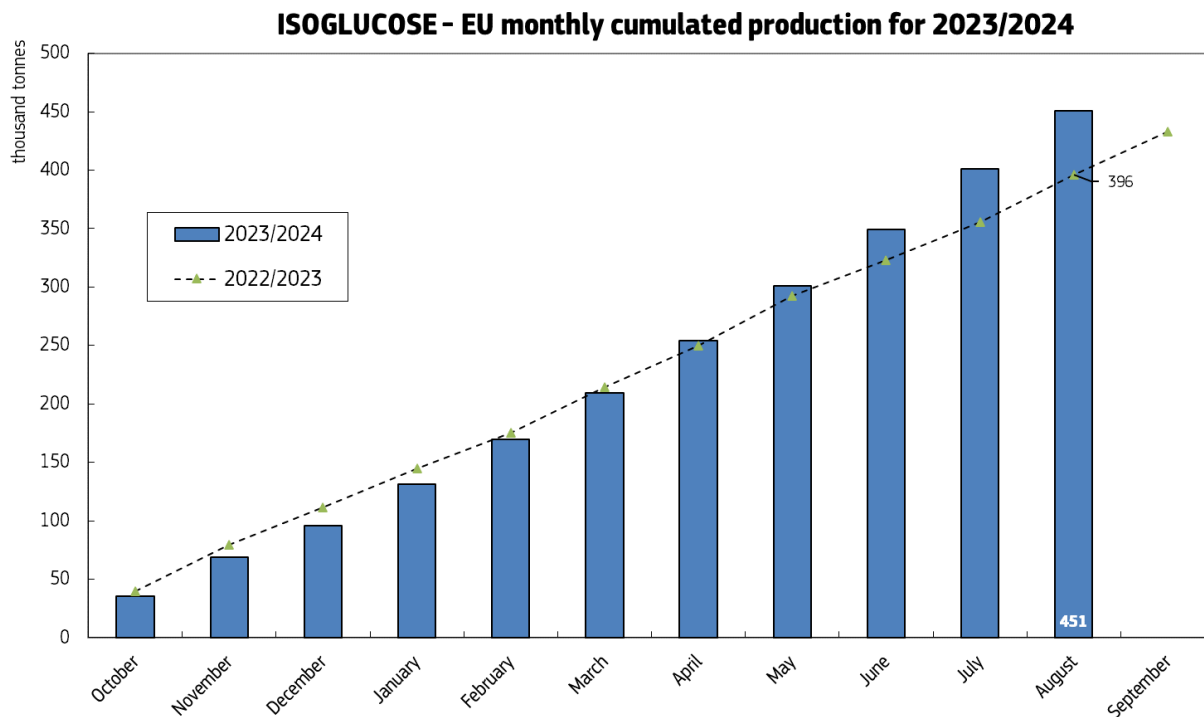
## EU27 Isoglucose Production

Isoglucose production in the EU27 is forecast to eventually surpass MY 2022/23 levels in MY 2023/24, according to European Commission data (Graph 11), with cumulative production reaching around 450,000 tons by July 2024. Although production hovered around 175,000 tons earlier in the marketing year, it has shown steady growth, trending towards higher levels compared to the previous marketing year.

The isoglucose sector has experienced a cycle of opportunities and challenges. Initially, the abolition of the EU sugar quota system presented a good opportunity for growth. However, low EU sugar prices subsequently made isoglucose production less competitive. Currently, with rising sugar prices, the sector is again finding favorable conditions that could enhance competitiveness and production. Solid demand for starch, dextrose, and other byproducts further supports sustained processing activity across the industry.

Looking ahead to the next marketing year, if these trends continue, the sector may see further production increases as producers adapt to the evolving market dynamics and capitalize on the strengthened pricing environment.

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



Source: DG AGRI.

*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. Russia's war on Ukraine continues to put pressure on global food security mainly due to the high level of exports of feed and grains products from the two countries. In response, the European Union has adopted several measures to enhance global food security and mitigate the impact of the war for EU farmers given rising input prices and volatile commodity 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 Member States were requested to submit [Strategic Plans](#), incorporating Member States' specific goals and initiatives by the end of 2021. By December 2022, all national strategic plans were approved by the European Commission (EC). The new CAP is being implemented since January 1, 2023.

In March 2024, following weeks of farmer protests across the EU demanding less administrative burdens and better prices, the EC published a legislative proposal to amend certain provisions of the CAP. The EC acknowledged that the current CAP's first year of implementation required adjustments to ensure effective implementation of the National Strategic Plans and to reduce red tape. 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 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. Additionally, the EC distributed €100 million support package for farmers producing grains and oilseeds in Bulgaria, Hungary, Poland, Romania, and Slovakia. This package was adopted to mitigate the effects of logistical bottlenecks resulting from the imports of certain agri-food products from Ukraine.

### **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. Additionally, negotiations for FTAs with Indonesia, the Philippines and India are also underway. Progress on the Mercosur deal remains is hindered to rising criticism and concerns from stakeholders in the EU and Mercosur countries.

## **EU Policy Response to the War in Ukraine**

On June 3, 2022, in response to Russia's invasion of Ukraine, the EU adopted [the Autonomous Trade Measures Regulation](#) (ATM) (EU Regulation 2022/870) allowing for temporary trade liberalization for certain Ukrainian products for one year. The trade-liberalization measures established by the ATM included: the full removal of import duties (preferential customs duties) on the importation of industrial products from Ukraine; the suspension of the application of the entry price system to fruit and vegetables; the suspension of tariff-rate quotas and the full removal of import duties.

After the expiration of the ATM, quota and tariff-free access to the EU market was twice extended to Ukraine for another year. The most recent extensions, applied until June 5, 2025, was approved by the Council of the European Union on May 13, 2024. Under the new rules, the EC can act and impose any measures it deems necessary if there are significant disruptions to the EU market due to Ukrainian imports. As part of reinforced safeguard measures to protect EU farmers, the EC can also trigger an emergency brake for a list of sensitive agricultural products: poultry, eggs, sugar, oats, groats, corn, and honey. If imports of these products surpass the average of import volumes recorded in the second half of 2021, and all of 2022 and 2023, tariffs will be re-imposed.

On July 1, 2024, the emergency break was activated for Ukrainian sugar as import reached the triggering threshold of 262,652.68 tons. The activation of the automatic safeguard measure for sugar imports from Ukraine will be in place until June 5, 2025. The tariff quota of the association agreement (109,438.62 tons) will be implemented from January 1, 2025. Since the quantities imported since the beginning of 2024 were already above that threshold, Most-Favored Nation duties (MNF) will apply until the end of 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 integrated pest management (IPM) and alternatives to chemical pesticides. The negotiations within the Parliament and

Council were challenging as Members of the European 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.<sup>1</sup>

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.<sup>2</sup> 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 updating 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

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

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

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.

Subsequently, the proposal proceeded to the European Parliament and the Council of the EU as part of 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 labeling for NGT products and potential bans on patentability. However, the Council of the EU, representing Member States, has yet to achieve 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 Belgian presidency in the first semester of 2024, an agreement has remained elusive. Until then, genome-edited products in the EU will continue to be regulated under the GMO Directive, regardless of their risk levels

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	<a href="#">EU Common Agricultural Policy Reform</a>
European Union	<a href="#">Sugar Annual 2024</a>



**Attachments:**

No Attachments