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EU-Mercosur negotiations: Stand up for EU sugar and ethanol!

EU sugar and renewable ethanol producers, sugar beet farmers, and workers call for no concessions on sugar and ethanol in the context of the EU-Mercosur trade negotiations.

Brazil is the world's largest producer and exporter of sugar, accounting for a massive 52 per cent of world net sugar exports in 2015. Brazil is also the second largest producer and exporter of ethanol worldwide.

Brazil is already the single biggest beneficiary of the EU's trade concessions on sugar. From October 2017, Brazil's preferential access to the EU market will rise to over 0.7 million tonnes p. a., representing 52 per cent of the EU's total WTO quota for sugar. All these imports are subject to a much-reduced duty.

Not content with dominating both the world market and the EU's bilateral trade concessions, the Brazilian sugar and ethanol sector has requested substantial additional access to the EU sugar and ethanol markets in the EU-Mercosur negotiations.

This request must be declined. The Brazilian government tips the playing field in its favour by offering extensive support to ethanol production and consumption. Since 94 per cent of sugar mills also produce ethanol, support for ethanol works as a major cross-subsidy for Brazil's sugar producers. In periods of high sugar and low ethanol prices, ethanol capacities may cheaply and easily be used to produce sugar.

The Brazilian government also offers specific support to its sugar sector, to the tune of 1.8 billion USD per annum. Imports of subsidised sugar and ethanol from Brazil would therefore not be competing on a level playing field with sugar that is grown and manufactured in the EU.

There is no reason to open the EU market further to Brazilian sugar and ethanol. EU sugar production is expected to be more than sufficient to cover the EU's needs from 2017/18. Ethanol production is also sufficient to cover EU demand, especially given the Commission's intention to phase out the share of crop-based biofuels in the transport energy mix.

The EU sugar and ethanol sectors provide high-quality manufacturing jobs in some of the EU's most vulnerable rural areas, and serve as vital outlets for sugar beet farmers. The Mercosur negotiations represent an existential threat to the livelihoods of these individuals. With the end of sugar production quotas fast approaching, **EU Member States and the European Parliament have a duty to defend them.**

