



DEEPENING OF THE RELATIONSHIPS BETWEEN THE EU AND UKRAINE UNDER THE 2014 ASSOCIATION AGREEMENT

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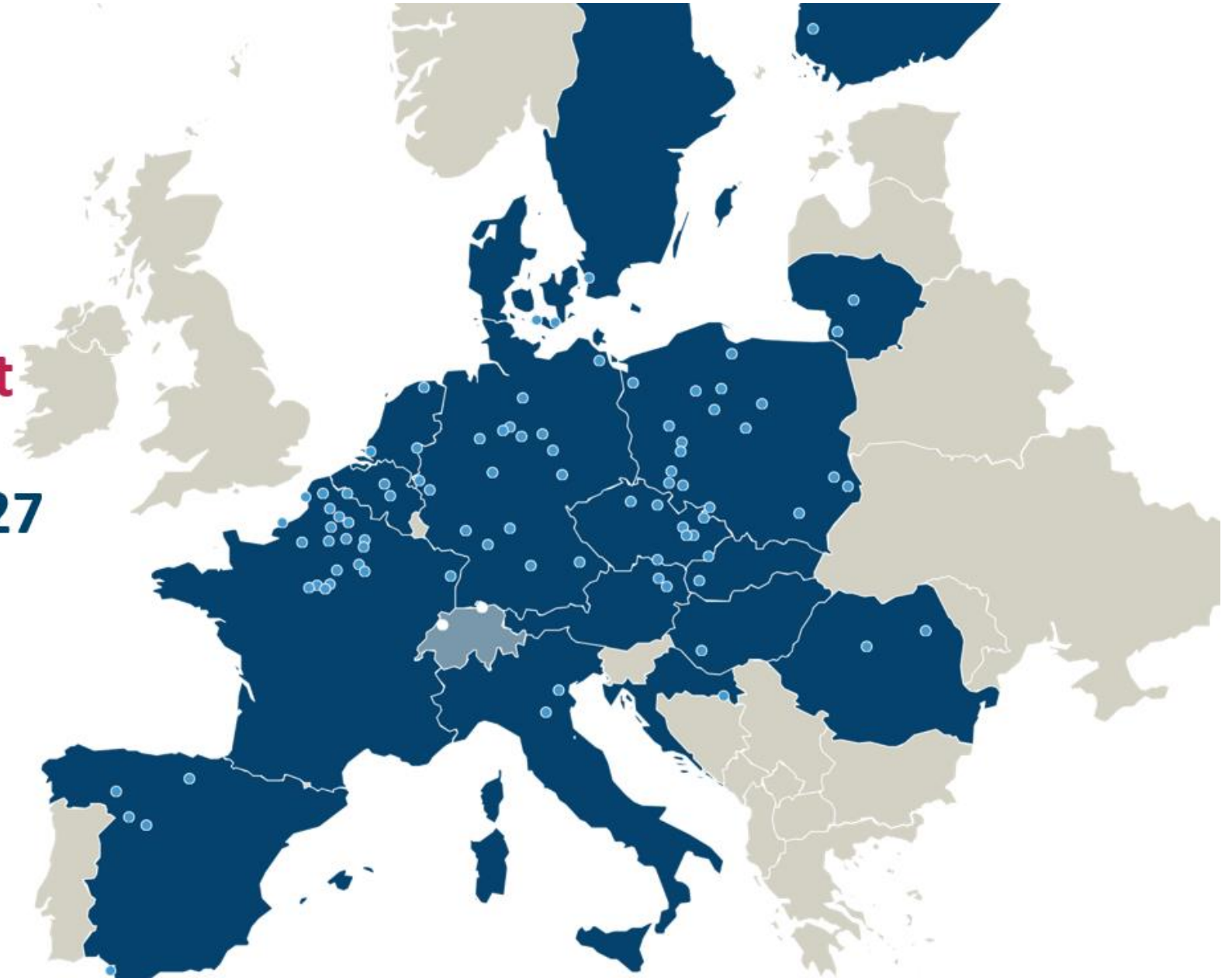
**9 October 2024
CDG International Aspects of Agriculture**

CEFS stands for the Comité Européen des Fabricants de Sucre or the European Association of Sugar Manufacturers

We represent sugar-producing companies in the EU & Switzerland



There are **88 beet
sugar** factories
active in the EU-27



Sugar provides **industrial jobs** in rural areas

Approx. 24,000 sugar factory jobs (headcount)



Approx. 250,000 additional supply chain jobs (FTE)

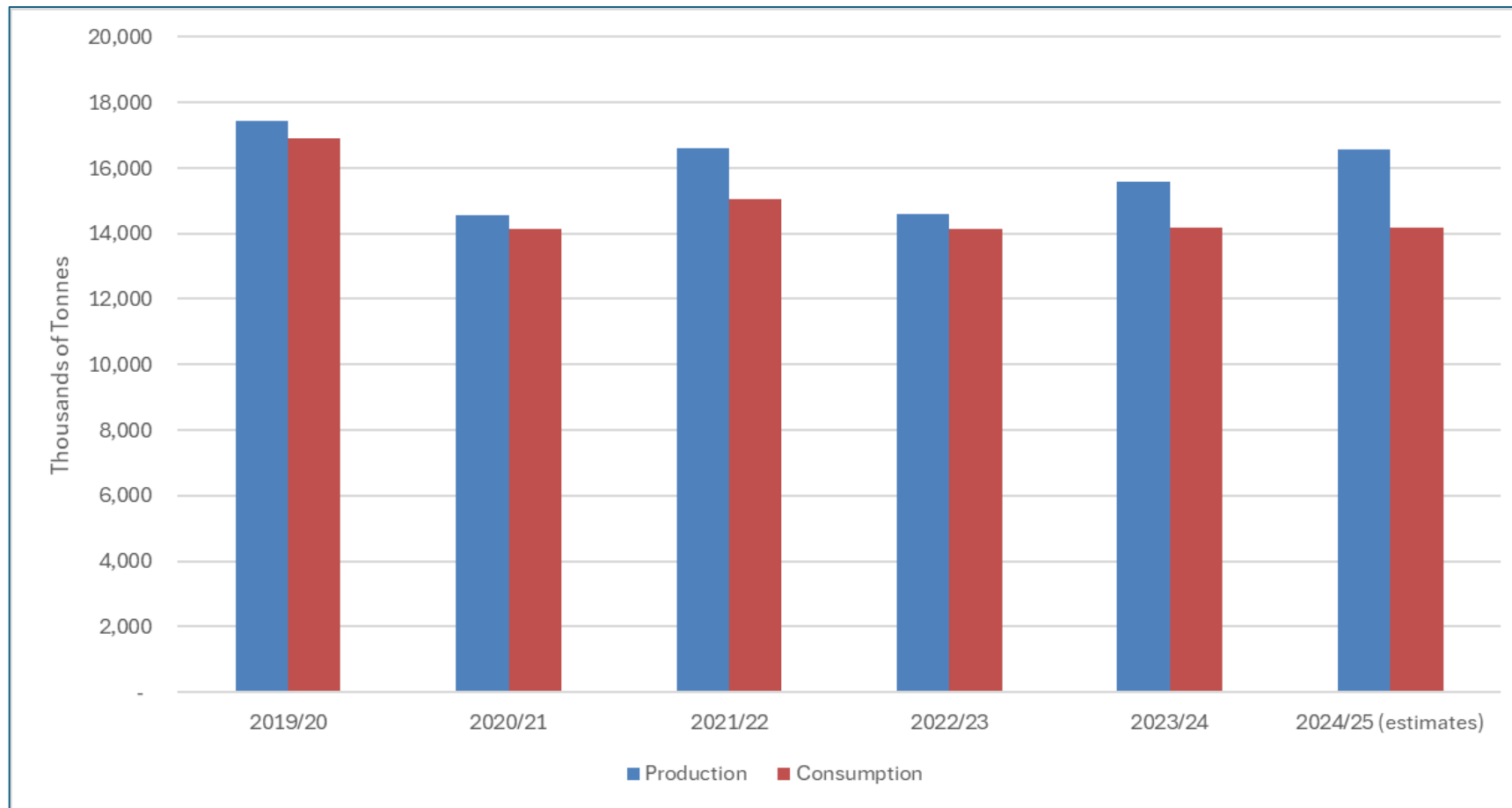


Approx.
275,000

total jobs
generated by
the sugar
industry

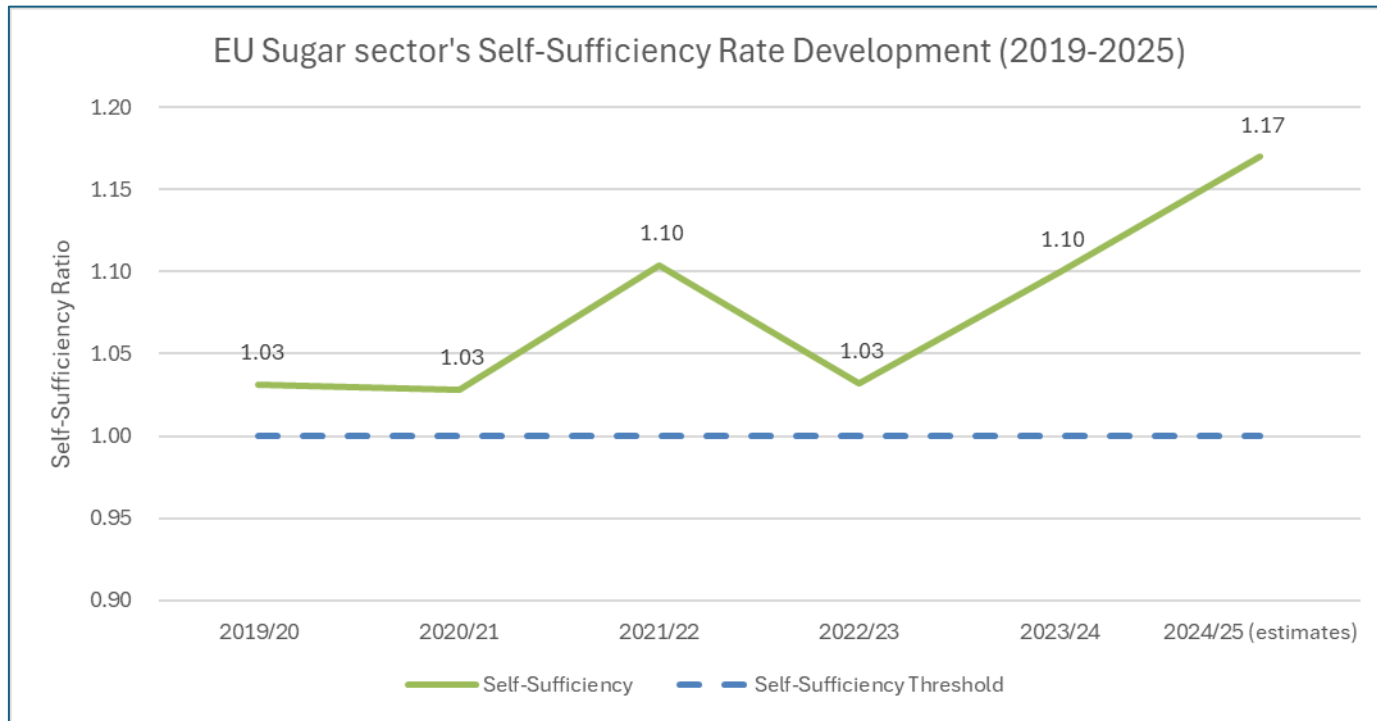
Source: CEFS sugar statistics, 2021/22; WiFOR. 2019. The Economic Contribution of the EU Sugar Industry

EU Sugar contributes to EU food security



Source: European Commission balance sheets

EU Sugar Sector is Self-Sufficient



Source: European Commission balance sheets

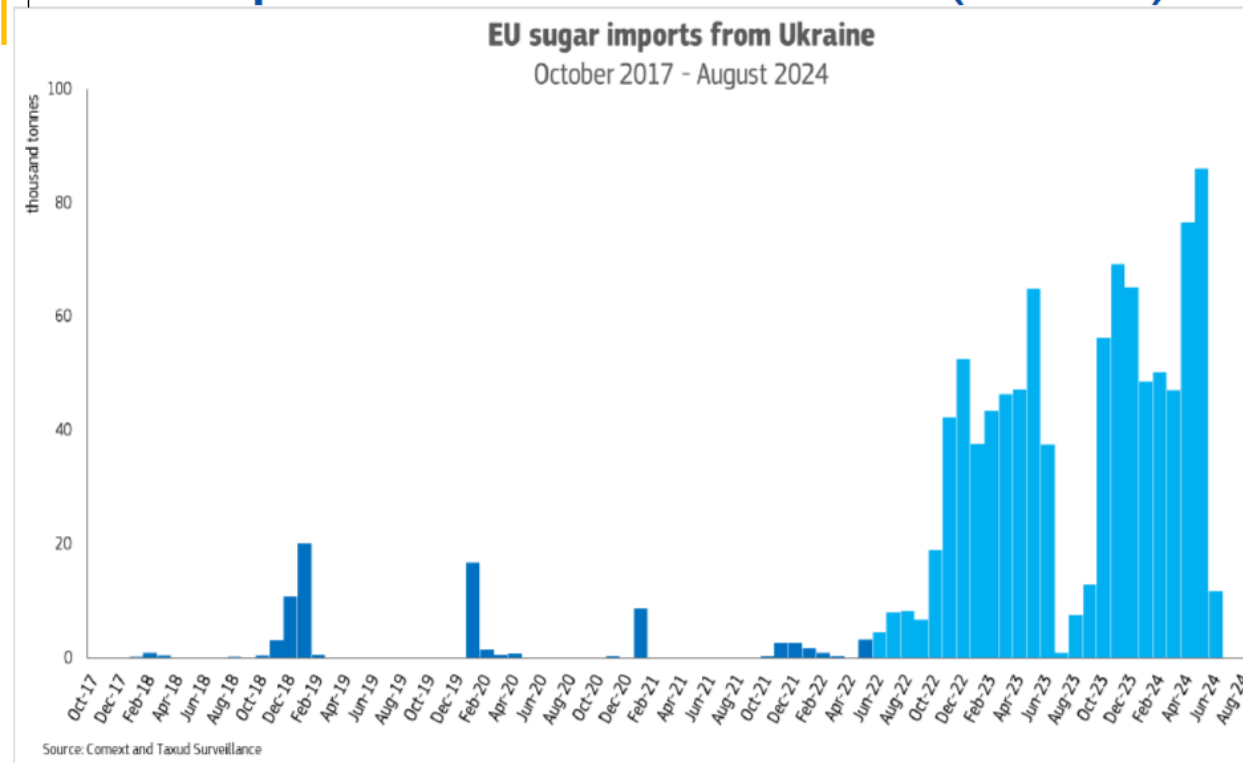
- The EU Sugar Sector produces more sugar than the one being consumed in the EU.
- In the last five Marketing Years the EU's Self-Sufficiency rate has been around 110%.

Impact of the Autonomous Trade Measures (ATM)

- Autonomous Trade Measures introduced in 2022 led to a significant surge in Ukrainian sugar imports.
 - 2022: 153,000 tonnes (8 times the established TRQ).
 - 2023: 495,000 tonnes (25 times the TRQ).
- Resulting market disruptions and impacts on EU sugar producers, especially in member states bordering Ukraine.

Impact of Autonomous Trade Measures (ATM)

EU imports from Ukraine (1701)



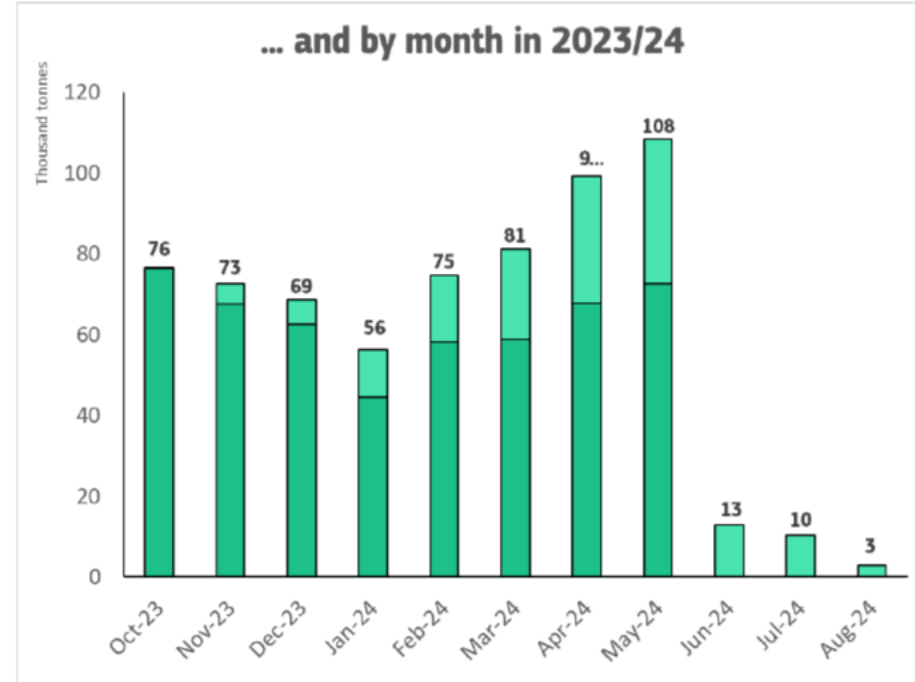
Imports for August 2024 from TAXUD Surveillance at zero. In light blue import data from June 2022 onwards, when the suspension of import duties started. 5/06/2023 -15/09/2023 Ukrainian sugar export ban in force.

Zero quota for UA sugar exports to the EU, according to the Resolution of the Cabinet of Ministers of Ukraine of 30 May 2024, in force as from 1 June 2024.

As of 2nd July 2024 the tariff rate quotas from the Deep and Comprehensive Free Trade Area (DCFTA) are reintroduced for EU imports of sugar from Ukraine.

Impact of Autonomous Trade Measures (ATM)

Ukrainian sugar exports (CN 1701)



Zero quota for UA sugar exports to the EU, according to the Resolution of the Cabinet of Ministers of Ukraine of 30 May 2024, implemented as from 1 June 2024.

UA exports to the EU at zero in June and 10 days of July (figures for July not counted in the 650 000 tonnes which refer to Oct-Jun).

Marketing year: October- September.

Source: GTA, ITC and Ukrainian customs.

Current state of play

- New Autonomous Trade Measures (ATM) Regulation formally adopted by EU Council and European Parliament. Entry into force: 6 June 2024 till 5 June 2025.
- Key elements:
 - Reference Period accounting for the Threshold: second half of 2021 and full years 2022 and 2023.
 - Official Threshold for Sugar in CY 2024: 262,652.68 tonnes.
 - Official Threshold for Sugar in until 05.06.2025 (5/12 of 2024): 109,438,62 tonnes.
 - New Activation period of the automatic safeguard mechanism = 14 days.
 - COM commitment to take the necessary steps under the Association Agreement with Ukraine to pursue the process of reciprocal tariff liberalisation.

Revision of the Association Agreement from 2014

- Legal basis for the Revision: Article 29 of the Association Agreement.
 - Either of the parties can request to accelerate and broaden the liberalisation of trade on goods not already liberalised by the Agreement.
- This Revision process will need to be endorsed by the EU Council (Article 218(9) of the TFUE).

EU Sugar: a **SENSITIVE** agricultural product

- The EU sugar sector is deeply intertwined with the Union's food security and rural economy.
- Regulatory changes, such as the Autonomous Trade Measures (ATM) and the Association Agreement with Ukraine, could lead to significant market disruptions.
- EU producers operate under stringent regulations that increase costs.
- Continuous and proactive engagement is necessary to ensure regulatory frameworks consider the unique sensitivities of the EU sugar industry.



Final		Final		Estimates		EARLY Estimates		
2021/22 (Oct-Sept)		2022/23 (Oct-Sept)		2023/24 (Oct-Sept)		2024/25 (Oct-Sept)		x 1000 tonnes wse
EU 27		EU27		EU27		EU27		
Sugar	Isoglucose	Sugar	Isoglucose	Sugar	Isoglucose	Sugar	Isoglucose	
1 225 16 618 2 168 1 384 784 20 010	13 577 3 593	1 519 14 603 3 284 2 514 770 19 406	15 433 4 452	2 068 15 598 2 240 1 440 800 19 906	19 490 3 512	1 726 16 586 2 050 1 250 800 20 362	26 506 3 535	1 Beginning stocks 2 Production 3 Imports 3 1 - as such 3 2 - in processed products 4 TOTAL AVAILABLE 4 = 1 + 2 + 3
15 051 1 070 840 13 141 3 440 800 2 640 1 519 20 010	505 73 15 593	14 150 1 095 713 12 342 3 188 620 2 568 2 068 19 406	384 49 19 452	14 180 1 080 800 12 300 4 000 1 550 2 450 1 726 19 906	442 44 26 512	14 180 1 080 800 12 300 4 250 1 800 2 450 1 932 20 362	464 45 26 535	5 Consumption/disappearance of which industrial use of which bioethanol other 6 Exports 6 1 - as such 6 2 in processed products 7 Ending stocks 8 TOTAL OUTLETS 8 = 5 + 6 + 7 = 4

Revision of the Association Agreement: Challenges for the EU Sugar Sector

- Ukrainian sugar industry benefits from lower production costs and less stringent regulations.
- Unfair competition due to cheaper labor and larger farming operations in Ukraine.
- Use of pesticides and herbicides banned in the EU, leading to further market distortion.



The way forward

- CEFS advocates for a balanced approach in reviewing the tariff liberalisation.
- Ensuring the protection of the EU sugar sector while supporting Ukraine's economic development.
- Open invitation for further discussion on the proposed measures.





**THANK YOU FOR YOUR
ATTENTION!**

**CEFS – EUROPEAN
ASSOCIATION OF SUGAR
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