May 2025

Cumulative impact of EU trade policies on the EU beet sugar sector

Trade agreements are increasing exposure to cheaper imports produced under looser standards—just as EU producers face rising costs and tighter regulations. The pressure is mounting, with factory closures, job losses, and sustainability at risk. This report outlines why EU action is essential to secure the future of a strategic sector for our economy and environment.

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Introduction

The European beet sugar sector is a cornerstone of EU agricultural production and a vital pillar of rural economies across the EU. It relies on a unique, mutually reliant relationship between sugar beet growers and sugar manufacturers: factories need a stable supply of sugar beet, while growers depend on those factories to process their crops. When beet production declines, factory closures often follow, leading to job losses, economic stagnation, and irreversible harm to rural communities.

Over the past few decades, the European Union's sugar sector has undergone a significant structural transformation, demonstrating remarkable resilience. However, this resilience is now under severe strain due to the cumulative impact of Free Trade Agreements (FTAs). These agreements, often negotiated without proper regard for the strategic sensitivity of the EU sugar sector, are distorting the internal market and threatening the economic viability of domestic production. They disproportionately benefit third-country producers who receive government support and have far weaker environmental and social standards, creating a highly uneven playing field.

Unless the EU urgently recalibrates its trade policy, it risks weakening a sector that is critical not only for food security and rural employment but also for achieving the EU’s climate and sustainability goals.

The cumulative impact on the EU beet sugar sector

According to the Joint Research Centre, the EU's sugar trade balance with ten key FTA partners –including Mercosur, India, and Thailand– is projected to turn sharply negative, with a deficit of €207 million. Imports, led by Brazil and Paraguay, are expected to increase by up to 200,000 tonnes, while EU producer prices are projected to drop by 2–2.5%, and domestic production is anticipated to decline.[1] This analysis is based on a modelling exercise, and we know that in reality, the effects could be much larger in terms of price decline (see below). In a sector already under pressure from rising costs and environmental constraints, such changes risk triggering more factory closures and deepening rural decline.

FTAs offer negligible export benefits for EU sugar: 96% of EU sugar exports go to countries outside these agreements. This is not balanced trade; it is strategic self-harm. So, proceeding with further liberalisation, disregarding this evidence, would be seriously irresponsible.

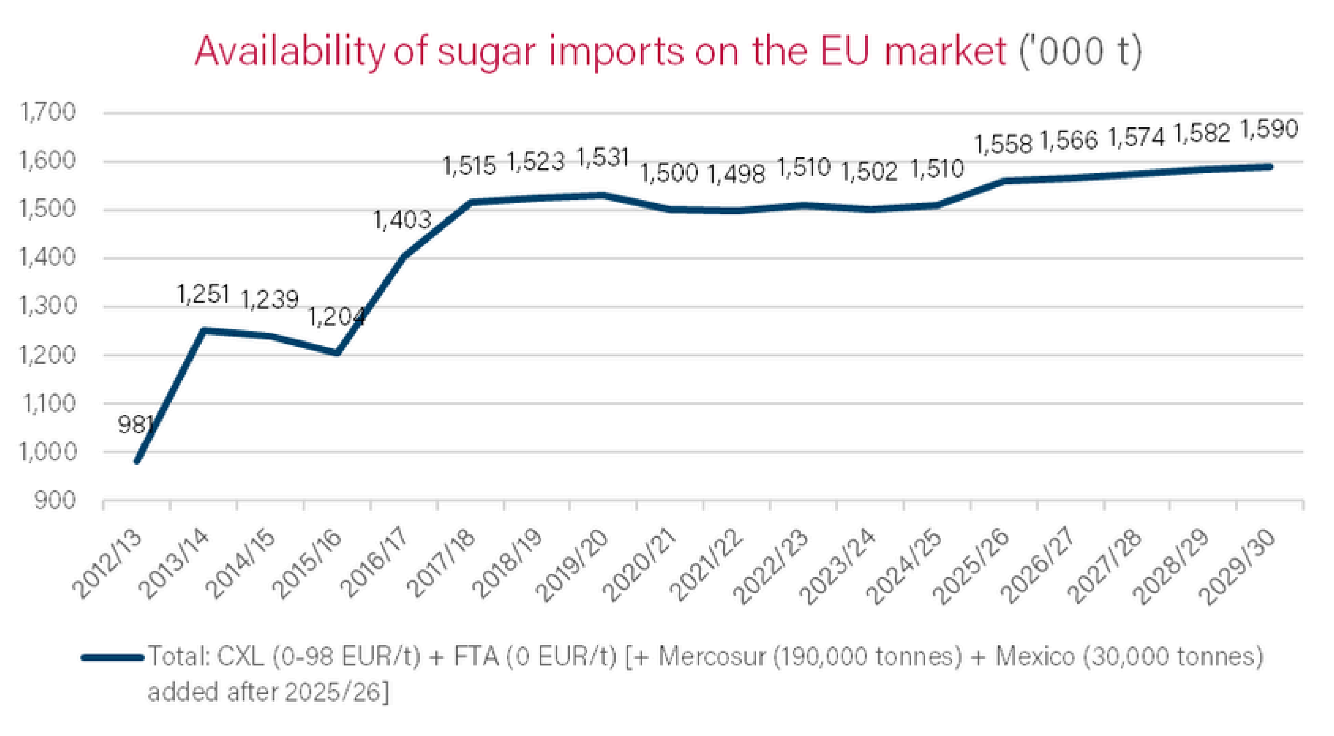
These findings from the JRC are further confirmed by a recent study by the European Parliament,[2] which provides additional insight into the structural vulnerability of the EU sugar sector. The study identifies sugar as a "defensive sector," citing its high production costs and reliance on strong tariff protection to shield it from global competition. It notes that sugar faces one of the highest EU tariffs, 58.9% on average, compared to a global average of 38%. This level of protection reflects the sector's strategic sensitivity and highlights its exposure in the context of liberalisation. Crucially, the report also underlines that even small increases in sugar import volumes can lead to significant price volatility in the EU market, due to the inelastic nature of supply and demand. These insights further underscore the need for robust and enforceable safeguards for sugar in all current and future FTAs.

[1] Joint Research Center (JRC). April 2024: Cumulative economic impact of upcoming trade agreements on EU agriculture.
[2] European Parliament Research Service (EPRS). March 2025. Trade aspects of the Strategic Dialogue on the future of EU agriculture and the impact of trade on the competitiveness and sustainability of European agriculture.

The EU already maintains one of the most open sugar markets globally. Through an expanding network of FTAs, it has granted extensive duty-free access to producers in Central America, Mercosur, Vietnam, Ukraine, and beyond. At the same time, longstanding preferential access continues for ACP and LDC under the Everything But Arms initiative and Economic Partnership Agreements.

In the 2024/25 Marketing Year (MY) alone, Tariff Rate Quotas (TRQs) will make over 1.6 million tonnes of sugar imports available to the EU market, representing more than 11% of EU consumption. These volumes are invariably produced under weaker social and environmental standards, and often benefit from government support. In many cases such exports are dumped on the world market as surplus to domestic needs. The situation will worsen from 2025/26 MY, with duty-free access under existing FTAs (excluding Ukraine and upcoming deals) rising from 534,760 to over 725,000 tonnes due to the inclusion of Brazil and Paraguay under Mercosur. Many of these quotas include automatic annual increases, meaning duty-free import volumes rise year after year ad infinitum. In total, taking into account the EU’s concessions to Ukraine and the WTO, more than 1.7 million tonnes of sugar will be eligible to be imported duty-free. This does not include unlimited access for ACP and LDC partners, which further exacerbates competitive pressure.

This large opening up of the EU sugar market to imports at zero duty and reduced duty adds to the extreme volatility of the EU sugar price: a small upward or downward change in the supply of imports can have a significant impact on the evolution of domestic prices.



The direction is clear: market oversupply, declining prices, and rising uncertainty for EU sugar beet growers and processors. The sector's economic sustainability and contribution to EU strategic goals are in danger.

An increasingly uneven playing field

Beyond import volume pressures, the EU beet sugar sector faces structural disadvantages. EU producers are held to some of the world's highest environmental, labour, and food safety standards, while many trade partners benefit from preferential access without equivalent obligations. Higher energy and agricultural costs have caused production costs to surge by 40% by 2020, and sugar manufacturers must shoulder the high costs of industrial decarbonisation. Structurally, the EU model is based on independent family farms, ensuring rural participation and transparency in food production, but with costs in terms of productivity.

By contrast, countries like Brazil, Colombia, and Ukraine rely on large-scale agroholdings that operate thousands of hectares, creating economies of scale that EU sugar beet growers cannot match.[3] Cane sugar producers are shielded from energy cost fluctuations since they can make use of bagasse – the readily available, woody residue of sugar cane – as a renewable energy source.

Environmentally, EU sugar beet growers are subject to very stringent standards regarding the authorisation and application of Plant Protection Products (PPPs) and fertilisers. Meanwhile, India and Brazil allow the use of many PPPs that are prohibited in the EU, and continue to allow the use of PPPs in sugar cane that have been banned for use in sugar beet in the EU. They can be applied in these countries at unsustainable levels with consequences for the environment and human health.[4] While sugar beet is grown in rotation with other crops, sugar cane is a monoculture that negatively impacts biodiversity and soil health.

Social standards diverge sharply as well. In India, a major sugar exporter and potential FTA partner, labour and human rights violations, including child and forced labour as well as forced mastectomies, have been documented.[5] Similar issues persist in some ACP and LDC countries. Yet FTAs like Mercosur lack enforceable clauses to address these problems, allowing social dumping to continue.

This increasingly uneven playing field and the consecutive increasing gap in productivity are eroding EU competitiveness and undermining the EU's own sustainability commitments. Any future market access must be conditional on adherence to equivalent environmental, labour, and production standards.

The case of Ukraine

Despite an initial TRQ of 20,070 tonnes under the 2014 Association Agreement, Ukrainian sugar exports to the EU increased to over 500,000 tonnes in the 2023/24 MY, following the temporary granting of duty-free, quota-free access under the ATM framework. The result has been market instability across Europe, a significant decrease in EU market prices, disruption of supply by some traditional trade partners, and the introduction by several Member States in Eastern Europe of unilateral safeguard measures in response to unsustainable pressure on local producers.

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[3] The Oakland Institute. 2023. War and Theft: the takeover of Ukraine's agricultural lands.
[4] EU and Brazil database on pesticides.
[5] U.S. Department of Labor, September 2022: List of Goods Produced by Child Labor or Forced Labor.

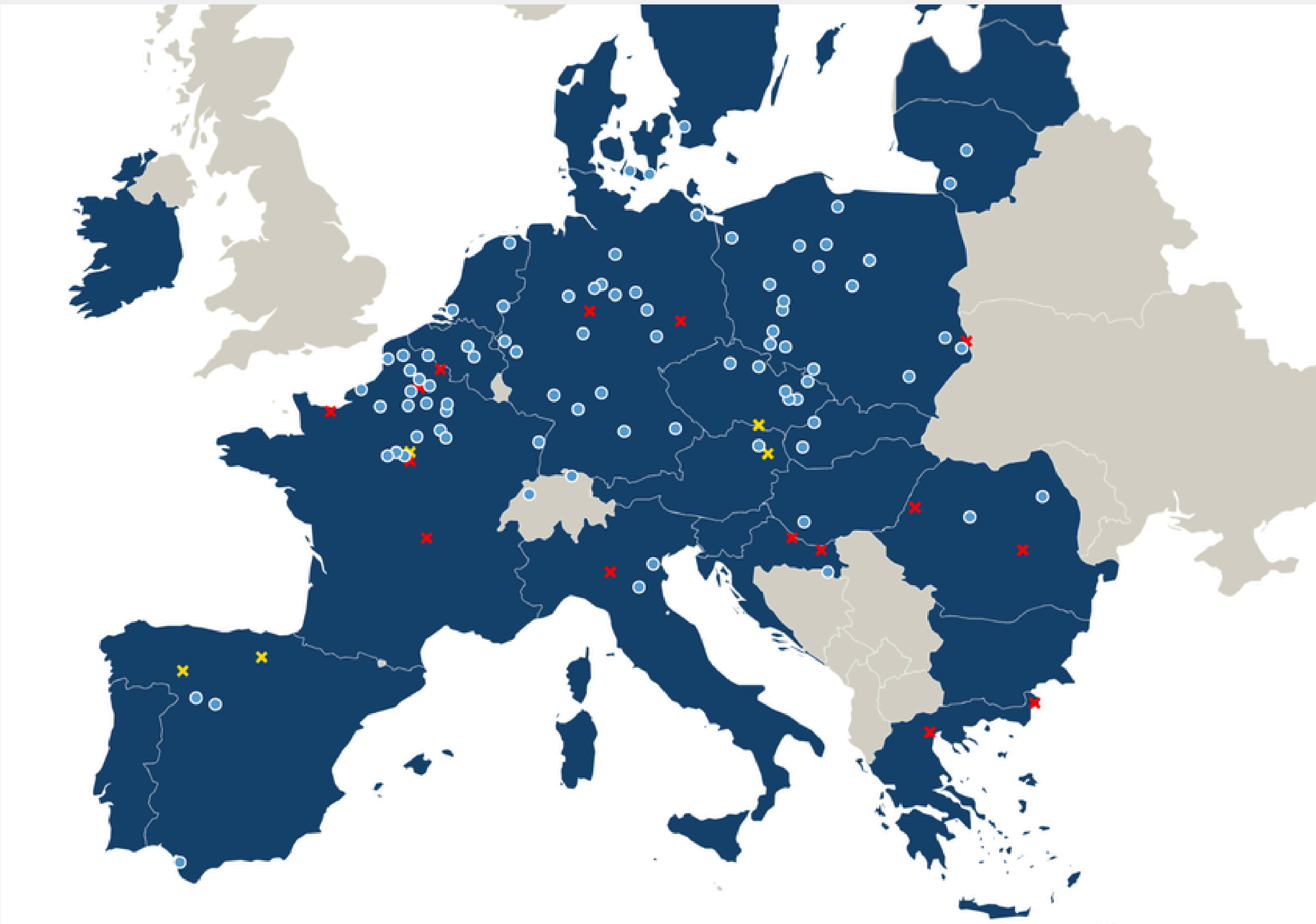
Consequences

The cumulative pressure from rising market availability and an increasingly uneven playing field has had a serious impact on the EU beet sugar sector since the end of production quotas in 2017.

Increasing market availability of third-country sugar reduces the premium between the EU and the world sugar market, which is a residual dump market that does not reflect the production costs of global sugar manufacturers. Case in point: between 2014 and 2019, India dumped large volumes of subsidised sugar onto the world market. This had a severe negative effect on world sugar prices at precisely the time that the EU sugar market was attempting to adjust to the end of sugar quotas.

Since 2017, the EU has witnessed the closure of 20 beet sugar factories [red crosses], including 5 in 2025 [yellow crosses], resulting in the loss of more than 4,000 direct, industrial jobs in some of the EU's most vulnerable rural areas. Over the past year alone, three sugar factories have closed their doors: one in France, one in Austria, and one in the Czech Republic. The number of beet growers has declined by almost 25%. Without an immediate change in the EU's trade policy, more closures could follow.

20 beet sugar factories closed since 2017/2018 in the EU-27



Policy recommendations

The EU's trade policy is not aligned with the strategic needs of its agricultural sectors. To restore balance and ensure a sustainable future for beet sugar in Europe, the following policy actions are urgently required:

- Take into full consideration the comprehensive cumulative impact assessment of all existing and upcoming FTAs, with sugar treated as a case study for sensitive sector exposure.
- Exclude sugar from ongoing and future trade negotiations with countries such as India and Thailand,[6] where high subsidies, weak social and environmental standards,[7] and recurring World Trade Organisation (WTO) violations[8] create extreme asymmetries.
- Introduce binding and enforceable sustainability and labour clauses in all FTAs, with robust monitoring and penalties for non-compliance.
- Establish a dedicated safeguard mechanism for sugar that can be rapidly deployed in the event of market disruption caused by external shocks or surges in import volumes.
- Apply ad hoc reciprocity mechanisms to ensure that imported sugar only benefits from preferential access if it demonstrably complies with EU-equivalent standards on environment, labour, and production. This principle should be enforced dynamically and monitored.

[6] Human Rights Watch, October 2020: Thailand: Government Gives Human Rights Award to Abusive Company.
[7] Water and Science Technology, January 2006: Effects of soil erosion on water quality and water uses in the upper Phong watershed.
[8] WTO. 24 December 2021. DS580: India — Measures Concerning Sugar and Sugarcane. https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds580_e.htm

Conclusion

The cumulative impact of FTAs is no longer theoretical; it is a reality that is destabilising the EU beet sugar sector. Without swift and strategic action, the EU risks accelerating the closure of sugar factories, resulting in the loss of rural jobs and undermining our sustainable agricultural production through increased imports from countries with weaker standards and higher environmental impacts.

This is not only about the EU beet sugar sector. It is about preserving the values Europe stands for: fair competition, environmental leadership, rural vitality, and strategic autonomy. A coherent, forward-looking trade policy is crucial for upholding the EU's commitments under its sustainability agenda.

ANNEX I - THE CUMULATIVE IMPACTS BILL FOR THE EU SUGAR BEET SECTOR

Sugar Imports from	Origin	Sugar TRQs 2024/25 (in tons)
African, Caribbean and Pacific States / Least Developed Countries (LDC)	18 countries producing sugar	Duty Free Quota Free
World Trade Organisation CXL-TRQs at reduced duty of €98/t	Australia Brazil Cuba Erga Omnes India	9 925 363 654 68 969 260 390 5 841
Balkan TRQs Duty free	Albania Bosnia & Herzegovina Serbia & Kosovo North Macedonia	1 000 13 210 181 167 7 000
Free Trade Agreements TRQs (quantity allocated in 2025), sugar as such *Additional annual increase Duty free At reduced duty of €49/t:	Peru* Colombia* Central America* Panama* Ecuador* South Africa Vietnam Mexico	29 920 84 320 204 000 16 230 18 600 150 000 20 000 30 000
Other Duty free	Ukraine Moldova Georgia	109 438 37 400 8 000
Yet To Come...	MERCOSUR AUSTRALIA INDIA THAILAND	190 000 ? ? ?

ANNEX II – LIST OF FACTORIES CLOSED SINCE 2017/2018 IN THE EU-27

Country	Factory	Company	Year of Closure
Spain	Miranda de Ebro	Azucarera	2025
Spain	La Baneza	Azucarera	2025
Austria	Leopoldsdorf	Agrana	2025
Czech Republic	Hrušovany	Agrana	2025
France	Souppes-sur-Loing	Ouvré Fils	2025
France	Escaudœuvres	Tereos	2024
France	Toury	Cristal Union	2020
France	Bourdon	Cristal Union	2020
France	Cagny	Saint Louis Sucre	2020
France	Eppeville	Saint Louis Sucre	2020
Romania	Bod	Independent	2020
Romania	Oradea	Pfeifer & Langen	2018
Germany	Warburg	Südzucker	2019
Germany	Brottewitz	Südzucker	2019
Poland	Strzyów	Südzucker	2019
Croatia	Osijek	HIŠ	2021
Croatia	Virovitica	HIŠ	2021
Italy	San Quirico Trecasali	Eridania Sadam	2019
Greece	Orestias	Hellenic Sugar	2018
Greece	Platy	Hellenic Sugar	2018