Annotated Non-Exhaustive List of EU and UK Sugar "Political Issues"

Contents

Agricultural Policy

1) Common Agricultural Policy (CAP) Post-2027

The European Commission published its proposal in July 2025 for a simpler, more targeted CAP with a ring-fenced budget of at least €300 billion for income support and crisis support. Key changes include merging the two-pillar system into National and Regional Partnership Plans, introducing degressive area-based income support (€130-240 per hectare with sharp degressivity above €20,000), and doubling the Unity Safety Net to €6.3 billion for market disruptions. The reformed CAP emphasizes competitiveness, simplification, and generational renewal while maintaining environmental standards through a new "farm stewardship" system. Key proposals include:

- Focus on making the CAP fairer, simpler, and more targeted
- Reduce conditions and increase incentives through evolution, not revolution
- Maintain dedicated CAP budget within the multiannual financial framework
- Continue direct payments to farmers (mostly decoupled aids per hectare)
- 12% of payments remain as coupled support tied to actual production

Websites for further information:
EU: https://agriculture.ec.europa.eu/common-agricultural-policy_en

2) Coupled Income Support (CIS)

CIS represents EU subsidies directly tied to specific crop production, replacing the previous Voluntary Coupled Support scheme. Ten EU member states provide CIS for sugar beet cultivation, totalling €186 million annually (2024-2027), with Poland receiving the largest share at €74 million. This system creates market distortions by subsidizing one-third of EU sugar beet areas while leaving competitors in countries like France, Germany, and Netherlands without such support. The aid averages €374 per hectare but varies dramatically by country, from €117/ha in Lithuania to €910/ha in Romania. ACP/LDC sugar industries argue this undermines their competitiveness and violates EU principles of fair trade.

3) Farm to Fork Strategy

The EU's comprehensive 10-year strategy launched in 2020 aims to create fair, healthy and environmentally friendly food systems. Key targets include 25% of farmland under organic farming by 2030, 50% reduction in pesticide use, and 50% reduction in fertilizer use. Recent developments show some initiatives delivered while others like the legislative framework for sustainable food systems have been delayed indefinitely. The 2025 EU Vision for Agriculture signals a shift from environmental to economic sustainability focus.

Websites for further information:
EU: https://www.consilium.europa.eu/en/policies/from-farm-to-fork/
UK: Similar sustainable agriculture objectives pursued through different policy framework

4) Unfair Trading Practices

In December 2024, the European Commission published a proposal for new rules on cross-border cooperation against unfair trading practices in business-to-business relationships within the agricultural and food supply chain. The Council agreed on a negotiating position in April 2025, as around 20% of agricultural and food products consumed in an EU member state come from another member state. Key issues to be addressed include:

- Review unfair trading practices regulations
- Address price transparency issues in the agri-food chain
- Strengthen farmers' role in the food supply chain through Common Market Organisation (CMO) reforms
- Ensure fair share of added value returns to farmers

Websites for further information:
EU: https://www.consilium.europa.eu/en/press/press-releases/2025/04/07/combatting-unfair-trading-practices-in-the-agrifood-supply-chain-council-agrees-position-on-new-rules-for-cross-border-enforcement/

Investment and Rural Development

5) Investment and Rural Development

European Investment Bank prioritizing agriculture investments focusing on digital platforms, insurance schemes, and climate adaptations. Address high borrowing costs affecting business plan development and support for disadvantaged regions requiring more CAP funding. Key issues include:

- European Investment Bank to prioritize agriculture investments
- Focus on digital platforms, insurance schemes, and climate adaptations
- Address high borrowing costs affecting business plan development
- Support for disadvantaged regions requiring more CAP funding

6) Innovation and Technology

Promote new genomic techniques as solutions, support AI applications in farming, enhance broadband connectivity in rural areas. Encourage technological and nature-based solutions while monetizing "eco-services" provided by farmers through carbon and nature credits. Key issues include:

- Promote new genomic techniques (NGTs) as solutions
- Support artificial intelligence applications in farming
- Enhance broadband connectivity in rural areas
- Encourage technological and nature-based solutions

Trade Relations and Agreements

7) EU-Mercosur Trade Agreement

Political agreement reached in December 2024 for a ground-breaking Partnership Agreement. Commission proposed the agreement for final approval on 3 Sep 2025.

Brazil retains access via existing WTO quota (Order No. 09.4318) for 180,000 tonnes, now duty-free under the agreement. Paraguay gains a new duty-free quota of 10,000 tonnes for raw cane sugar for refining. Argentina & Uruguay receive no preferential access; exports subject to base rate duties. Speciality sugars are explicitly excluded from the agreement. Ethanol (CN 2207.xx.xx, 2208.90.xx): Two quotas established: 450,000 tonnes duty-free for chemical industry use. 200,000 tonnes for other uses (e.g. fuel), with an in-quota duty at one-third of the full rate. Quotas phased in over 5 years. End-use controls apply to ensure chemical-use ethanol is not diverted to fuel or beverage markets. Rum & Distilled Sugar-Cane Products (CN 2208.40.xx): Duty-free quota of 2,400 tonnes (pure alcohol equivalent) for rum and similar spirits; Phased in over 5 years, starting from 400 tonnes in Year 0. High-Sugar-Content Products (≥70% sugar by net weight): Subject to tariff-rate quotas (TRQs) under various staging categories. Other Sugars (CN 1702.xx.xx): A 2,000-tonne quota with 50% tariff preference applies to various sugar derivatives (e.g. glucose, fructose, lactose).

The deal includes unprecedented commitments to fight climate change and deforestation but faces opposition from EU farmers over environmental concerns and potential market disruption from increased agricultural exports. Sector groups voice concerns on standards and sustainability; logistics and refining capacity also enter the debate. Ongoing push for mirror measures beyond MRLs to address production-method disparities, competitiveness, and environmental leakage; beet sector highlights banned actives gap vs exporters.

8) EU–India FTA

Round 12 concluded in Brussels in July 2025 with movement on several chapters; continued caution urged by EU sugar and ethanol stakeholders on market access for Indian products.

9) EU-US Trade Relations

Major trade framework agreement reached in July 2025 with 15% tariff ceiling for most EU exports to US. The EU commits to eliminate tariffs on all US industrial goods and purchase $750 billion in US energy products through 2028, plus $600 billion in US investments. Steel and aluminium retain 50% tariffs.

10) Ukraine-EU

Ukraine's duty-free sugar access under Autonomous Trade Measures expired June 2025, reverting to 20,000-tonne quota after imports surged to 496,000 tonnes in 2023. New modernized trade agreement announced June 2025 increases sugar quota to 100,000 tonnes while requiring Ukraine to align with EU production standards by 2028.

11) EU-China relations

Involve anti-subsidy investigations and countervailing duties amid rising imports.

12) Inwards Processing Relief (IPR)

The EU IPR customs system allowing duty-free sugar imports for re-export undermines ACP/LDC preferences, especially for raw sugar for refining.

13) UK Autonomous Tariff Quota (ATQ)

The UK's 260,000-tonne duty-free raw sugar import quota displaces ACP/LDC suppliers, with annual reviews creating uncertainty for traditional exporters.

14) Mirror Clauses in Free Trade Agreements

Trade policy measures that would require imported agricultural products to meet the same production standards as EU domestic production. Currently, EU farmers comply with strict regulations while imports only need basic safety standards. The concept gains political momentum but faces legal and diplomatic challenges.

15) Strategic Foresight and Rules-Based Global Order

EU reports declare challenges to multilateral trade system, urging resilience against climate and geopolitical shocks, such as the tariffs recently imposed by the US.

16) Preference erosion

ACP/LDC sugar industries and other preferential suppliers are losing preferential market access in EU/UK due to various trade policy changes, undermining their competitiveness and economic sustainability. At the same time, EU beet sugar producers simultaneously experience the "cumulative impact" of Free Trade Agreements flooding their domestic market with cheaper imports. Over 1.6 million tonnes of preferential sugar imports now enter the EU annually, creating a double squeeze where traditional suppliers lose market share while EU producers face factory closures (20 since 2017) and declining prices. Both groups compete against subsidized third-country producers operating under weaker environmental and labour standards, creating an uneven playing field that undermines the sustainability goals both sectors champion.

Websites for further information:
EU: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region_en
UK: https://www.gov.uk/government/collections/the-uks-trade-agreements

17) Public Procurement and "Buy European" Criteria

Proposals prioritize EU-made goods in tenders to boost domestic green tech and reduce import emissions. Reform focuses on non-price criteria including sustainability and EU content. European Parliament backs "made in Europe" rules while trading partners criticize protectionism.

18) Policy Coherence for Development vs. Trade Not Aid

The EU has maintained policy coherence for development (PCD) as a legal obligation, emphasizing synergies between different EU policies affecting partner countries European development policy and international partnerships, seeking to "minimise contradictions and build synergies between different EU policies”. The EU remains the world's largest donor with €95.9 billion in ODA in 2023. The UK has shifted its approach post-Brexit. Since leaving the EU, the UK gained "full control over trade policy" to "support long-lasting development". However, UK aid spending will be "gradually reduced" from 0.5% to 0.3% of GNI by 2027. The UK has increasingly embraced trade-focused development, arguing trade "helps countries grow economies, raise incomes, create jobs and lift themselves out of poverty".

19) EU Global Gateway

The EU's €300 billion Global Gateway initiative offers potential financing opportunities for sugar industries' sustainability transitions. The EU is willing to support feasibility studies, sustainable energy projects, and research development through concessional finance via local EU delegations. However, access requires "bankable projects" guaranteed by governments and coordination with institutions like FAO Investment Centre and EIB. Implementation remains complex and requires persistent advocacy in Brussels.

Climate and Environmental

20)Ethanol & Biofuels

Renewable ethanol, especially from sugarcane, positioned as key low-carbon fuel. EU biorefineries produce more food/feed than fuel. Sugarcane ethanol explored for sustainable aviation fuel (SAF) with carbon accounting tools being developed. Trade policy contradictions where EU negotiators may undermine domestic bioethanol production while granting market access to less carbon-efficient producers.

21)European Sugar Industry Decarbonization

Huge investments needed to achieve net zero, e.g. German sugar industry requires €1.2-2.8 billion investment for net-zero by 2045. Key strategies include biogas integration, biomass utilization, and process optimization. Critical barriers include high electricity costs making electrification uneconomical unless power prices drop below €85-100/MWh.

22)Climate Change Impacts on Agricultural Production

Rising temperatures and erratic weather threaten crop yields and quality in key regions globally, affecting cocoa, sugar, and other commodities. Sugar is particularly vulnerable to climate change, with decarbonization seen as essential to futureproofing the sector. AgTech solutions including Al-driven monitoring, precision farming, and climate-adaptive practices are being promoted to enhance resilience.

23)2040 Climate Target

The European Commission proposed in July 2025 a 90% reduction in net greenhouse gas emissions by 2040 compared to 1990 levels as part of an amendment to the EU Climate Law. The target includes controversial "flexibilities" allowing limited international carbon credits from 2036 onwards. The EU sugar industry advocates for "proportionate burden-sharing approach, particularly for sectors with limited decarbonisation options or exposure to carbon leakage".

Websites for further information:
EU: https://commission.europa.eu/news-and-media/news/eu-climate-law-new-way-reach-2040-targets-2025-07-02_en

24)EU Deforestation Regulation (EUDR)

The EUDR mandates deforestation-free supply chains with obligations now applying from 30 December 2025 for large operators and 30 June 2026 for micro and small companies. Companies trading in cattle, cocoa, coffee, oil palm, rubber, soya and wood must conduct extensive due diligence to ensure goods do not result from recent (post 31 December 2020) deforestation or local law breaches.

Websites for further information:

EU: https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en
UK: https://www.gov.uk/government/news/supermarket-essentials-will-no-longer-be-linked-to-illegal-deforestation (UK Forest Risk Commodities Scheme)

25) EU Carbon Border Adjustment Mechanism (CBAM)

CBAM imposes carbon costs on imports to prevent carbon leakage. Currently covers cement, iron, steel, aluminium, fertilizers, electricity, and hydrogen, with reporting starting in 2023 and full implementation from 2026. Recent simplifications include a new 50-tonne *de minimis* threshold exempting 90% of importers while maintaining coverage of 99% of CO2 emissions.

Websites for further information:
EU: https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en and https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=legissum:4696271
UK: No direct equivalent yet, though similar UK CBAM expected by 2027

26) EU Green Claims Directive

Originally addressed companies making unsubstantiated eco-friendly claims, but the EU Commission announced in June 2025 its intention to withdraw this directive due to concerns about administrative complexity. However, existing anti-greenwashing frameworks remain in place.

Websites for further information:
EU: https://environment.ec.europa.eu/topics/circular-economy/green-claims_en (though being withdrawn)
UK: https://greenclaims.campaign.gov.uk/ (UK Green Claims Code) and https://www.gov.uk/government/publications/green-claims-code-making-environmental-claims

27) Circular Economy and Industrial Circularity

Shifting from linear production models to circular processes for resource efficiency. Companies promote as business opportunity; regulators push mandates while sceptics debate scalability costs. Focus on reusing byproducts and integrating circularity via AI and technology.

28) Packaging Waste Reduction

EU targets aim for cuts over next decade with binding reduction goals. Brands trial eco-alternatives; environmental groups praise progress but criticize slow adoption. Enhanced focus on single-use packaging contributing to pollution.

29)Upcycling & Food Waste

Turning food waste into valuable ingredients seen as way to reduce environmental impact and create new revenue streams. Integrated with broader circular economy initiatives.

Food Safety, Security and Nutrition

30)Food Safety Framework

The European Commission's 2022 official controls report shows enhanced scrutiny across the food chain, with 5 million official controls conducted on 16.4 million businesses, identifying 1.2 million non-compliance issues. Sugar manufacturers should prepare for increased official controls and enhanced documentation requirements. EFSA Sugar Recommendations EFSA concluded in 2022 that "added and free sugars should be as low as possible in the context of a nutritionally adequate diet." No safe upper intake level could be established, with moderate evidence linking added sugars to obesity and dyslipidaemia, driving enhanced labelling requirements for high-sugar products and potential reformulation pressures.

Websites for further information:
EU: https://www.efsa.europa.eu/en/news/added-and-free-sugars-should-be-low-possible
UK: Similar recommendations through UK health authorities

31)Food Security

Both the EU and UK face heightened food security risks from high input costs, extreme weather events, and import dependencies. The UK reports declining household food security from 92% to 90% between 2020-2023. Both regions struggle with climate impacts, supply chain vulnerabilities, and rising food prices affecting lower-income households.

Websites for further information:
UK: https://www.gov.uk/government/news/uk-food-security-report-2024-published

32)Food Waste and Labelling

The EU requires 30% food waste reduction by 2030 through mandatory reporting and circular economy measures. The UK's Environment Act 2021 mandates large business reporting and aims to eliminate food waste to landfill by 2030. Both emphasize prevention, redistribution, and recovery. Key recent changes include amendments to Regulation 1169/2011 on food labelling.

Financial and Commodity Market Regulations

33)MiFID Regulatory Updates Affecting Agricultural Commodity Traders

The European Securities and Markets Authority, ESMA, issued final report in December 2024 setting out amendments to technical rules concerning commodity derivatives, effective from 29 September 2025. Updates include position limits for agricultural commodity derivatives, enhanced position management controls, and new weekly position reporting obligations. Volume cap system updates transitioning from double to single volume cap in October 2025.

Websites for further information:
EU: https://www.esma.europa.eu/esmas-activities/markets-and-infrastructure/trading

34)EU Taxonomy for Sustainable Activities

Provides framework for companies to assess whether economic activities qualify as environmentally sustainable under EU criteria. Four key steps: identifying eligible activities, assessing alignment with technical screening criteria, checking minimum safeguards compliance, and applying reporting rules.

35)Sustainability and Social Responsibility

Child and Forced Labour in Supply Chains Child affects 152 million children globally, concentrated in agriculture (70%). The EU is developing binding supply chain legislation covering human rights and child labour with "zero tolerance policy" in all new trade agreements. Enhanced sector focus includes €7.SM CLEAR Cotton project and €25M EU Sustainable Cocoa Initiative. EU ban on products made with forced labour requires extensive supply chain monitoring, creating administrative burdens for importers and exporters to the EU.

36)Corporate Due Diligence Framework

The EU's framework consists of the Corporate Sustainability Due Diligence Directive (CSDDD) and Corporate Sustainability Reporting Directive (CSRD). CSDDD requires large companies to identify, prevent, and mitigate human rights and environmental impacts with civil liability for failures. CSRD mandates extensive ESG reporting. Both face significant simplifications in 2025 including raising CSRD thresholds to 1000+ employees.

Websites for further information:
EU: https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en

37)Price transparency, fair trade and farmers' livelihoods

Focus on price transparency, fair trading, and ensuring fair share of added value returns to farmers. Address difficulties young farmers face in accessing bank finance, with banks questioning farm project viability. Support for generational renewal including land access, cooperative structures, and addressing high land costs.

Biotechnology and Innovation

38)New Genomic Techniques (NGT) Regulation

The EU is developing regulations creating two categories: simpler approval for plants equivalent to conventional breeding, and stricter oversight for complex modifications. The UK has relaxed rules for precision breeding. The ICE Sugar #16 market implements non-GMO certification requirements. Organic production continues prohibiting all genetically modified crops.

39)Neonicotinoids

EU banned neonicotinoids on sugar beet in 2018, with Court of Justice ruling in January 2023 ending emergency derogations. The UK initially followed restrictions but has granted emergency authorizations 2022-2024. In January 2025, UK denied emergency authorization. Sugar beet growers face yield loss risks from virus yellows disease without treatments.

40)Sustainable Use of Pesticides Regulation (SUR)

EU's SUR aimed to reduce pesticide use by 50% by 2030 but was rejected by European Parliament in November 2023 following intense lobbying. Industry and agricultural interests successfully undermined targets through coordinated opposition campaigns citing food security concerns.