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The EU Sugar Sector: From a World leading Exporter to a net Importer

The EU is one of the biggest sugar producers in the world, the second largest consumer and one of the three largest importers. The world's five largest sugar exporters in 2008, Brazil, Thailand, India, Australia and Guatemala, represented almost 90% of global net exports. Of these, Brazil, which exports 68% of its production, is by far the largest, accounting for 53% of world trade. (Source: ISO Yearbook, 2008).

With the 2006 reform of the Sugar CMO, the EU has implemented, amongst others, the following critical measures related to EU sugar trade:

- suspension of export refunds
- complete opening of its market to sugar imports coming from ACP (Africa, Caribbean and Pacific) countries and Least Developed Countries (LDCs), the poorest countries in the world.

One objective of the EU reform was to provide stable outlets for ACP and LDC developing countries. After the reform, EU sugar imports have substantially increased (from 2 Mio t in 2005 to 3.1 Mio in 2009/2010) and are expected to almost double in the next few years. From being a leading net exporter, the EU has become a leading net importer in just three years. Currently the new balance consists of about 80-85% of total EU sugar consumption covered by domestic beet sugar production from 18 Member States, with 15-20% covered by imports.

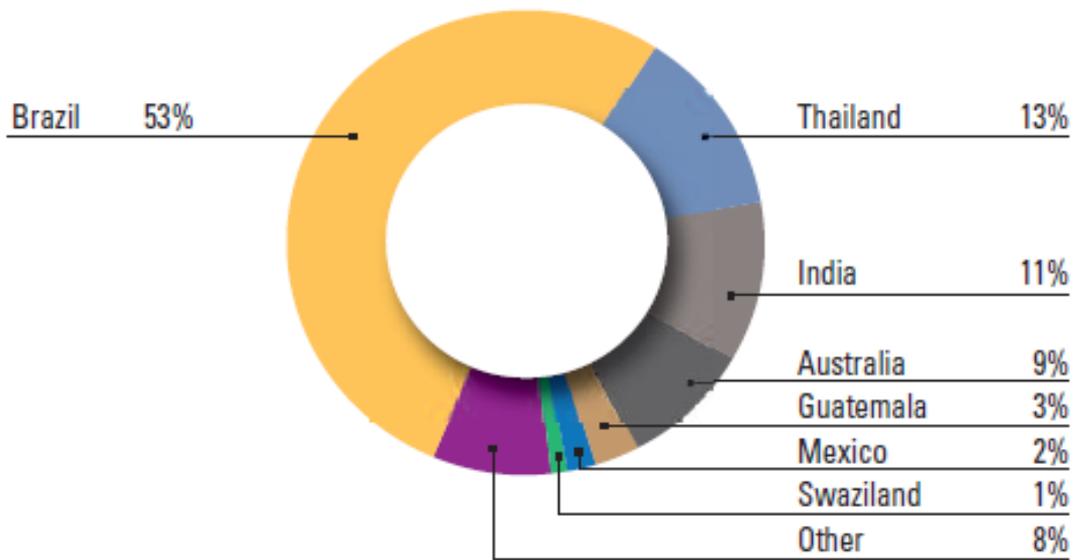
Sugar imported from ACP and LDC developing countries enters the EU without any restrictions ('duty free, quota free') under preferential agreements. This represents over half all imports into the EU.

Imports have also been agreed from a variety of other sources. These include Balkan countries and Moldova, under special concessions, as well as large global producers like Brazil (which supplies up to 20% of EU imports), Cuba and Australia.

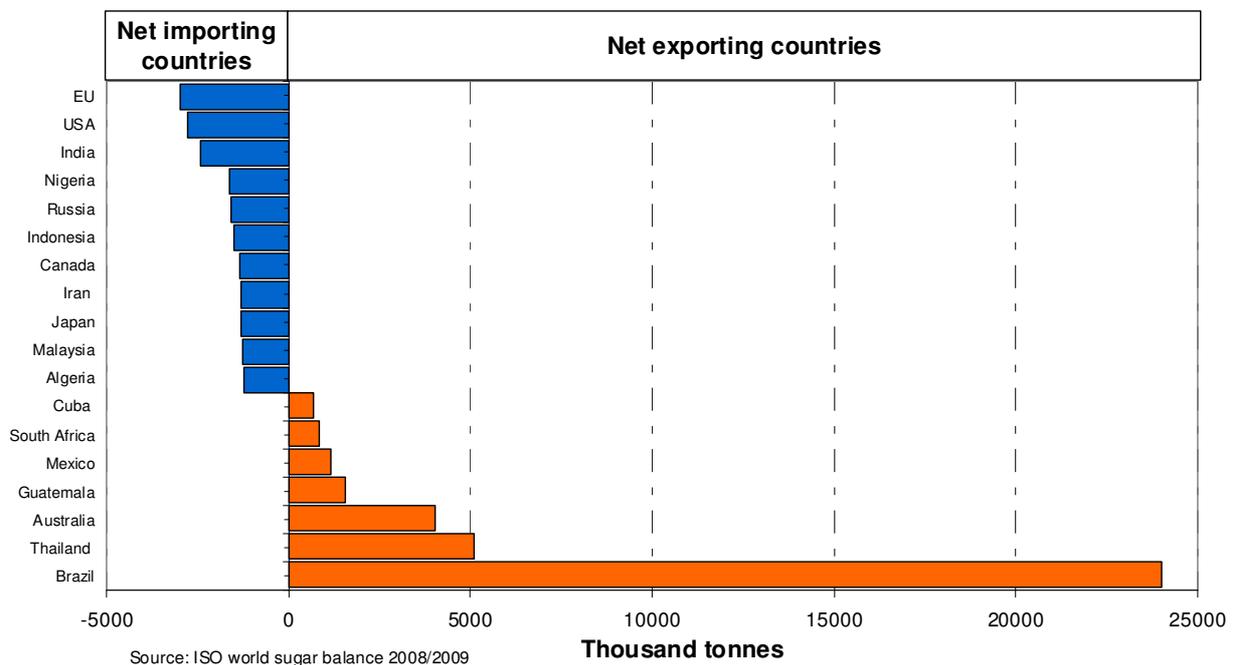
An increasing number of additional bilateral trade deals are also under negotiation, seeking to provide further import access to the EU. These, plus any further concessions from the WTO negotiations, could affect existing EU trade patterns, particularly those with ACP and LDC developing countries.

The main challenge for the EU sugar policy will therefore be to maintain EU market equilibrium and stability, accommodating the results of the 2006 sugar reform and increased access for traditional developing country suppliers. The EU's approach towards offering new trade concessions needs to be consistent with these policy objectives.

Top global exporters (net exports)



Source: ISO yearbook, 2008



SOME USEFUL LINKS

Information on the European Commission's initiatives on trade:

DG Agriculture

http://ec.europa.eu/agriculture/index_fr.htm (Homepage)

http://ec.europa.eu/agriculture/trade/index_en.htm (External Relations)

DG Trade

http://ec.europa.eu/trade/index_en.htm (Homepage)

<http://ec.europa.eu/trade/creating-opportunities/economic-sectors/agriculture/> (Agriculture)

<http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/> (Bilateral relations)

<http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/regions/africa-caribbean-pacific/>
(Africa, Caribbean, Pacific)

<http://ec.europa.eu/trade/creating-opportunities/eu-and-wto/> (EU and WTO)

DG Enterprise & Industry

http://ec.europa.eu/enterprise/sectors/food/international-market/index_en.htm

European Parliament Committee on Agriculture and Rural Development

http://www.europarl.europa.eu/committees/agri_home_en.htm

European Parliament Committee on International Trade

<http://www.europarl.europa.eu/activities/committees/presCom.do?language=EN&body=INTA>

World Trade Organization

<http://www.wto.org/>