

CAOBISCO Expresses Serious Concern over the Planned Suspension of IPR for Sugar

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Export Competitiveness and Supply Resilience at Risk

CAOBISCO 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 European chocolate, biscuit and sugar confectionery manufacturers to remain competitive globally while keeping high value-added industrial activity within the European Union. The mechanism allows companies to access sugar materials that are not 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 helps maintain industrial production, investment and employment in the EU.

Recent market developments do not justify such a measure. Over the past three years, total sugar imports have declined significantly, while exports of sugar-containing products have continued to grow. This clearly demonstrates that IPR flows are directly linked to export activity and support the international competitiveness of European food manufacturers rather than creating any market disturbance. The system is therefore functioning as intended.

Suspending IPR will not solve any market imbalance but risks creating new ones. In particular, the decision is likely to have serious consequences for European chocolate, biscuits and confectionery industry:

- It will increase input costs for chocolate, biscuit and confectionery manufacturers and weaken their competitiveness on global markets;
- It will disrupt exports of EU chocolate, fine bakery wares and sugar confectionery products and undermine the EU's global market position;
- It may lead to a structural reduction in export activity and, ultimately, to lower demand for EU-produced sugar;
- It will reduce supply resilience at a time when global supply chains are already under pressure;
- It risks destroying jobs and value-added industrial activity in the European Union, including in economically vulnerable regions;
- It may encourage companies to relocate production and investment outside the EU in order to remain competitive.

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

The timing of this decision is particularly problematic in the current geopolitical context, which is already creating considerable uncertainty for global supply chains and long-term sourcing strategies. At a moment when the EU should be strengthening the competitiveness and resilience of its food manufacturing sector, removing an essential trade tool would have the opposite effect.



The European chocolate, biscuits and confectionery industry therefore 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 manufacturing sector.

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.

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