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Report Highlights:

EU sugar production in MY 2026/27 is forecast to decline further, as persistently low prices reduce beet sowing across major producing Member States. Exports are expected to fall in line with lower output, while imports are projected to increase. Consumption remains broadly stable, although a gradual structural decline continues, driven by demographic trends, health awareness, and industry reformulation. The Inward Processing regime, which allows duty-free imports of sugar for processing in the EU when the resulting products are re-exported, has emerged as a key market concern, with significant inflows prompting a temporary suspension by the European Commission. Trade policy developments continue to weigh on sentiment, with the European Commission advancing multiple free trade agreements, including Mercosur, which are expected to expand duty-free access from third countries and add further competitive pressure to an already strained domestic industry.

Executive Summary

The EU27 sugar beet sector is contracting across major Member States, with production forecast to fall to 14.2 million tonnes in MY 2026/27, down 8 percent from MY 2025/26 and 12 percent from MY 2024/25. Persistently weak prices have led growers to reduce beet area in favor of alternative crops, while processor-led contraction programs in Germany, France, and Belgium reinforce this trend. Structural challenges, including restricted access to plant protection products, rising input costs, and ongoing pest pressures, add further strain.

Import dynamics have defined the market over recent marketing years. Ukrainian sugar flows, initially liberalized under Autonomous Trade Measures, were curtailed following the activation of the emergency brake in mid-2024 and subsequently placed under quotas through the revised EU-Ukraine DCFTA. As these flows declined, EU processors increasingly turned to the Inward Processing regime to source duty-free raw sugar.

In MY 2024/25, inward processing imports increased significantly. However, re-exports lagged import volumes, raising concerns that duty-free sugar remained in the domestic market and weakened EU tariff protection. In response, Agriculture Commissioner Christophe Hansen announced a temporary suspension of the regime in January 2026, though implementation delays allowed inflows to remain elevated, contributing to farmer protests and further reductions in beet sowing.

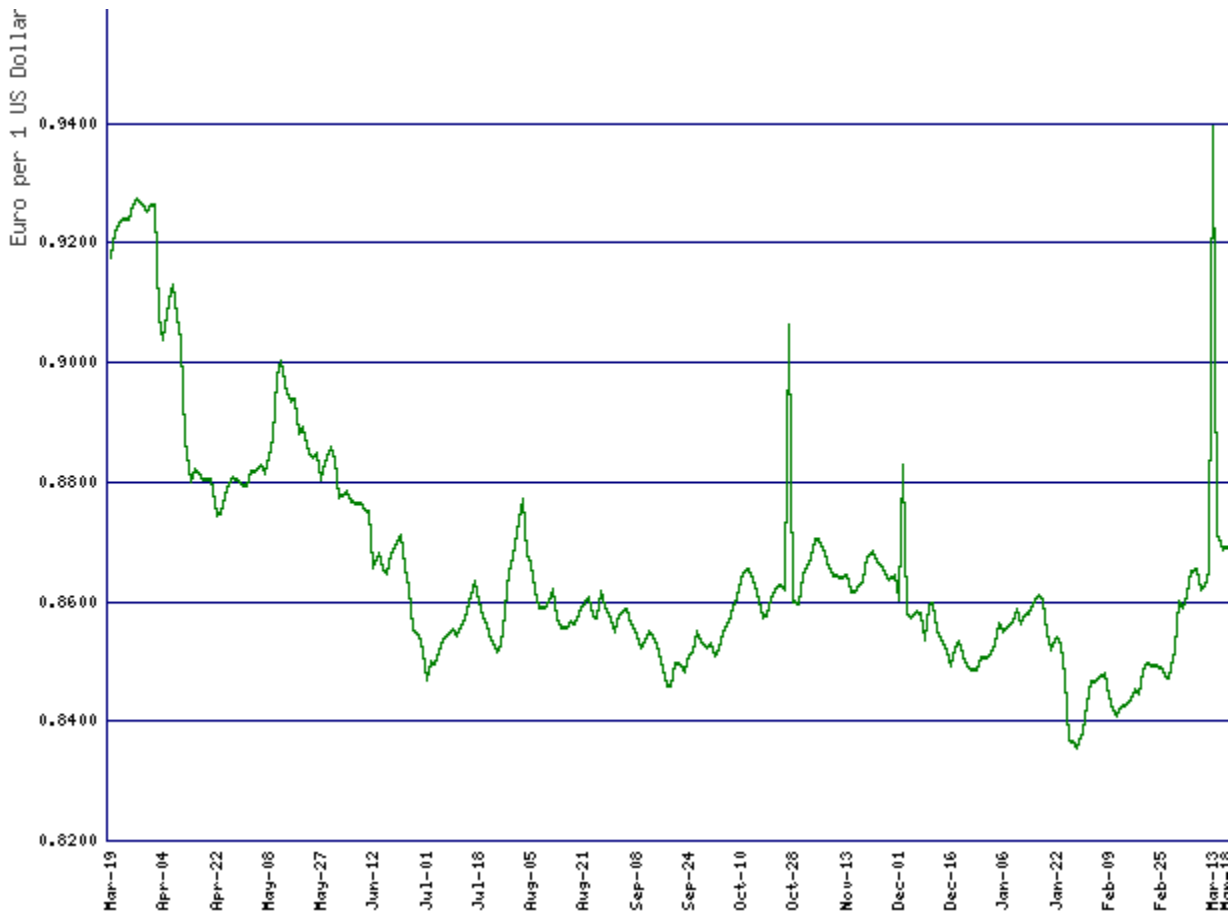
Exports are projected to decline in MY 2025/26 and further to around 0.9 million tonnes in MY 2026/27, following a strong MY 2024/25 campaign of approximately 2.0 million tonnes. Stocks are expected to increase, providing a modest buffer but also reflecting broader global oversupply conditions weighing on prices.

On trade policy, the formal signature of the EU–Mercosur Partnership Agreement in January 2026 has intensified concerns among European beet growers and processors, who view additional duty-free access for Brazilian sugar as a further competitive threat. The agreement remains under legal review by the European Court of Justice, while the European Commission has pushed for its provisional application. Other FTAs, including those with Australia, Mexico, and India, contain limited but relevant sugar provisions that will gradually shape the competitive landscape.

In the medium term, the sector faces a delicate balance between supporting domestic producers, ensuring competitive input costs for food manufacturers, and managing growing structural import dependency in an increasingly oversupplied global market. Reform of the Inward Processing regime, enforcement of trade safeguards, and the outcome of ongoing FTA ratification processes will be central to the sector's medium-term trajectory.

Explanatory Notes to the Reader

- All sugar numbers are in raw sugar equivalent (RSE) unless otherwise noted.
- The Production, Supply, & Distribution tables (PS&D) in this report only pertain to sugar as defined by Harmonized System (HS) code 1701; therefore, it excludes raw beet sugar production destined for fermentation or other industrial purposes like bioethanol production.
- The conversion factors and marketing years used in this report:
 - MY = marketing year; for sugar October/September.
 - Raw cane sugar = 1.07 X Refined cane sugar
 - Raw beet sugar = 1.087 X White (refined) beet sugar
- Sugar imports for EU inward processing (IP) purposes are included in this report's PSD tables. While raw sugar imported under IP is being re-exported as white sugar, it should be clear that processed products made using IP sugar and re-exported are included in the EU consumption line. Inward processing is the EU customs program under which the import duties for dairy, sugar, and starch containing commodities for processing and subsequent re-export are waived.
- EUR/USD exchange rate has been listed for the last 12 months.



Acknowledgements

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Antonia Rudolf, FAS/Berlin covering Germany and Austria.

Luigi Castaldi, FAS/USEU/Brussels covering Belgium and EU policy.

Table 1– EU27 Sugar Production, Supply, and Distribution (PS&D)

| EU27 Sugar, Centrifugal (1,000 MT RSE) | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2024/2025 | | 2025/2026 | | 2026/2027 | |
| Market Year Begins | Oct 2024 | | Oct 2025 | | Oct 2026 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Beginning Stocks | 359 | 359 | 177 | 200 | 0 | 511 |
| Beet Sugar Production | 16,228 | 16,126 | 15,347 | 15,386 | 0 | 14,220 |
| Cane Sugar Production | 133 | 151 | 139 | 133 | 0 | 133 |
| Total Sugar Production | 16,361 | 16,277 | 15,486 | 15,519 | 0 | 14,353 |
| Raw Imports | 807 | 807 | 900 | 1,050 | 0 | 1,650 |
| Refined Imports (Raw Val) | 605 | 606 | 1,100 | 900 | 0 | 900 |
| Total Imports | 1,412 | 1,413 | 2,000 | 1,950 | 0 | 2,550 |
| Total Supply | 18,132 | 18,049 | 17,663 | 17,669 | 0 | 17,414 |
| Raw Exports | 8 | 8 | 6 | 8 | 0 | 8 |
| Refined Exports (Raw Val) | 2,039 | 2,041 | 1,000 | 1,250 | 0 | 850 |
| Total Exports | 2,047 | 2,049 | 1,006 | 1,258 | 0 | 858 |
| Human Dom. Consumption | 15,908 | 15,800 | 16,400 | 15,900 | 0 | 15,900 |
| Total Use | 15,908 | 15,800 | 16,400 | 15,900 | 0 | 15,900 |
| Ending Stocks | 177 | 200 | 257 | 511 | 0 | 656 |
| Total Distribution | 18,132 | 18,049 | 17,663 | 17,669 | 0 | 17,414 |

EU-27 beet sugar production in 2026/27 is forecast at 14.2 million metric tons MMT, down 8 percent year over year and 12 percent from the 16.1 MMT recorded in 2024/25. The outlook is based on reduced planting intentions, reflecting a market driven adjustment following the recent decline in prices.

Spring planting is currently underway across most producing regions under generally favorable conditions, with early fieldwork progressing on schedule in key areas of Western and Central Europe. However, growers are responding to weaker price signals and processor guidance by scaling back beet allocations in favor of alternative crops such as grains and oilseeds. Contracted beet volumes have been revised downward in several Member States, reinforcing expectations of lower harvested area.

Major processors in the Beet Belt, particularly in Germany, France, and Belgium, are implementing mandatory and voluntary contraction programs to align supply with demand and reduce high carry-over stocks. This is reflected in a projected 6 to 7 percent decline in total sugar beet area Graph 1, bringing acreage to its lowest level in recent years

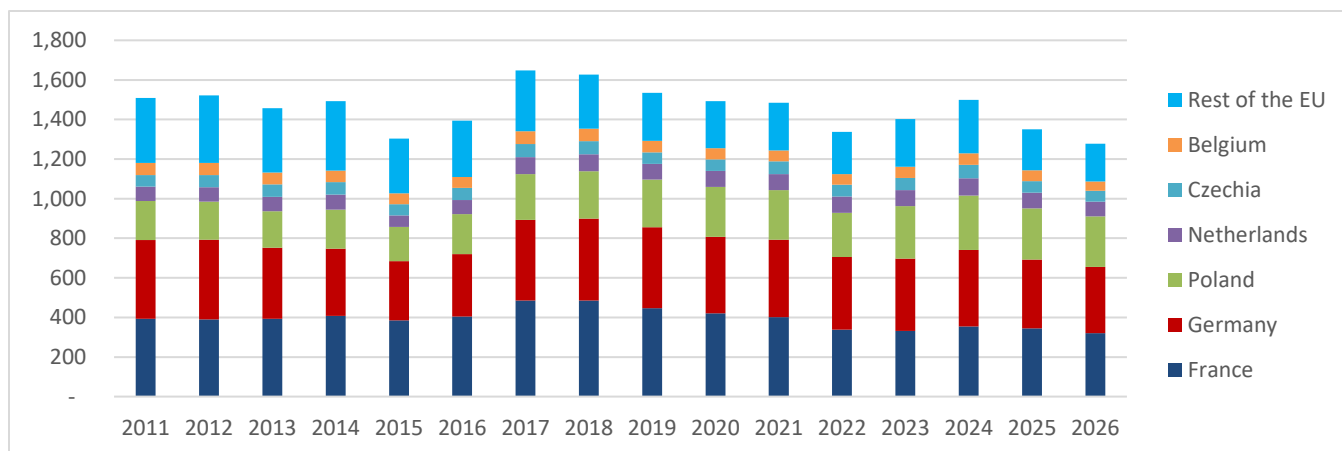
The 2025/26 campaign saw a contraction in planted area that was partly offset by a recovery in yields. Following the high production levels of 2024/25, sugar beet area declined by 8 to 10 percent to around 1.35 million hectares (Table 2). Favorable growing conditions, including a warm and dry sowing window, supported a long growing season and strong yield outcomes. Yields were particularly high across Western and Central Europe, although some areas faced phytosanitary pressures that tempered results. Overall EU-27 beet sugar production for 2025/26 is estimated at 15.4 MMT.

Looking ahead, the EU sugar sector is entering a tighter 2026/27 cycle as structural, market and policy pressures converge. Reduced access to plant protection products, rising input and energy costs, margin pressure, and persistent pest and disease risks are weighing on planting decisions, even as growers respond to softer price signals and processor guidance by shifting land into alternative crops. At the same time, global competition and import pressure continue to complicate market dynamics, keeping trade policy and safeguard measures high on the agenda.

Industrial consolidation is further reshaping the processing landscape, with recent and announced plant closures in several Member States permanently reducing regional beet-processing capacity and increasing reliance on a smaller number of factories. In this context, tools such as contract adjustments and voluntary acreage changes in the core Beet Belt are being used not only to manage high carry-over stocks, but also to protect processing margins and maintain network utilization.

EU policy frameworks will remain central to how the sector adapts over the medium term. Alongside broader Green Deal objectives, new rules for crops developed with New Genomic Techniques are expected to support the deployment of more resilient and input-efficient beet varieties, while evolving pesticide regulation and the promotion of biological alternatives continue to shape crop-protection strategies. Combined with a renewed focus on price and margin stability among leading processors, these developments are set to influence EU sugar beet area, yield potential, and trade flows over the coming years.

Graph 1 – EU Sugar Beet Acreage



Source: FAS EU Posts and Eurostat data.

Cane sugar production within the EU-27 remains confined to the French outermost regions—Réunion, Guadeloupe, Martinique and French Guiana—as the continental climate is unsuitable for sugarcane cultivation. Although these regions account for only a small share of total EU sugar output, sugarcane and rum production play a crucial role in local employment, income and community life. At the same time, the sector faces growing volatility due to intensifying climatic pressures, such as cyclones and erratic rainfall, alongside rising production costs and a shrinking labor force. To remain resilient, it is

increasingly reliant on the [Programme of Options Specifically Relating to Remoteness and Insularity](#) (POSEI) under the Common Agricultural Policy, which provides targeted support to offset the structural disadvantages of outermost regions, along with other CAP-related measures to modernize harvesting systems and adapt to a more competitive global market.

Table 2 – EU Sugar Beet Area Harvested by Country (MY 2024/25 – 2026/27)

| Thousand hectares | | | |
|-------------------|----------------|----------------|----------------|
| | 24/25 | 25/26e | 26/27f |
| Austria | 42.9 | 24.9 | 24.5 |
| Belgium | 58.7 | 55.0 | 48.0 |
| Croatia | 9.0 | 7.2 | 7.0 |
| Czechia | 68.3 | 56.7 | 55.0 |
| Denmark | 31.7 | 31.2 | 29.4 |
| Finland | 14.4 | 16.2 | 16.2 |
| France | 355.0 | 344.0 | 320.0 |
| Germany | 386.0 | 349.0 | 335.0 |
| Hungary | 16.1 | 11.8 | 11.0 |
| Italy | 29.2 | 18.8 | 18.0 |
| Lithuania | 16.5 | 16.0 | 15.0 |
| Netherlands | 87.6 | 80.0 | 73.2 |
| Poland | 274.3 | 258.4 | 256.0 |
| Romania | 23.0 | 17.0 | 16.0 |
| Slovakia | 23.6 | 18.2 | 11.0 |
| Spain | 35.8 | 20.0 | 20.0 |
| Sweden | 27.8 | 25.4 | 23.0 |
| Total EU27 | 1,499.8 | 1,349.9 | 1,278.3 |

Source: FAS/USEU based on data from FAS analysts in EU MS (e=estimated, f=forecast).

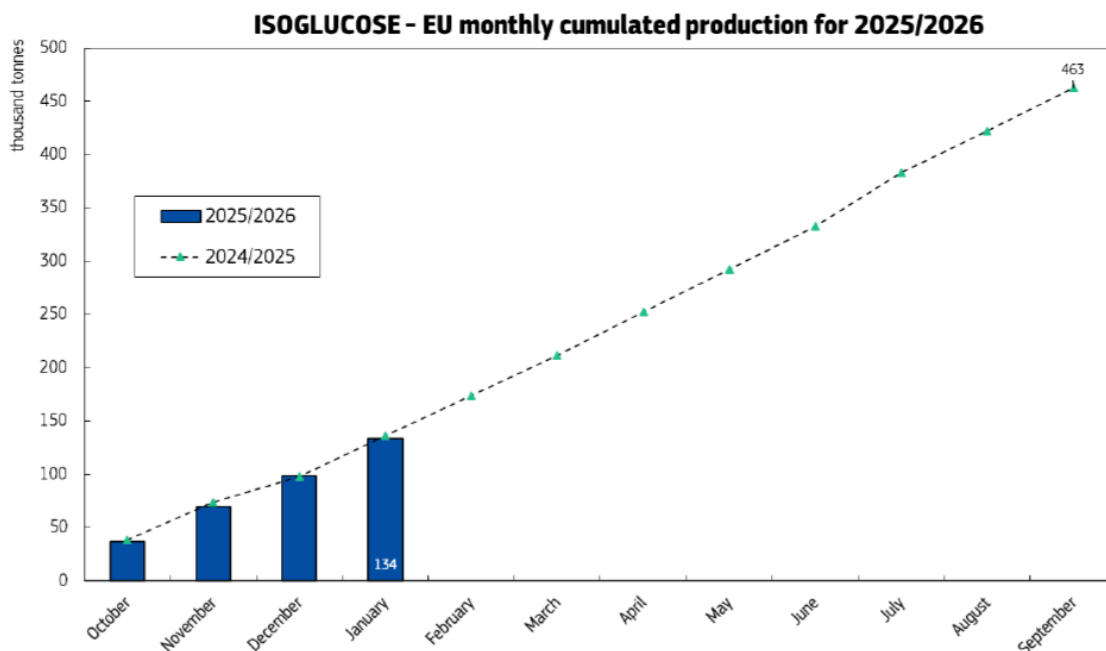
EU27 Isoglucose Production

Isoglucose production in the EU27 has remained relatively stable over the last three marketing years, with output at 433,000 tons in 2022/23, 496,000 tons in 2023/24, 463,000 tons in 2024/25 (Graph 2), and early estimates pointing to around 470,000 tons in 2025/26, according to the European Commission’s Sugar Market Situation reports and dashboard. Monthly production fluctuates, with averages commonly below 50,000 tons, reflecting cereal prices, crop conditions, and demand for starch co-products. Belgium, Hungary, Slovakia, Germany, and France remain core producers, benefiting from starch-processing capacity, reliable wheat and maize supply, and integration with food and beverage chains. Overall volumes remain below the pre-quota ceiling of 700,000 tons, constrained by strong sugar price competition, health-driven sugar reduction policies, and modest external demand.

Despite monthly volatility, cumulative production broadly tracks previous years. [The EU Sugar Market Observatory](#) maintains transparency through regular reporting, increasingly cited in broader agricultural

market discussions. EU27 isoglucose output is modest but resilient, supported by processing and logistics while limited by consumption trends and regulatory and public-health pressures.

Graph 2 - Isoglucose – EU Monthly Cumulated Production for 2025/2026



Source: European Commission

EU27 Sugar Consumption

EU sugar consumption in MY 2025/26 is estimated at about 15.9 million tons, continuing a gradual structural decline over time. [Long-term projections](#) point to a modest annual decrease in overall use, driven by population trends and falling per capita intake.

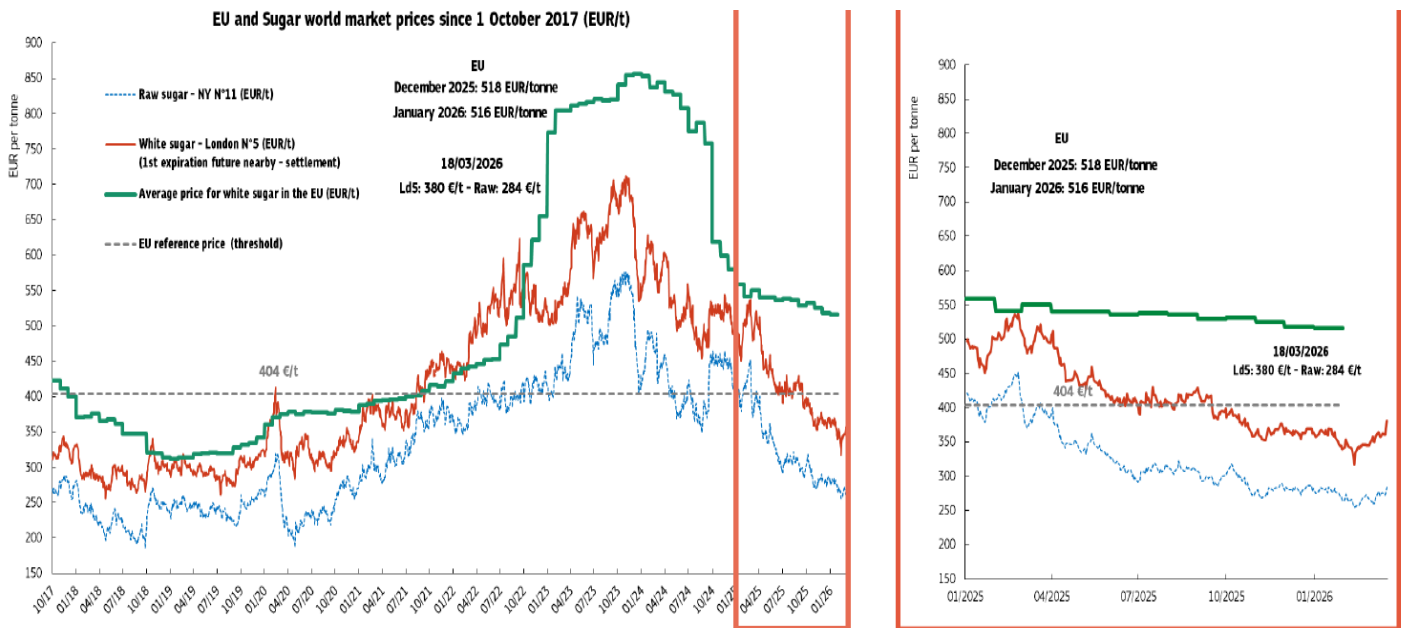
Several factors contribute to this downward trajectory. National sugar and soft-drink [taxes](#) in a number of Member States, although uneven and not EU-wide, add to price signals that discourage high sugar consumption. International health policy [now encourages](#), rather than mandates, fiscal and reformulation measures, reflecting political compromises but still supporting the direction of lower sugar use. At the same time, consumer health awareness and voluntary reformulation—such as sustained cuts in sugar content by [major beverage producers](#)—have reduced the average sugar load of products on the market and reinforced more moderate consumption patterns.

Macroeconomic conditions also play a role. Cost-of-living pressures and higher food prices have led some consumers to cut back on discretionary, sugar-rich products, contributing to stagnant or slightly falling demand in several segments. While total sugar use in the EU-27 remains substantial, the combination of policy measures, changing preferences, reformulation, and economic constraints points to a slow but persistent decline in [consumption over the coming years](#).

EU 27 Sugar Prices

Since the elimination of sugar quotas in 2017, EU sugar prices have broadly tracked global benchmarks, reflecting stable domestic production and limited net import requirements (Graph 3). Prices remained in the 300 to 450 EUR per tonne range through 2021 before surging toward 900 EUR per tonne in 2022 and 2023, driven by higher energy costs and stronger import demand. Since then, prices have declined steadily, with the EU average settling around 510 to 520 EUR per tonne in early 2026.

Graph 3 – EU Market Price and World Market Prices After the End of the EU Quota Regime

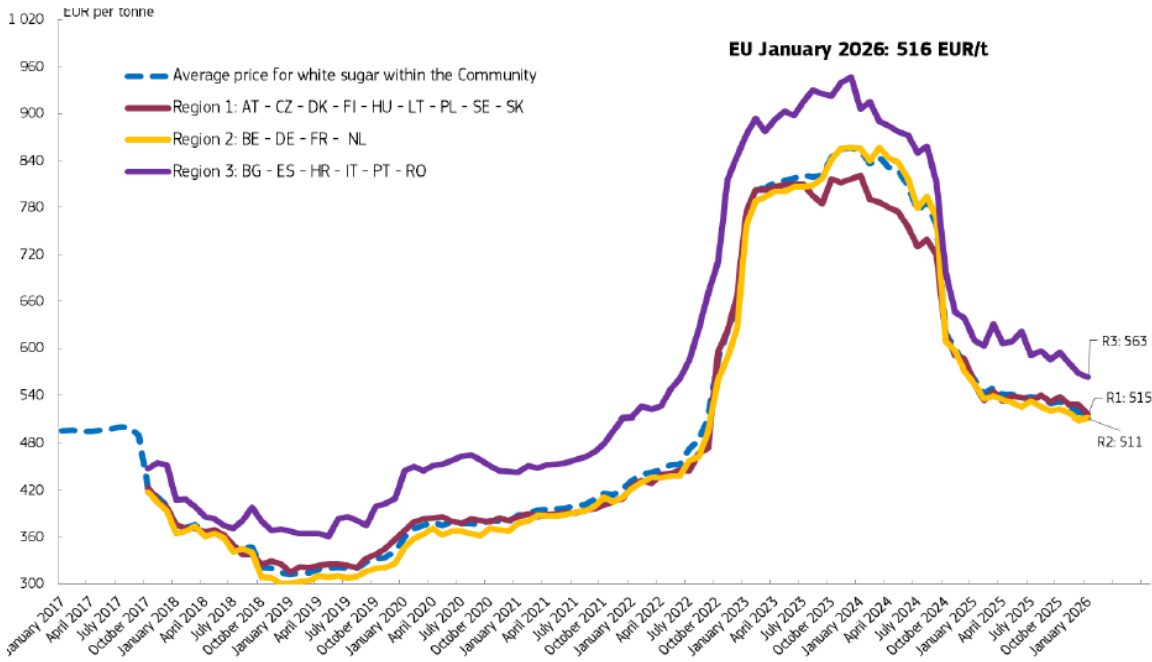


Source: *European Commission*

Regional variation persists (Graph 4). Deficit areas in Region 3 (including Italy and Spain) recorded 563 EUR per tonne in January 2026, while main producing regions converged at 515 EUR per tonne and 511 EUR per tonne, close to the EU average.

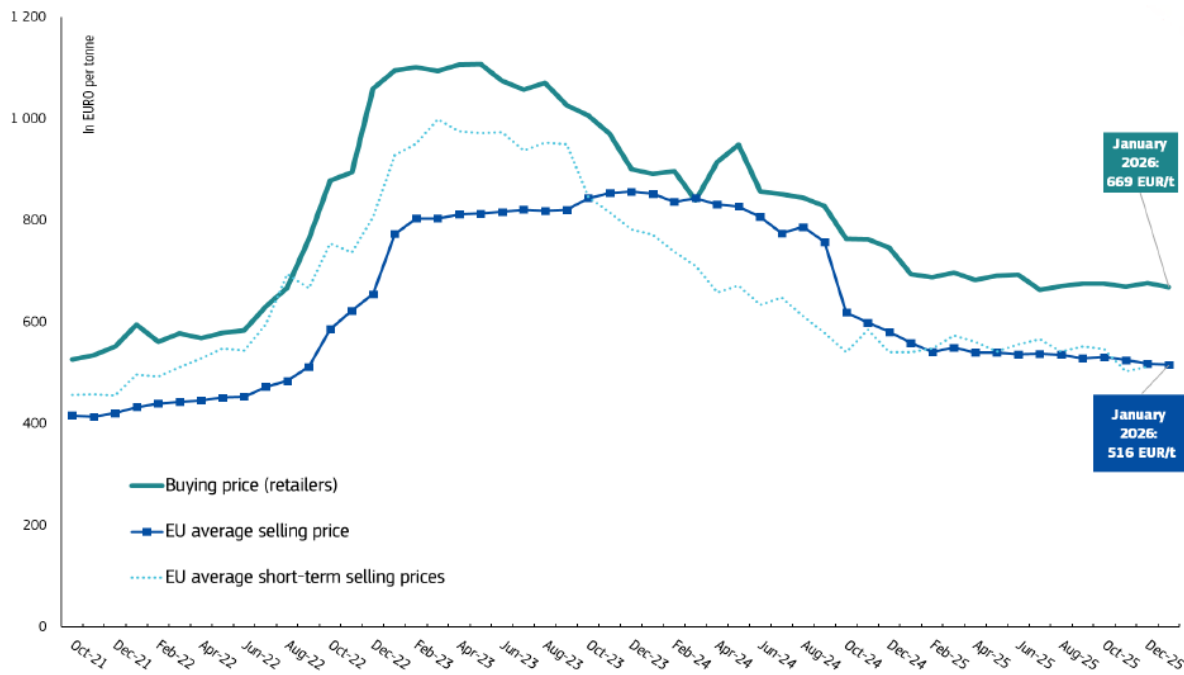
Retailer buying prices have adjusted more slowly than producer prices (Graph 5). While the EU average selling price declined to 516 EUR per tonne in January 2026, retailer buying prices remained higher at around 669 EUR per tonne, indicating a lag in price transmission along the supply chain as contracts and negotiation cycles delay pass-through. This narrowing spread reflects broader supply-side pressure on the EU sugar market, driven in part by a sharp increase in duty-free imports under the EU's Inward Processing (IP) regime (Graph 6), which has contributed to a supply surplus and weighed on producer prices.

Graph 4 – EU Regional Prices for White Sugar



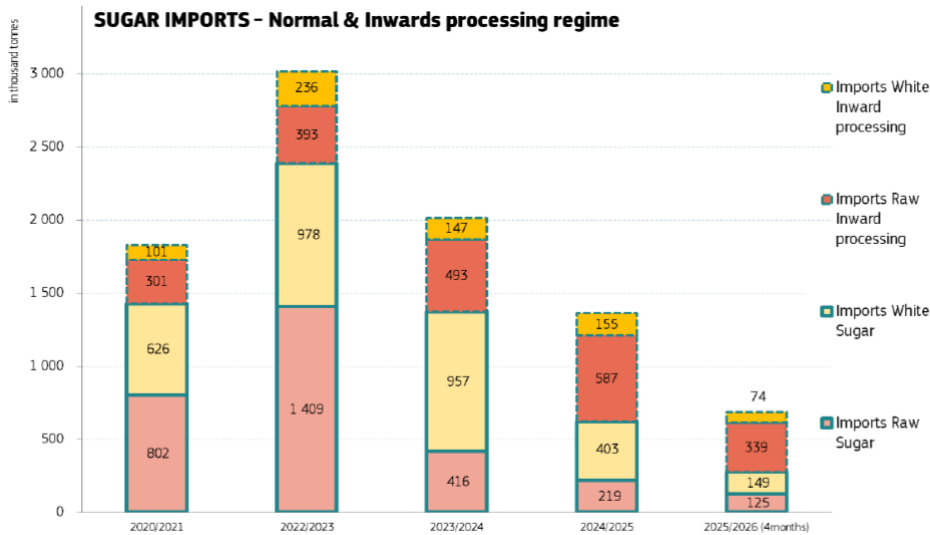
Source: European Commission

Graph 5 – Buying Price (retailers) and EU Average and Short-Term selling price



Source: European Commission Preliminary Data

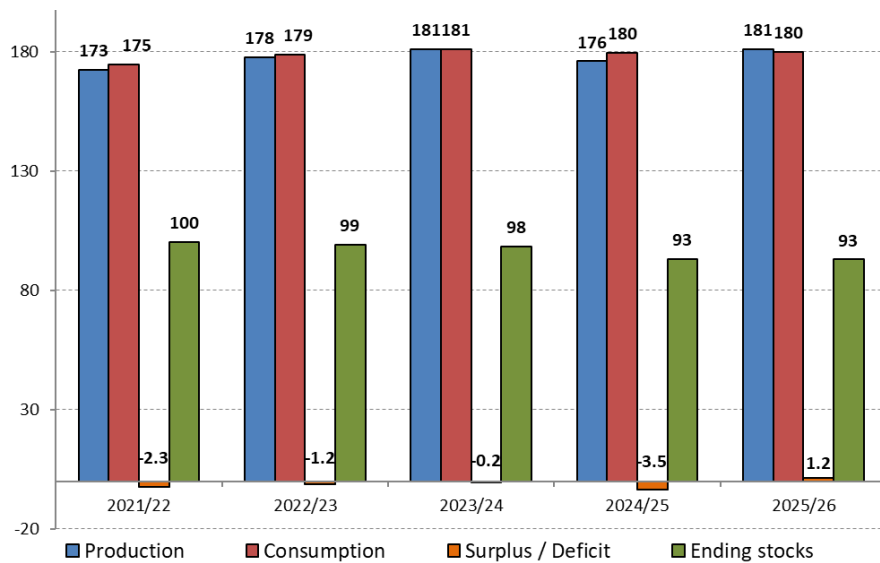
Graph 6 – Sugar Imports Normal and Inward Processing Regime



Source: European Commission

More broadly, EU prices continue to follow global market developments (Graph 7). After a deficit in MY 2024/25, global production in MY 2025/26 is projected to exceed consumption, generating a modest surplus and rebuilding stocks. Lower world prices have weighed on EU quotations, although EU prices continue to adjust with a lag. Despite the correction, EU prices remain above pre-2022 levels. Looking ahead, expected global surpluses and stable EU supply conditions are likely to keep prices under pressure, while regional premiums, particularly in Southern Europe, are expected to persist.

Graph 7 – World Sugar Balance



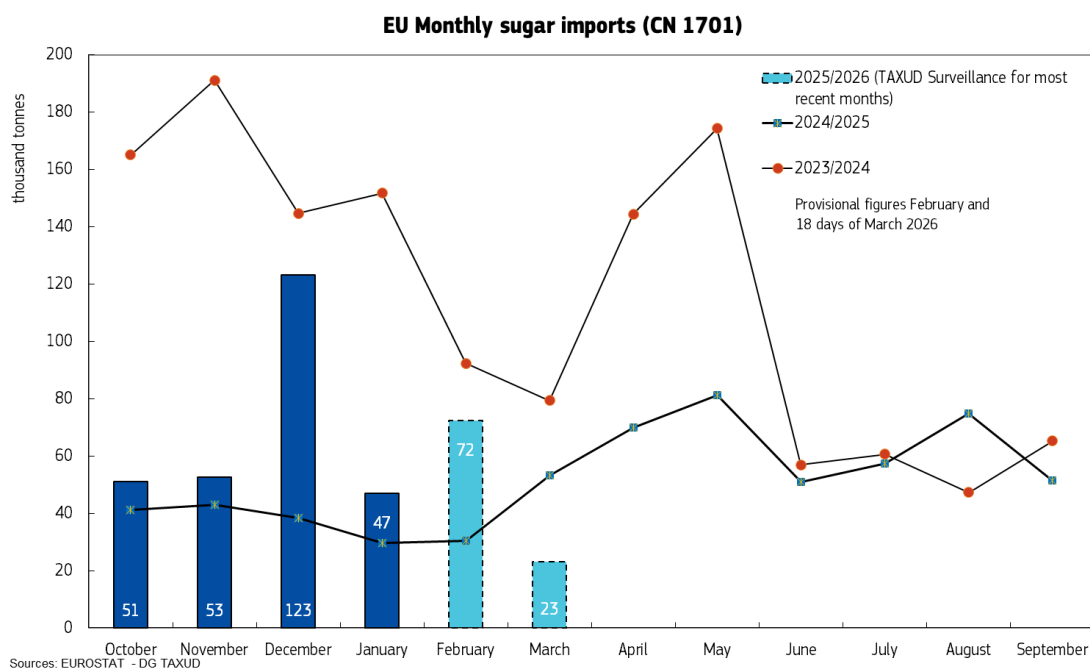
Source: International Sugar Organization (ISO)

EU27 Sugar Trade

Imports

EU27 sugar imports are expected to rise in MY 2026/27 to around 2.6 million tonnes, up from an estimated 2.0 million tonnes in MY 2025/26 (Graph 8). The increase reflects declining domestic production, as weak prices have reduced beet sowing, highlighting the EU's growing reliance on external supplies.

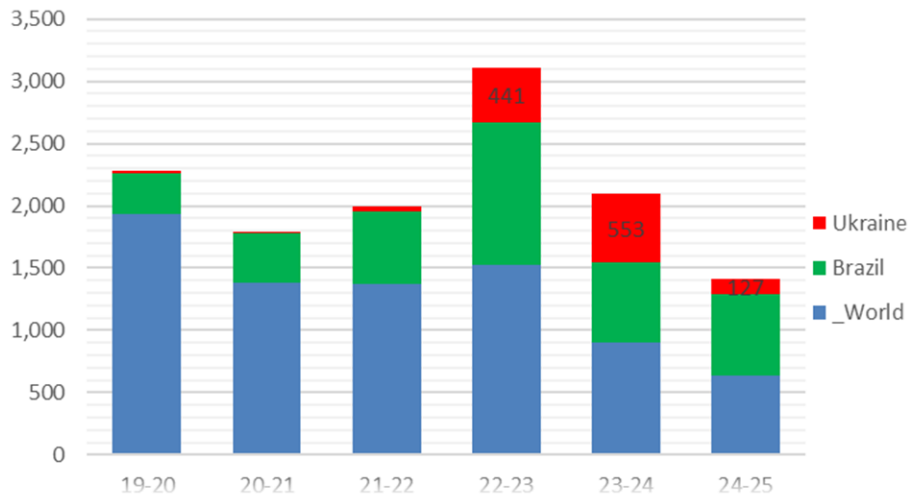
Graph 8 – EU Monthly Sugar Imports in MY 2023/24, 2024/25 and 2025/26 (Oct – March)



Source: European Commission

Import dynamics over recent years have been strongly shaped by Ukrainian trade flows and their subsequent normalization. In MY 2022/23 and MY 2023/24, imports under the Autonomous Trade Measures (ATMs), introduced by the EU to support Ukraine after Russia's invasion by removing tariffs and quotas on agricultural products, increased sharply, peaking at around 500,000 tonnes without specific limits or controls (Graph 9). In MY 2024/25, the sustained volume of Ukrainian sugar imports led the EU to activate the ATM emergency brake in mid-2024, after duty-free shipments exceeded predefined thresholds at a time of relatively strong European beet output. Total imports fell sharply to around 1.4 million tonnes, the lowest in recent years. Ukraine now supplies the EU under fixed annual quotas established by the EU-Ukraine Association Agreement (DCFTA), with volumes above the quota subject to standard duties, effectively shifting the bilateral trade relationship from unrestricted access to a structured framework.

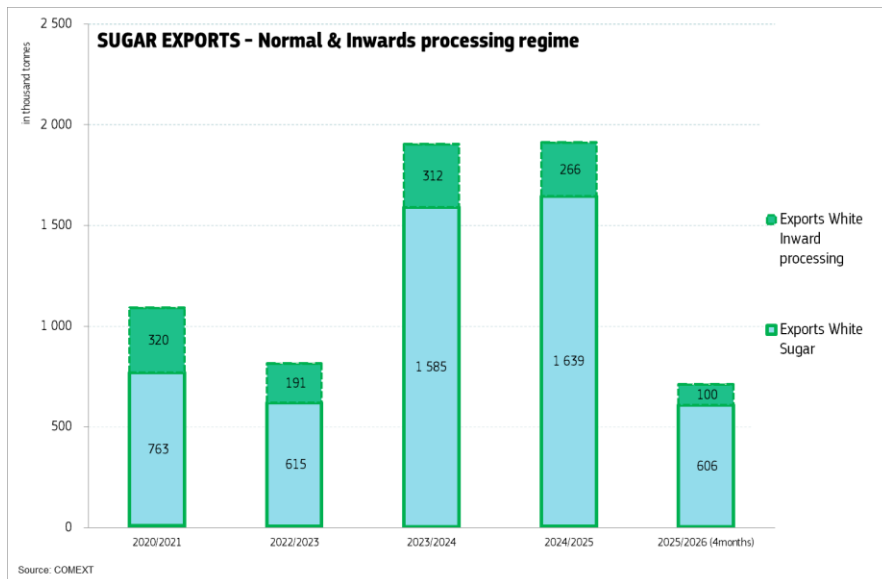
Graph 9 EU Sugar Imports from Ukraine and the World (1,000 MT, Raw Value)



Source: TDM

As Ukrainian flows declined, EU processors increasingly turned to the Inward Processing (IP) regime, which allows raw sugar to be imported duty-free for processing into products intended for re-export, a mechanism designed to keep EU food manufacturers competitive on global markets. In MY 2024/25, raw sugar imports under IP reached around 587,000 tonnes, up 19 percent year-on-year, while white sugar imports totaled approximately 155,000 tonnes. Elevated flows continued into MY 2025/26, with 125,000 tonnes of raw sugar and 74,000 tonnes of white sugar recorded in the first four months alone (Graph 6).

Graph 10 - Sugar Exports Normal and Inward Processing Regime

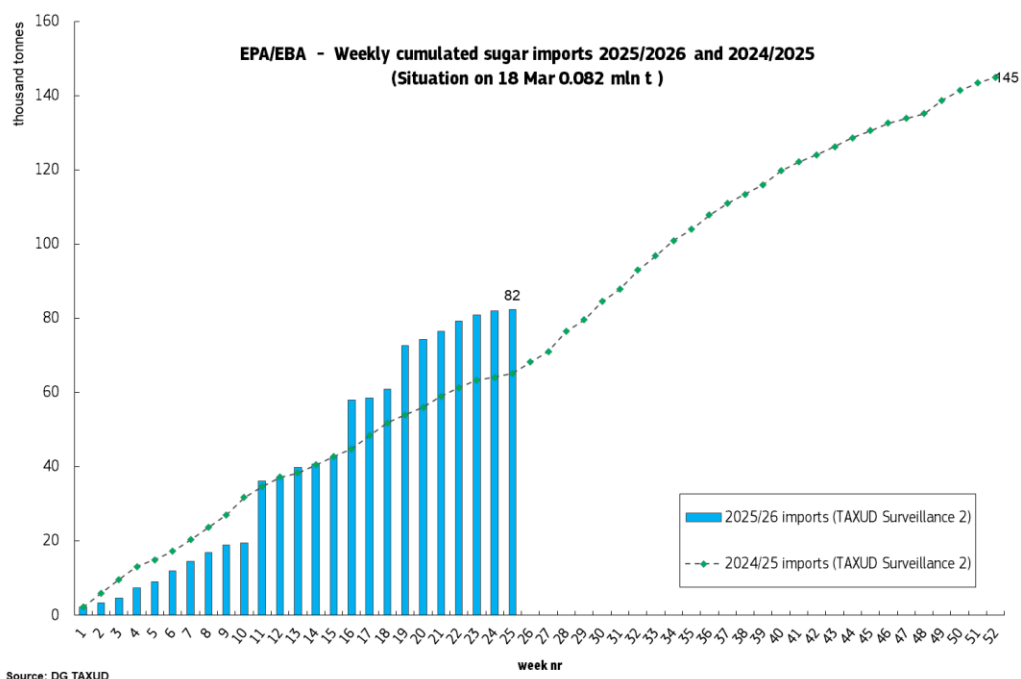


Source: European Commission

However, these imports were not fully matched by identifiable re-exports. While some IP sugar may have left the EU embedded in processed food products such as confectionery, and would therefore not appear in sugar export statistics, Graph 9 shows that export flows linked to IP remained well below import levels. The scale of the gap raised significant concern among domestic producers, as lower-priced imported sugar was effectively adding to domestic availability, weighing on EU prices and eroding the practical protection offered by the EU's tariff regime.

These concerns prompted a strong reaction from the sector. European beet growers and processors argued that IP inflows were undermining market conditions and called on the Commission to act. Agriculture Commissioner [Christophe Hansen announced](#) a temporary suspension of IP imports for sugar in late January 2026, though the measure did not take immediate effect. Continued inflows exerted further pressure on EU prices, contributed to farmer protests in several Member States, and coincided with a significant reduction in beet sowing area for 2026/27.

Graph 11 – EU Imports from EBA/EPA Countries

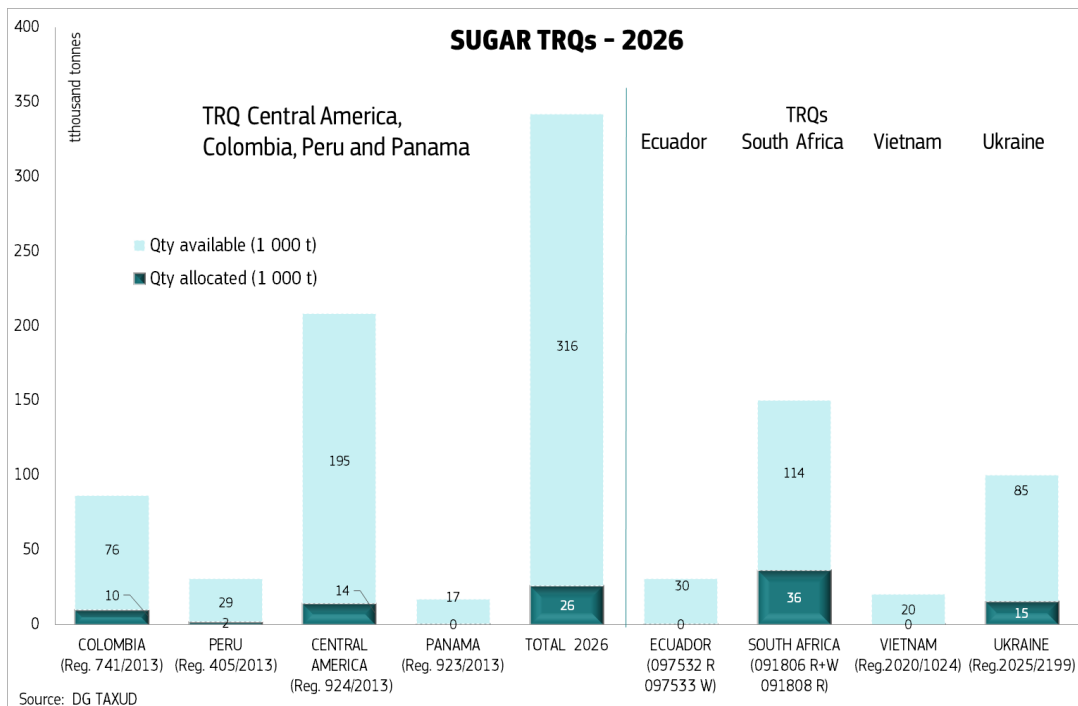
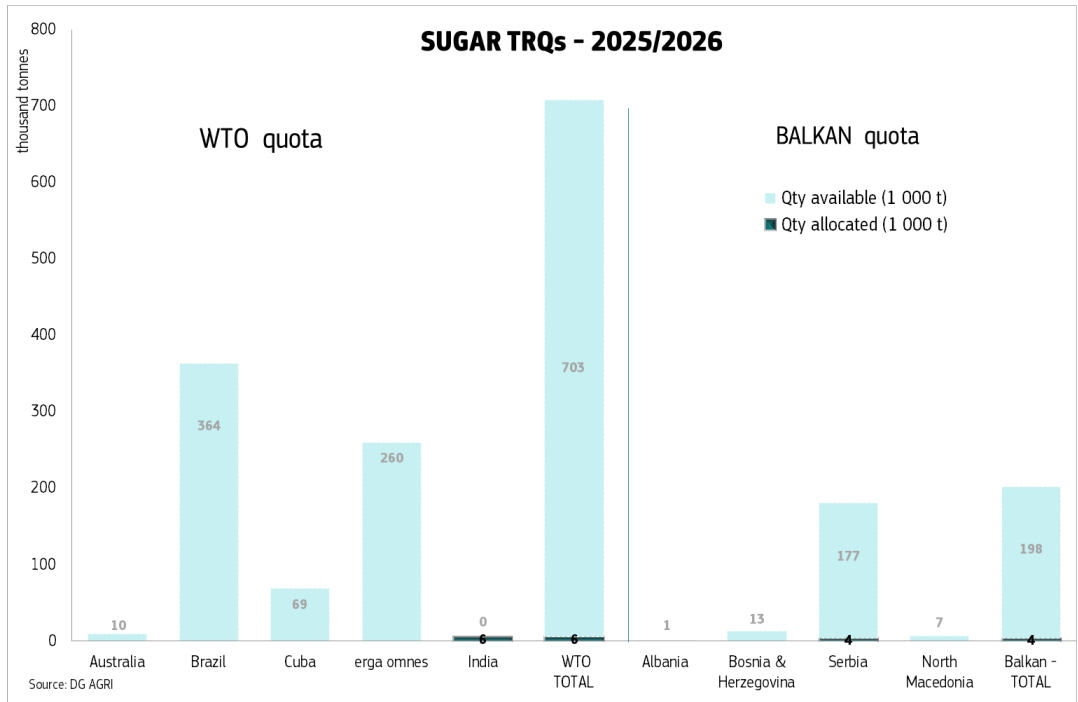


Source: European Commission

Beyond the IP regime, imports from African, Caribbean, and Pacific (ACP) countries and Least Developed Countries (LDCs) under EBA and EPA arrangements often remained below available quotas, although utilization appeared to increase in MY 2025/26 compared with MY 2024/25 (Graph 12). Other tariff-rate quotas, including WTO CXL, Balkan, and FTA quotas, also showed low use, reflecting limited price competitiveness and logistical constraints (Graph 10).

Since the UK's withdrawal from the EU, bilateral sugar trade has remained limited despite duty-free access under the Trade and Cooperation Agreement, as rules of origin restrict re-exports of refined sugar made from imported raw sugar. Both the EU and the UK now compete for the same preferential ACP and LDC supplies.

Graph 12 – EU Sugar TRQs (2025-2026; 2026) and Use

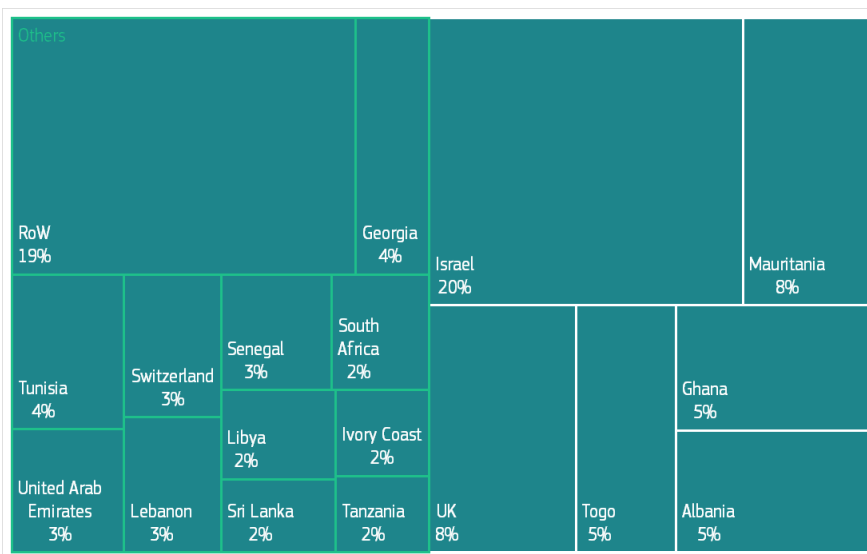
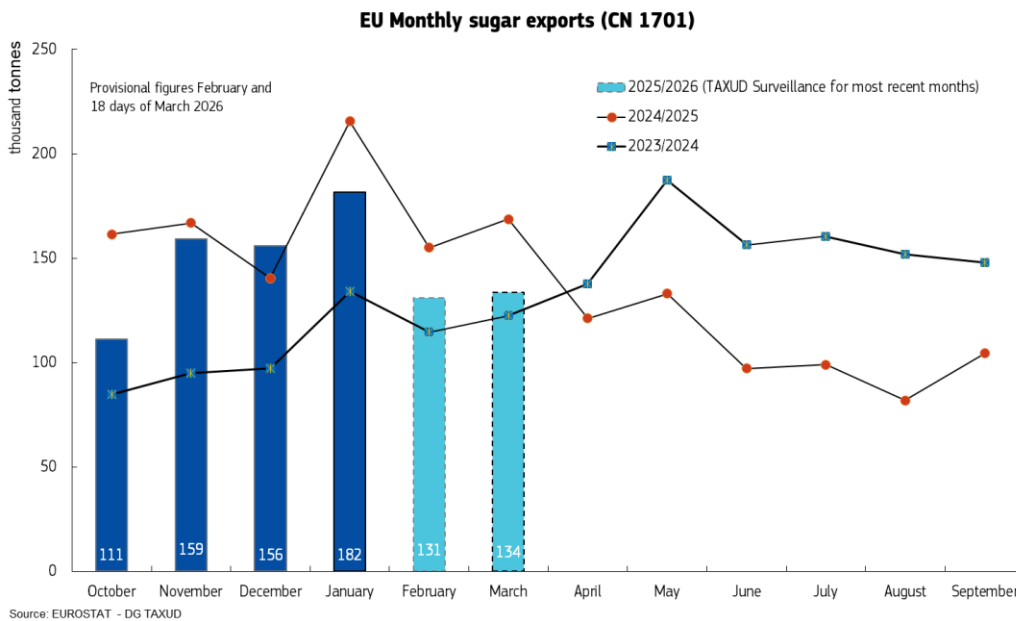


Exports

EU27 sugar exports are forecast to decline to around 0.9 million tonnes in MY 2026/27, reflecting lower domestic sugar beet production driven by a reduction in harvested area across major producing countries in response to weak sugar prices. This would follow an estimated contraction in MY 2025/26, after a strong export campaign in MY 2024/25, when exports reached approximately 2.0 million tonnes.

In MY 2025/26, monthly export volumes ranged from 111,000 tonnes in October to a peak of 182,000 tonnes in January 2026 (Graph 13).

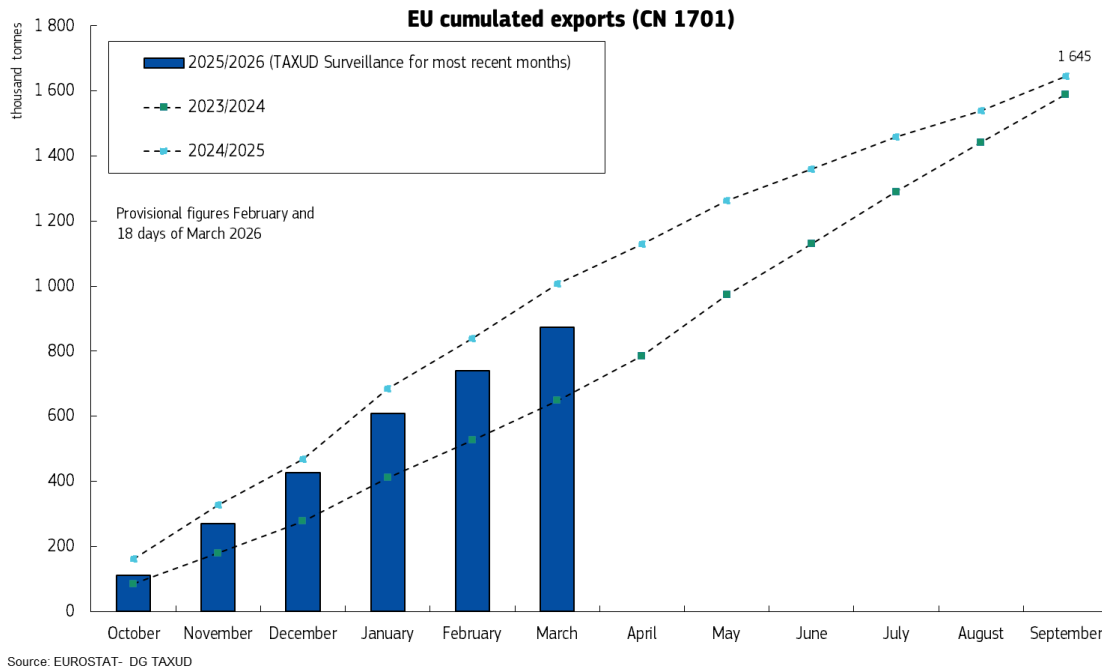
Graph 13 – EU Monthly Sugar Export in first months of MY 2025/2026 and Destinations



Source: European Commission

February and March provisional figures stood at around 131,000 and 134,000 tonnes respectively. By end-March 2026, cumulative exports reached approximately 873,000 tonnes, remaining below the levels recorded at the same point in MY 2024/25 but above MY 2023/24.

Graph 11 – EU Cumulated Exports for CN 1701



Source: European Commission

Israel is the largest destination, accounting for 20 percent of total exports, followed by the United Kingdom and Mauritania at 8 percent each. Ghana and Togo each accounted for 5 percent, while Albania, Georgia and Tunisia each represented around 4 to 5 percent. Switzerland, Senegal, Lebanon and the United Arab Emirates each accounted for approximately 3 percent.

Despite fluctuations in production and trade conditions, EU exports have remained geographically diversified. Looking ahead, the projected decline in exports mirrors tighter domestic supply, with any recovery dependent on a rebound in beet area and yields as market conditions stabilize.

EU27 Sugar Stocks

EU27 sugar stocks are estimated to have recovered significantly in MY 2025/26, reaching around 0.511 million tonnes, up from 0.200 million tonnes in MY 2024/25. This rebuilding reflected a combination of reduced exports and higher imports, which together offset the impact of lower domestic beet production. Looking ahead, stocks are projected to rise further to around 0.656 million tonnes in MY 2026/27, supported by continued import flows and further moderation in exports, even as the reduction in beet

sowing area limits domestic supply. The projected stock build provides some buffer against production uncertainty, though it also reflects the broader global oversupply conditions that have weighed on EU sugar prices in recent months.

EU27 Sugar Policy

Common Agricultural Policy (CAP)

The new EU's Common Agricultural Policy (CAP) for 2023-2027 was [adopted](#) on December 2, 2021, and published in the Official Journal on December 6, 2021. EU Member States were requested to submit so-called [Strategic Plans](#), incorporating MS specific goals and initiatives, by the end of 2021. The 'new' CAP was implemented as of January 1, 2023. In March 2024, following weeks of farmer protests across the European Union demanding less administrative burden and better prices, the European Commission published a legislative proposal to amend certain provisions of the Common Agricultural Policy (CAP). The updates to the CAP were adopted in May 2024 and published as [Regulation 2024/1468](#).¹⁰

On May 14, 2025, the European Commission published a proposal to simplify the CAP. The proposed measures target the administrative burden, controls, implementation of the CAP, as well as the CAP crisis management tools. Notably, the proposal simplifies environmental requirements (GAECs for good agro-environmental conditions) linked to eco-payments for farmers. The simplifications were published in the [Official Journal on December 19, 2025](#), for implementation starting in 2026.

EU Vision for Agriculture and Food

On February 19, 2025, the European Commission published a Communication to the European Parliament and Council laying down its [Vision for Agriculture and Food](#) for the 2024-2029 Von der Leyen II mandate. This document will be the basis of upcoming legislative proposals and other actions taken by the EU executive. The Vision lays down the need for the EU to ensure "a global level playing field" for its farmers and improve their competitiveness. To do so, the Commission proposes the adoption of mirror clauses, notably with regards to pesticide residues, increased border controls, and the signature of FTAs with more trade partners. The Vision calls for boosting domestic production and diversifying import suppliers to reduce strategic dependencies.

EU Omnibus on Food and Feed Safety

On December 16, 2025, the European Commission published [a proposal](#) for an omnibus regulation to simplify and strengthen food and feed safety requirements in the EU. This Regulation seeks to amend ten legal acts to simplify EU food and feed legislation. However, the proposed regulation also includes certain provisions based on the EU's "mirror clause" concept that will impose EU environmental, food safety, and other production standards on imported products and thus creating new trade barriers.

Private Storage Aid

[EU Delegated Regulation 2016/1238](#) lays down common eligibility rules for private storage aid for certain agricultural products including sugar. Only white sugar in crystal form in bulk or in big bags of 800 kg or more showing the net weight and with a moisture content not exceeding 0.06 percent is eligible.

Marketing Standards for Sugar

[Directive 2001/111/EC](#) defines common rules for certain sugars intended for human consumption, in compliance with the general legislation applicable to foodstuffs. These rules concern the composition, sales name, labelling, and presentation of foodstuffs.

Trade/Tariffs

EU Free Trade Agreements (FTAs)

The EU is negotiating and has implemented several FTAs with other countries and regions, which include concessions on oilseeds. Additional information is available on the website of the EC at: <https://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/>.

New Zealand: On May 1, 2024, the trade agreement between the European Union and New Zealand entered into force. The trade agreement removes all tariffs at entry into force on EU agri-food exports to New Zealand and for most New-Zealand agri-food exports to the EU, including sugar which will be tariff free as of January 1 of year 5 of the agreement. More information about the agreement can be found [here](#).

Mexico: On January 17, 2025, the EU and Mexico announced the conclusion of a new FTA. In September 2025, the European Commission adopted proposals for an Interim Trade Agreement (iTA) to fast-track the trade pillar while the broader agreement undergoes full member-state ratification. As of February 2026, the agreement is moving toward a formal signature expected before the summer, with implementation benefits targeted for later this year or early 2027. The agreement abolishes customs duties for imports of some sugar and sugar products into Mexico. Under the agreement, 30,000 tons of Mexican sugar for refining can enter the EU market with an in-quota tariff rate of EUR 49 per MT as of year 3 of the agreement (10,000 MT year 1 and 20,000 MT year 2). 500 MT of specialty sugars and 1,000 MT of other sugars from Mexico will also be able to enter the EU tariff-free annually. More information about the agreement can be found [here](#).

Mercosur: On January 17, 2026, the EU and the four Mercosur countries (Argentina, Brazil, Paraguay, and Uruguay) formally signed the EU-Mercosur Partnership Agreement (EMPA) and a parallel Interim Trade Agreement (iTA) in Asunción. On February 16, 2026, the European Parliament approved strengthened safeguards regulations that allow for the temporary suspension of tariff preferences if

imports of sensitive products increase more than 5 percent over a three-year average. The agreement is currently undergoing a legal review by the European Court of Justice (ECJ) following a request from the European Parliament in January 2026 to ensure its compatibility with EU treaties. On March 23, 2026, the EU informed Mercosur countries about the provisional application of the iTA. The iTA will be applied provisionally from 1 May 2026, and tariffs will be removed on certain products as of day one.

Regarding sugar in the EU-Mercosur agreement, no new sugar quota will be created for Brazil. With the agreement, 180,000 tons of Brazilian raw cane sugar for refining will be allowed into the EU duty-free under an existing quota. For Paraguay, a new duty-free quota of 10,000 tons was agreed upon. Specialty sugars are excluded from the agreement. More information about the agreement can be found [here](#). The EU sugar sector, represented by the International Confederation of European Beet Growers (CIBE) and the European Association of Sugar Manufacturers (CEFS), [expressed strong concerns about the agreement](#). They described it as unbalanced for EU farmers, particularly sugar beet growers, arguing that it threatens the sector's future, undermines the EU's high production standards, and fails to ensure a level playing field. The organizations also criticized the timing of the agreement, noting that it coincides with a proposed post-2027 Common Agricultural Policy (CAP) budget that they view as weakening EU farmers, while competitors such as the United States continue to provide record levels of support. CIBE and CEFS called on the Council and Parliament to reject the agreement and defend a sustainable and competitive future for European agriculture.

India: On January 27, 2026, the EU and India concluded negotiations for a historic Free Trade Agreement (FTA). The EU will maintain its current tariffs on sensitive products including sugar. More information on the agreement can be found [here](#).

Indonesia: The European Union and Indonesia concluded negotiations for a Comprehensive Economic Partnership Agreement (CEPA) in September 2025, although it still awaits ratification. The agreement will liberalize many agri-food sectors for EU exporters, but critically, it provides protection for sensitive Indonesian agricultural products. Specifically, sugar is among the sensitive products for which existing EU tariffs are maintained, with any access to the EU market for Indonesian sugar being strictly limited through carefully managed quotas.

Australia: After eight years of negotiations that began in 2018, Australia and the European Union concluded a Free Trade Agreement (FTA) on March 24, 2026. The deal eliminates tariffs on 98 percent of Australian goods entering the EU and is expected to add around \$7 billion annually to the Australian economy. In sugar, the agreement grants duty-free access for 44,925 tonnes of Australian raw cane sugar for refining. This includes a new 35,000-tonne quota phased in over three years, added to the existing 9,925-tonne World Trade Organization allocation.

EU-Ukraine Trade Relationship

Since February 2022, the war in [Ukraine](#), continues to put pressure on global food security as both countries are major exporters of feed and oilseeds products. The oilseeds sector has been impacted by disruption in trade flows and increased input prices, such as energy, fertilizers, and pesticides. Since the

beginning of the war, the EU has tried to respond to the disruptions in the supply chains for agricultural products.

The European Union granted Ukraine a temporary liberalization of trade with its Autonomous Trade Measures (ATMs) Regulation, which was in effect from June 4, 2022, until June 5, 2025. This regulation suspended import duties, quotas, and trade defense measures on Ukrainian exports to the EU, providing significant economic support during the Russia-Ukraine war.

Between June 6 and October 29, 2025, the EU-Ukraine trade relationship reverted to the 2014 Deep and Comprehensive Free Trade Area (DCFTA) via [Regulation 1132/2025](#) reintroducing import quotas on Ukrainian agricultural goods.

On October 29, 2025, the revised EU-Ukraine Deep and Comprehensive Free Trade Agreement (DCFTA) entered into force ([Regulation \(EU\) 2025/2199](#)). The new DCFTA updates the original agreement from 2014. The revised DCFTA increases market access in both directions compared to the 2014 agreement, but limits EU imports of sensitive agricultural products compared to the levels under the ATMs. It also enshrines a new safeguard clause and provides for the alignment of Ukrainian and EU production standards. For sugar, the new DCFTA includes a TRQ for Ukrainian exports of sugar to the EU of 100,000MT per year for HS code 1701 and 30,000 MT for HS code 1702. For more information, please see [GAIN Report European Union Revises Import Quotas for Agricultural Products from Ukraine](#).

EU-US Trade Relationship

On February 5, 2026, the European Union published [Regulation 2026/295](#) in its Official Journal to again extend suspension of the EU's retaliatory tariffs for an additional six months to August 6, 2026.

On August 5, 2025, the European Union published [Implementing Regulation 2025/1727](#) suspending retaliatory tariffs on certain U.S. products imposed by [Implementing Regulation 2025/1564](#). This suspension was in place until February 6, 2026.

On July 24, 2025, the European Union (EU) published [Implementing Regulation 2025/1564](#) introducing retaliatory tariffs against U.S. goods valued at USD \$109 billion. The EU Regulation was set to enter into force on August 7, 2025. The full list of products subject to the retaliatory tariffs can be found in [GAIN Report European Commission Publishes Updated Retaliatory Tariff Regulation to Enter into Force on August 7 2025](#).

EU-UK Trade Relationship

Following the exit of the United Kingdom from the European Union, the EU and the UK agreed on duty-free trade for sugar originating from each other.

The UK government published its post-Brexit [tariff schedule](#) that applies as of January 1, 2021. The MFN tariff for refined sugar is £350/MT (€419/MT, \$449/MT), while the MFN tariff for raw sugar for refining carries a £280/MT (€339/MT, \$364/MT) duty. To manage overall sugar volume and support its domestic industry, the UK introduced an Autonomous Tariff Quota (ATQ) specifically for raw cane sugar. This quota allows 260,000 tons of raw cane sugar to enter the UK market at a 0 percent duty rate each year. This quota system is currently under review by the UK government, considering factors like global sugar prices and domestic production. Information on the TRQs that the UK operates is available [online](#).

Pesticides Policy

Plant protection products (PPPs) along with Maximum Residue Limits (MRLs) and import tolerances, are an increasingly important issue in the EU since there is a significant reduction in the number of active substances approved for use. [Regulation \(EC\) No 1107/2009](#) and [Regulation \(EC\) No 396/2005](#) regulate PPPs and MRLs, respectively. There is a regular review of active substances for which the approval is up for renewal, as well as their associated MRLs. Existing MRLs are also being reviewed through a process known as an “Article 12” review. [The link](#) refers to a list indicating the upcoming MRL reviews under this Article 12 process. It is important to note that this list is not all-inclusive. Stakeholders are encouraged to actively engage early on in these review processes by reaching out to the applicant. Together with the applicant, they can ensure that the necessary data is available for review or if trials for data collection are in progress or should be initiated etc., especially if the substance is not used or authorized in the EU. Stakeholders are encouraged to engage with FAS on substances and MRLs of importance to their commodities and to check the USEU website for updates of the EU Early Alert.

EU Restrictions on the Use of Neonicotinoids

The EU has prohibited the use of three neonicotinoids (clothianidin, imidacloprid, and thiamethoxam) except for their application in permanent greenhouses since 2018, while a fourth one was banned in 2020 (thiacloprid). Due to the EU’s restrictions on outdoor uses, the registrants withdrew their applications for the renewal of the approval of both clothianidin and thiamethoxam and the EU approval expired in 2019. These neonic pesticides are important for sugar beet production because they are used to prevent aphid infestations in sugar beets. Aphids spread many diseases including viruses such as the BYV which leads to beet dwarf jaundice, a disease that can cut yields by half. On January 19, 2023, the [European Court of Justice](#) ruled against the possibility by Member States to grant temporary emergency authorizations for the use of the banned neonicotinoids.

Following the phasing out of the neonicotinoids, [Commission Regulation \(EU\) 2023/334](#) reduced the current EU maximum residue limits (MRLs) for clothianidin and thiamethoxam to the limit of determination (LOD) since March 7, 2026. Imported products can no longer contain residues of these two neonicotinoids. The proposed reduction in MRLs is based on a stated interest in protecting pollinators in countries outside of the EU and is not related to food safety concerns.

Glyphosate

[Commission Implementing Regulation \(EU\) 2023/2660](#) renewed the approval of the active substance glyphosate for 10 years, until December 15, 2033. The renewal is subject to certain new conditions and restrictions, such as the prohibition of pre-harvest use as a desiccant and the need for certain measures to protect non-target organisms. The placing on the market of plant protection products containing the active substance remains under the responsibility of Member States.

Agricultural Biotechnology – Innovative Technologies

Regulating genetically engineered (GE) organisms in the EU falls under [Regulation \(EC\) No 1829/2003](#) and [Directive 2001/18/EC](#). However, GE crop cultivation remains highly limited. The only GE crop approved for cultivation is corn MON 810, which is grown exclusively in Spain and Portugal, accounting for just one percent of the total EU corn area. Additionally, since 2015, nineteen EU countries have opted out of GE crop cultivation under [Directive \(EU\) 2015/41218](#). For the import, distribution, or processing of GE crops, Regulation (EC) 1829/2003 outlines the authorization process. Imported GE crops are predominantly used as animal feed, which must be labeled as "contains GE products".

New Genomic Techniques

For plants obtained using genome editing and other new genomic techniques (NGTs), EU institutions have reached a provisional [political agreement on a new regulatory framework](#), pending formal adoption by the European Parliament and the Council. The framework would establish two categories of NGT plants: those considered comparable to conventionally bred varieties, subject to a verification procedure and lighter requirements, and those remaining under rules broadly aligned with existing GMO legislation. Once formally adopted and published in the Official Journal, the regulation would enter into force and foresee a two-year implementation phase before becoming applicable. During this transition period, implementing acts and verification systems would be developed. Until the new regulation becomes applicable, plants obtained through genome editing continue to fall under the existing GMO legislation. Once the new framework applies, NGT products originating from third countries would be subject to the corresponding verification requirements, potentially introducing additional compliance steps for exporters to the EU market.

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Attachments:

No Attachments