

The end of EU sugar production quotas



BASIC FIGURES FOR THE EU SUGAR SECTOR



BEET SUGAR

The EU is the world's leading beet sugar producer (roughly 50% of the total) but only 20% of the world's sugar production comes from sugar beets.



SUGAR CANE

80% of the world's total sugar production is from sugar cane. The biggest producing countries are Brazil, India and Thailand. The EU also has an important refining industry that processes raw cane sugar.

Once processed, beet and cane sugar is primarily used as an ingredient in food and drink products. Only a tiny proportion of the processed sugar is sold directly to consumers.



TRADE

The EU exports around 8% of its sugar production. With the end of the quota system, these exports will no longer be limited by WTO rules, allowing producers to fully explore new markets and possibilities. The EU is also a significant importer of sugar, supporting in particular producers in many of the least-developed countries through duty- and quota-free imports. There are also special arrangements in place with other countries granting them tariff import quotas with reduced duties for sugar. The EU also helps support sugar cane farmers in developing countries, allocating over €1.2 billion for restructuring or diversification in the 18 countries that traditionally supply raw sugar to the EU.

PRODUCTION

EU sugar production in the 2016/2017 marketing year was 16.84 million tonnes. With the end of the quota system, EU sugar output is expected to rise by 20% to roughly 20.1 million tonnes in the next marketing year.

EMPLOYMENT

There are roughly 145 000 sugar beet growers in the EU, spread between 20 different Member States and with around 28 000 direct jobs in the sugar beet processing sector. Many more jobs upstream (farm machinery, agricultural inputs) and downstream (food processing, wholesale, retail, transport, logistics) are also dependent on the sugar sector. There are also 8 000 sugar cane growers in the French Overseas Departments, and full time cane refineries in nine EU countries.

MANAGEMENT OF THE EU SUGAR MARKET

2003

'Decoupling' of direct payments to farmers; payments no longer linked to the quantity of sugar produced.

2006-2010

Gradual reduction of support prices for beet and sugar, phasing out public intervention and an end to export refunds; EU countries agree in principle to end quotas, and to encourage the restructuring of the EU sector with €5.4 billion.

1992

Reduction in support price for sugar and introduction of direct payments to support farmers' incomes.

2013

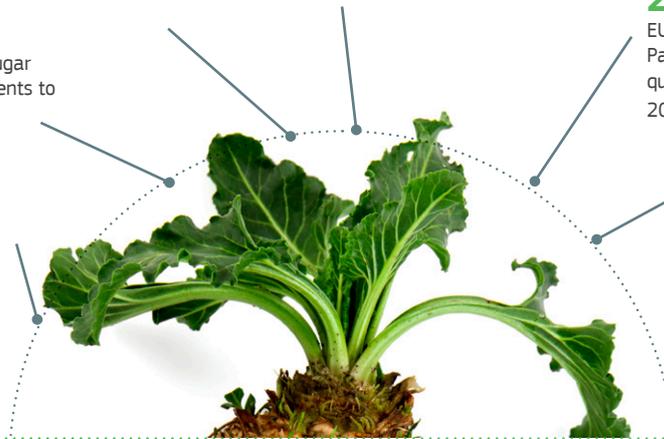
EU countries and the European Parliament agree to end the sugar quota system at the end of the 2016/2017 marketing year.

1968

The quota system and support prices for sugar were introduced to help the Common Agricultural Policy (CAP) achieve one of its initial goals: to improve food self-sufficiency.

2017

The European Commission launches the Sugar Market Observatory to help the sector manage the transition following the end of quotas. The Observatory gives producers and processors access to the latest data on production and prices to help them better develop their business.



WHY IS THE SUGAR QUOTA SYSTEM ENDING?

The CAP has continually evolved to reflect the realities of food production, farmers' needs, environmental concerns and market demands. The initial objective of the quota – to encourage farmers to produce sugar in Europe to ensure security of supply – has become less

important over the years as the CAP became more focused on aligning European production with global markets. Successive reforms of the CAP – including similar decisions to end quotas for milk and potato starch – have contributed to this increased market orientation.

IS THE EU SUGAR SECTOR READY FOR THE END OF QUOTAS?

As soon as the decision was taken to end quotas, the EU sugar sector – supported by the CAP – underwent a series of deep reforms to help prepare it more effectively for the new challenges and opportunities this would bring. With no limitations on how much they can produce, EU producers can now make the most of potential growth possibilities both within the EU and elsewhere, making better use of their production capacity and reducing production costs.

In parallel, the European Commission has helped producers with the launch of a Sugar Market Observatory that provides up-to-date information on production and prices to help support farmers in making their business decisions. The CAP also allows for a range of specific support measures to help EU sugar processors in case of severe market crises such as significant increases or decreases in sugar prices.

HOW THE CAP SUPPORTS THE SECTOR

Various measures from the Common Agricultural Policy can be used to continue supporting the EU sugar sector to face unexpected disturbances on the market.

- **Voluntary coupled support linked** to production for sectors in difficulties, including sugar beet production. In 2017, €179 million from the EU budget were made available for the sugar beet sector. It is a voluntary option chosen by Member States.
- **Far-reaching system of collective bargaining** helping the position of beet growers when negotiating with the other elements of the food chain.
- **Market information and transparency** to enable the sector to respond to market developments with the [Sugar Market Observatory](#)

- **Private storage aid**
- **A Common Market Organisation** with provisions allowing the Commission to take action in case of severe market crisis

