

### Joint Statement rejecting the suspension of IPR for sugars

**EFG (European Fermentation Group), ESRA (European Sugar Refineries Association), and CIUS (Committee of European Sugar Users)** stress the **need to maintain inward processing (IPR/IPP)** for sugars under Article 195 of the CMO Regulation and related instruments, as suspending or modifying these measures:

- **Would undermine industrial competitiveness:** IPR enables EU enterprises to compete globally, attract foreign investment, and generate tax revenue through increased economic activity. It is vital for the resilience of European industries, including fermentation<sup>1</sup>, sugar refining, and sugar users.
- **Would harm employment:** IPR supports economic growth and jobs. Its suspension could lead to plant closures and significant job losses.
- **Lacks economic justification:** IPR is not disrupting the EU sugar market. Any perceived imbalance stems from beet sugar overproduction<sup>2</sup>, which has created a surplus, not from raw cane sugar imports that are overall at record lows<sup>3</sup>.

Against this backdrop, we urge policymakers to safeguard this framework to ensure resilience and stability across sectors.

#### THE ROLE OF IPR

**The use of IPR makes it possible for EU enterprises to offer their products or services in foreign markets at competitive prices.** It is therefore vital to the competitiveness and resilience of the European industries, including the Fermentation industry, Sugar Refineries, and European Sugar Users, in world markets. It enables the sector to drive economic growth and employment, to attract foreign investment across the Union, and allows EU countries to raise tax revenue through greater economic activity.

Most importantly, IPR does not disrupt the EU sugar market. Any perceived disturbance in the EU sugar market is not the result of raw cane sugar imports, but is rather caused by an overproduction of beet sugar that moved the market into a surplus situation. **Suspending IPP/IPR on this basis would not only fail to address the real source of market instability but also risk worsening conditions for operators who rely on stable, competitive, and predictable access to raw materials.**

#### THE EFFECT OF A SUSPENSION OF IPR

We call on the European Commission to consider the following impacts a suspension of IPR would have on our industries:

- **Undermining the sector's export competitiveness**

Inward processing is vital for EU competitiveness, allowing access to raw materials without the burden of high tariffs<sup>4</sup> and helping EU businesses compete globally on a level-playing field. Suspending inward processing relief (IPR) would raise production costs for EU manufacturers, hindering their ability to compete internationally and threatening their ability to remain in global markets. Furthermore, we would like to highlight that:

- The EU has repeatedly stressed the importance of open strategic autonomy, resilient supply chains, and value-added manufacturing. Suspending IPR would directly contradict these objectives.
- Undermining EU manufacturing capacity risks shifting value creation outside the EU, as manufacturers may relocate production or source finished goods from third countries instead. This is in stark contrast with the recognition of the potential of fermentation for the EU economy and environment, in both the Life Sciences Strategy and the Bioeconomy, and with the vision for the European Bioeconomy in 2040.

<sup>1</sup> Industries using micro-organisms such as bacteria, fungi, or yeasts to transform raw materials into food, feed, or chemicals

<sup>2</sup> See DG AGRI data at [Sugar Market Observatory](#) or USDA data at [Sugar | USDA Foreign Agricultural Service](#) – Last visit Jan 2026

<sup>3</sup> See Sugar Trade dashboard DG Agri at [Sugar trade](#) – Last visit Jan 2026

<sup>4</sup> 419 €/ton for raw sugar not used for refining, 339 €/ton for sugar for refining

- EU manufacturers rely on inward processing to produce sugar-containing products and products based on sugar as a feedstock for export. Removing access would raise costs and make EU exports even less competitive on global markets.

- **Jeopardising employment opportunities in peripheral Member States**

The European sugar and fermentation industry employs several thousand workers, with the sugar-using industry employing more than 400.000 people. Suspending inward processing would have **immediate and severe employment consequences**, particularly for the fermentation industry, European cane refining sector, and downstream sugar-using industries.

- Refining and sugar-using industries are often located in **peripheral regions** with limited alternative industrial employment, including in Portugal, Spain, Bulgaria, and Romania. Job losses in these regions would **exacerbate economic and social disparities** within the Union.
- Beyond refiners, thousands of jobs in industry, logistics, ports, food processing, and export-oriented manufacturing depend on a stable and competitive sugar supply. Disruptions to inward processing would therefore have **cascading effects across regional economies**.

At a time when the Commission is committed to cohesion, just transition, and industrial resilience, knowingly placing these jobs at risk would run counter to core EU policy objectives.

- **Endangering the cane refining industry**

The cane refining industry is already in decline and cannot absorb further restrictions. Whilst it is possible to show that the share of raw sugar imports through the IPR scheme is increasing (only representing about 3.5% of total sugar EU production), this entirely overlooks the key point, which is that **imports of raw sugar are in overall decline**<sup>5</sup>, at the lowest point of the past 5 years. In fact, the EU cane sugar refining industry has been weakened over recent years. Cane refineries rely structurally on inward processing to secure access to raw sugar; any **decision to suspend inward processing** – especially without providing alternative means to secure tariff-free supply through other mechanisms – **would have irreversible consequences**, undermining the sector's economic viability, forcing permanent closures, **and signalling the end of the European cane refining sector**.

- **Endangering the fermentation industry**

The European fermentation industry produces **critical bio-based chemicals and components**, including enzymes, vitamins, amino acids, and Active Pharmaceutical Ingredients (APIs) such as antibiotics (e.g., penicillin), also part of the EU list of **critical medicines**. Their production relies on sugar as a feedstock. The sector is facing significant challenges, with several plants having already reduced their production capacity or closed entirely. **IPRs provide a lifeline to remain competitive in markets outside the EU**. Suspending IPR will not increase the sales of EU sugar to the EU sugar users or the Fermentation industry. Conversely, **without the volumes under the IPR scheme, certain production lines will have to be closed**, and this could even lead to **complete closure when manufacturing sites mainly supply markets outside the EU**.

In conclusion, inward processing does not destabilise the EU sugar market; on the contrary, it supports employment across Member States, ensures security of supply, and strengthens overall EU competitiveness.

**EFG, ESRA, and CIUS therefore call on the European Commission to firmly reject any proposal to suspend inward processing and to continue pursuing evidence-based, proportionate market governance that reflects the realities of the entire value chain.**

We remain ready to engage constructively with the Commission and stakeholders to discuss solutions that genuinely address market challenges without sacrificing jobs, competitiveness, or cohesion.

<sup>5</sup> See DG AGRI Data, [sugar dashboard page 33](#) – Last visit Jan 2026