

CAOBISCO sees good chance for reaching a solution in the EU-Australia FTA-negotiations

Brussels, 5 July 2023 – While the Australian government expressed its disappointment about the EU's poor offer on market access for agricultural products, CAOBISCO (the Association of Chocolate, Biscuit and Confectionery Industries of Europe) believes in a strong solution from which both sides, Australia and the European Union, could benefit.

"Australia is one of the most significant destinations for European confectionery. In addition to seeking greater market access, our sector also aims for simplified export procedures," says **Karsten Daum, Chair of the Economic Affairs Committee of CAOBISCO**.

"We therefore urge the EU to take complexity out of the conditions for freer trade. This will also serve in particular small and medium sized companies," adds **Mr. Daum**. CAOBISCO has been calling for value-based rules of origin under the EU-Australia Free Trade Agreement (FTA). "Value based rules of origin take into account the fact that the EU is a net-importer of sugar, and that this domestic deficit will most probably last in future due to climate change impact on beet," explains **Mr. Daum**.

Furthermore, other Free Trade Agreements like EU-Canada or EU-South-Korea have proven, that value-based rules of origin do not harm the European sugar sector. An even better approach on the rules of origin was taken in the United Kingdom-Australia Trade Agreement. There, a simple rule "change of tariff heading" recognises the substantial transformation of inputs into processed goods.

On the other side, CAOBISCO sees a mutual benefit for Australia's interests in better market access for its agriculture sector. "It is in the best interest of European manufacturers of confectionery, chocolate, and fine bakery products that the EU diversifies its supply options for sugar," states **Muriel Korter, Director General of CAOBISCO**. "Therefore, we need a large tariff-free volume of sugar from Australia. We have witnessed the overly restrictive import system for sugar in the current marketing year, and new import options are urgently required," concludes **Ms. Korter**.

In the trade agreement with the United Kingdom, Australia secured a market access for 80.000 tonnes of raw cane sugar. In CAOBISCO's opinion, the agreement with the EU must include a significantly higher import volume. Furthermore and in order to face immediate shortages, the FTA must provide for a significant amount for white sugar imports, which can be used directly and more rapidly by sugar-using food and drink manufacturers.

CAOBISCO does not see any risks putting the EU's defensive interests at stake. However, the EU should not overlook its offensive interests. With over 12% of its production intended for the global market, the confectionery sector is a vital component of EU exports. CAOBISCO urges the EU to prioritise the export competitiveness of European confectionery manufacturers and emphasizes the crucial importance of securing better access to sugar. Australia provides a significant opportunity to achieve both of these objectives.

CAOBISCO is the Association of the Chocolate, Biscuits & Confectionery Industries of Europe. We represent more than 12,000 European chocolate, biscuits and confectionery manufacturing companies, 99% of which are SMEs. The sector is a major player in the European economy, with over 225, 000 direct employees and an annual turnover of over €42 billion.



For media enquiries:

Vanessa Ferreira – Communication Manager

vanessa.ferreira@caobisco.eu

+32 (0)497372606