

**Brussels, 25 March 2026**

***Suspension of IPR for sugar risks triggering a cascade of negative consequences for the EU food and drink value chain***

*CIUS represents more than 15 000 sugar-using companies, ranging from artisan, small and medium sized enterprises to multi-nationals. Together our members purchase about 70% of the EU's annual production of sugar and provide direct employment to over 450.000 people in Europe. Products made by our members include fine bakery wares, chocolate, confectionery, soft drinks, canned fruits and jams.*

CIUS expresses its deep concern following the announcement that the Inward Processing Relief (IPR) mechanism for sugar in the European Union is to be temporarily suspended.

IPR is a key trade instrument that enables EU sugar processors to remain globally competitive while keeping high value-added industrial activity within the European Union. The mechanism allows companies to import sugar materials that are not readily available in Europe, in particular cane sugar, and supports export-oriented production without displacing EU beet sugar. On the contrary, it complements domestic supply and contributes to maintaining industrial production and employment in the EU.

Recent market developments do not justify such a measure. Over the past three years, total sugar imports have declined by more than 1.5 MMT, while exports have increased by over 1 MMT. Over the same period, inward processing (IPR) sugar imports have risen by only 0.1 MMT, meaning that export growth has been more than ten times higher than the increase in IPR import volumes. This clearly demonstrates that IPR flows are directly linked to and effectively support the expansion of EU sugar and sugar-containing product exports, rather than creating any market disturbance. The regime is functioning as intended and in full alignment with the principles set out under Article 195 of the Common Market Organisation (CMO).

Suspending IPR will therefore not solve any market imbalance, but it risks creating new ones. In particular, the decision is likely to trigger a cascade of negative consequences across the entire value chain:

- It will weaken the competitiveness of EU food and drink manufacturers on global markets by increasing input costs;
- It will disrupt export flows of sugar-containing products and undermine the EU's global market position;
- It may lead to a structural reduction in export activity and, ultimately, a decline in demand for EU-produced sugar;

- It will seriously endanger the EU cane-refining sector and reduce supply resilience, particularly in deficit regions;
- It risks destroying jobs and value-added industrial activity in the EU, especially in economically vulnerable regions;
- It may encourage the relocation of production and investment outside the European Union.

It should also be underlined that IPR is a trade-flow-neutral mechanism. Companies are required to demonstrate a balance between imports and exports and to comply with strict customs control procedures. Suspending the system will therefore not address domestic market constraints, while creating significant legal and economic uncertainty for companies already engaged in export activity.

CIUS also stresses that the timing of this decision is particularly problematic in the current geopolitical context, which already creates significant uncertainty for global sugar supply chains and long-term contractual relationships.

CIUS calls on the European Commission and Member States to carefully assess the broader economic and industrial consequences of the planned suspension and to avoid measures that could weaken the competitiveness, resilience and strategic autonomy of the EU food and drink sector.